

# Q1 2023 Presentation

May 24, 2023



# Disclaimer

This presentation contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including NorAm management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Although NorAm believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, NorAm cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions. The Company has not taken any steps to verify any of the information contained herein. No representation or warranty (express or implied) is made as to any information contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements. The Company does not accept any liability whatsoever arising directly or indirectly from the use of the materials.

The Presentation may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Any such forward-looking statements are solely opinions and forecasts reflecting views as of the date set out on the cover of these materials, which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. No liability for such statements, or any obligation to update any such statements or to conform such statements to actual results, is assumed. Furthermore, information about past performance given in this Presentation is given for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance.

This presentation and related materials speaks only as of the date set out on the cover, and the views expressed are subject to change based on a number of factors. The Company does not undertake any obligation to amend, correct or update the materials or to provide any additional information about any matters described herein, but reserves the right to amend, correct or update the materials and provide additional information.

# Q1 2023 Highlights

## Revenue

- \$32.7 million including reimbursables
- Clean day rate<sup>(1)</sup> of \$30,846

## Utilization

- 99.3% utilization
- Excludes 11 days of rig upgrades related to contracts

## EBITDA

- Adj. EBITDA of \$15.0 million including \$1.4 million ERTC refund
- Operating and maintenance expenses in line with expectations

## Net income

- \$9.6 million
- EPS of \$0.22

## Backlog

- Backlog of \$25.1 million as of May 23, 2023

1) Clean day rate excludes add on revenue from additional services, manning and other reimbursables

# Recent Events and Outlook

## Dividends

- Six consecutive monthly distributions, totaling USD27.2m or NOK 6.48 per share

## Slowing day rate momentum

- US rig count recently declining in response to lower nat gas prices
- Recent renewal discussions somewhat lower than Q1 levels

## Stable Permian rig count

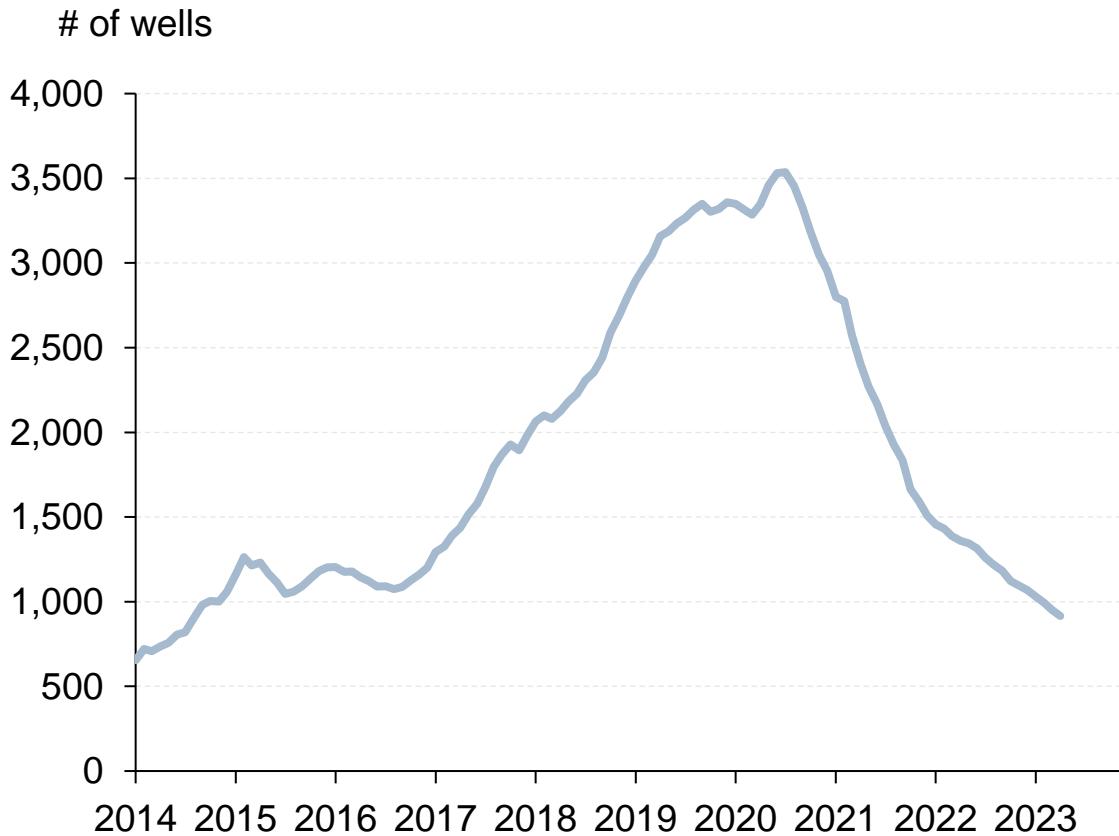
- Permian rig count stable despite a few transitory rig arriving from gas basins:
  - Dec 31, 2022: US total 762 / Permian basin 353
  - Mar 31, 2023: US total 739 / Permian basin 353
  - May 19, 2023: US total 697 / Permian basin 349

