

# **NORAM** **DRILLING**

**INTERIM FINANCIAL INFORMATION**

**NORAM DRILLING AS**

**THIRD QUARTER 2025**



## NORAM DRILLING AS REPORTS RESULTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2025

Oslo, Norway, November 19, 2025. NorAm Drilling AS (the “Company” or “NorAm”), today reported unaudited results for the three and nine months ended September 30, 2025:

### HIGHLIGHTS

- Reported Revenues of MUSD 23.9
- Adjusted EBITDA<sup>(1)</sup> of MUSD 4.3
- Fleet utilization of 80.2%
- Current revenue backlog of MUSD 25.8

Marty L. Jimmerson, Chief Executive Officer of NorAm Drilling AS commented:

During the third quarter, our teams continued their operational excellence despite Permian land rig counts declining 6%. While Permian rig counts started to stabilize toward the end of the third quarter and into the fourth quarter, we are pleased to announce that we have contracted one of our two stacked rigs. We expect the rig to commence operations mid-December.

With our industry low-cost base and zero debt, we continue to return capital to shareholders despite market headwinds, and this demonstrates the strength of our unique model. We paid MUSD 4.1 or NOK 0.96 per share in monthly dividends in the quarter and have declared two additional dividends after quarter end. Our rigs are among the very top performers measured in feet drilled per day in the U.S shale market, and NorAm should be well positioned in a market recovery.

(1) Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization plus non-cash stock option expense.

## SUMMARY

NorAm Drilling AS owns 100% of NorAm Drilling Company, a Texas corporation, collectively referred to as NorAm or the Company herein. NorAm owns and operates a quality rig portfolio of “super spec” advanced high-end AC driven rigs tailored for the drilling of horizontal wells in the US land drilling market. Currently, nine of our eleven rigs are under contract in the Permian Basin. One of our two stacked rigs has been contracted, and it is expected to commence operations mid-December. The remaining stacked rig is being actively marketed. Our rigs are designed to combine the cost efficiency of a compact rig with the versatility of different rig classes, enabling the rigs to cover a broad range of wells for both liquids and gas.

## MARKET & ACTIVITIES

WTI began the third quarter trading around \$65 and finished the quarter trading around \$62. WTI is currently trading around \$59. During the third quarter, US land rig counts decreased 1 to 533 and Permian land rigs decreased by 17 to 253. US land rig counts and Permian land rigs are currently 527 and 253, respectively.

US and Permian activity continue to be impacted by WTI prices, operational discipline being demonstrated by E&Ps, as well as mergers and acquisitions by operators that have led to lower active rig counts and put additional pressure on dayrates.

## OPERATIONS

During 3Q 2025, NorAm achieved an 80.2% utilization compared to 86.0% utilization in 2Q 2025.

Rig operating costs were flat in 3Q 2025 compared to the prior quarter. We have low general and administrative costs and maintenance capital expenditures and believe this continues to provide us with the lowest cash break even per operating day in the industry.

## FINANCIALS

NorAm had revenue of MUSD 23.9 during 3Q 2025 compared to MUSD 25.0 during 2Q 2025. The decrease in revenue is primarily attributable to lower utilization. We generated an operating profit of MUSD 2.8 in 3Q 2025 compared to an operating profit of MUSD 3.8 in 2Q 2025. The decline in operating profit is attributable