## Growing oil production

- Permian oil production grew 12% y/y to 5.7mbpd in Q1 2023
- Continued flat rig count and declining DUCs question future production growth

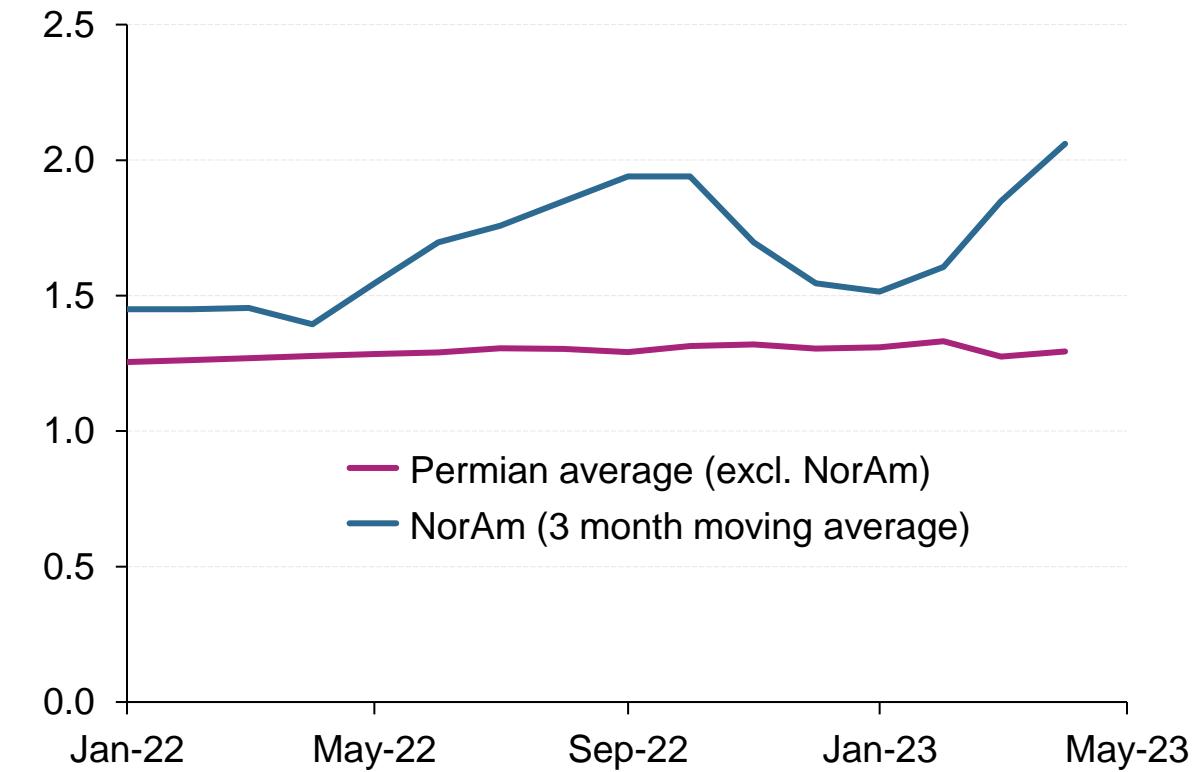
# Outperforming In Strong Market Fundamentals

Drilled, Uncompleted Well Inventory To Lowest Level Since 2014<sup>(1)</sup>



NorAm continues to outperform in 2023<sup>(2)</sup>

Permian, # of wells drilled per rig per month



Note: 1) Drilled, uncompleted wells in Permian as per EIA's latest drilling activity report. 2) Based on EIA's drilling activity report and NorAm company data

# Key Operational Figures

## Selected operational and financial data

| (All amounts in USD 1000s per day) unless noted | 1Q 2023 | 4Q 2022 | 3Q 2022 | 2Q 2022 |
|---|---------|---------|---------|---------|
| Rig operating days                              | 990     | 1,005   | 1,001   | 949     |
| Rig utilization                                 | 99.3%   | 99.3%   | 98.9%   | 94.8%   |
| Rig metrics per day:                            |         |         |         |         |
| Dayrate (1)                                     | 30,846  | 28,006  | 25,201  | 21,477  |
| Operating costs (2)                             | 15,067  | 14,366  | 14,794  | 13,925  |
| Direct margin                                   | 15,779  | 13,640  | 10,407  | 7,552   |
| Operation and SG&A allocation (3)               | 1,812   | 1,936   | 1,920   | 2,072   |
| Maintenance cap ex allocation (3)               | 103     | 203     | 430     | 81      |
| Net cash flow                                   | 13,864  | 11,501  | 8,058   | 5,399   |
| Reimbursements of "out-of-pocket" expenses      | 2,286   | 1,252   | 1,189   | 1,719   |

(1) Per rig operating day and excludes reimbursements for "out-of-pocket" expenses.

(2) Per active rig available and excludes reimbursements for "out-of-pocket" expenses. Excludes operating costs of rigs not active.

(3) Per available days

- Full utilization and efficient operating structure generating record contributions
- Maintenance capex comprises of spares, trucks, drill pipe etc.

## Income statement

| (All amounts in USD 1000s)                     | 1Q 2023       | 4Q 2022       | 3Q 2022       | 2Q 2022       |
|--|---------------|---------------|---------------|---------------|
| <b>Total Operating Income</b>                  | <b>32,684</b> | <b>29,541</b> | <b>26,535</b> | <b>22,274</b> |
| Payroll Expenses                               | 6,897         | 8,496         | 7,007         | 6,838         |
| Depreciation of Tangible and Intangible Assets | 4,759         | 4,771         | 4,769         | 4,700         |
| Rig Mobilization, Service and Supplies         | 6,972         | 6,276         | 7,205         | 6,791         |
| Insurance Rigs and Employees                   | 1,644         | 1,617         | 1,750         | 1,579         |
| Other Operating Expenses                       | 2,391         | 1,721         | 2,101         | 2,917         |
| <b>Total Operating Expenses</b>                | <b>22,663</b> | <b>22,881</b> | <b>22,833</b> | <b>22,825</b> |
| <b>Operating Profit (+)/ Loss (-)</b>          | <b>10,022</b> | <b>6,660</b>  | <b>3,703</b>  | <b>-551</b>   |
| Net Financial Items                            | -49           | 1,544         | -1,759        | -1,855        |
| <b>Profit (+)/Loss(-) before Income Tax</b>    | <b>9,972</b>  | <b>8,204</b>  | <b>1,944</b>  | <b>-2,406</b> |
| Income Tax Expense                             | 393           | -1,097        | 408           | 1,148         |
| <b>Net Profit (+)/Loss (-)</b>                 | <b>9,579</b>  | <b>9,301</b>  | <b>1,536</b>  | <b>-3,554</b> |

- Stable operating expenses in line with expectations
- ERTC refund of \$1.4m reducing payroll expenses in Q1

# Balance Sheet And Cash Flow Statement

## Balance sheet

| (All amounts in USD 1000s)            | 1Q 2023        | 4Q 2022        | 3Q 2022        | 2Q 2022        |
|---------------------------------------|----------------|----------------|----------------|----------------|
| <i>Non current assets</i>             |                |                |                |                |
| Rigs and Accessories                  | 83,521         | 86,312         | 90,132         | 94,375         |
| Vehicles and Office Equipment         | 434            | 258            | 282            | 312            |
| <i>Current assets</i>                 |                |                |                |                |
| Accounts Receivable                   | 14,402         | 14,802         | 10,636         | 9,395          |
| Other Receivable                      | 855            | 1,336          | 1,686          | 1,748          |
| Bank Deposits/Cash                    | 12,696         | 13,098         | 19,138         | 10,449         |
| <b>Total Assets</b>                   | <b>111,908</b> | <b>115,806</b> | <b>121,873</b> | <b>116,279</b> |
| <i>Equity</i>                         |                |                |                |                |
| Issued Capital                        | 12,547         | 12,547         | 8,839          | 8,839          |
| Share Premium                         | 136,701        | 136,472        | 94,860         | 94,860         |
| Other Shareholder Contribution        | 369            | 369            | 369            | 369            |
| Other Equity                          | -57,877        | -67,456        | -76,663        | -78,199        |
| <b>Total Equity</b>                   | <b>91,740</b>  | <b>81,932</b>  | <b>27,405</b>  | <b>25,869</b>  |
| <i>Non current liabilities</i>        |                |                |                |                |
| Deferred Tax                          | 2,139          | 1,746          | 3,093          | 2,685          |
| <i>Current Liabilities</i>            |                |                |                |                |
| Bond Loan                             |                |                | 80,000         | 80,000         |
| Accounts Payable                      | 4,138          | 4,607          | 3,807          | 2,509          |
| Tax Payable                           | 224            | 250            | 30             | 149            |
| Public Duties Payable                 | 245            | 267            | 30             | 149            |
| Other Current Liabilities             | 13,421         | 27,004         | 7,537          | 5,066          |
| <b>Total Liabilities</b>              | <b>20,168</b>  | <b>32,128</b>  | <b>94,468</b>  | <b>90,410</b>  |
| <b>Total Equity &amp; Liabilities</b> | <b>111,908</b> | <b>115,806</b> | <b>121,873</b> | <b>116,279</b> |

## Cash flow statement

| (All amounts in USD 1000s)                       | 1Q 2023       | 4Q 2022      | 3Q 2022      | 2Q 2022     |
|--|---------------|--------------|--------------|-------------|
| Net Profit (+)/Loss (-)                          | 9,972         | 8,204        | 1,944        | -2,406      |
| Tax paid for the period                          | -26           |              |              |             |
| Depreciation of fixed assets                     | 4,759         | 4,771        | 4,769        | 4,700       |
| Change in accounts receivable                    | 400           | -4,166       | -1,241       | -1,910      |
| Change in accounts payable                       | -469          | 800          | 1,298        | 46          |
| Change in other current balance sheet items      | 257           | -2,350       | 2,415        | -852        |
| <b>Net cash flow from operational activities</b> | <b>14,894</b> | <b>7,258</b> | <b>9,185</b> | <b>-421</b> |
| <br>Purchase of tangible fixed assets            | -2,144        | -926         | -496         | -726        |
| <br>Net cash flow from investing activities      | -2,144        | -926         | -496         | -726        |
| <br>Repayment of long term debt                  |               |              | -80,000      |             |
| <br>Issued capital                               |               |              | 72,004       |             |
| <br>Dividends                                    | -13,152       | -4,375       |              |             |
| <br>Net cash flow from financing activities      | -13,152       | -12,371      | 0            | 0           |
| <br>Net change in cash and cash equivalent       | -402          | -6,040       | 8,689        | -1,148      |
| <br>Cash and cash equivalents opening balance    | 13,098        | 19,138       | 10,449       | 11,596      |
| <br>Cash and cash equivalents closing balance    | 12,696        | 13,098       | 19,138       | 10,449      |

# Q & A

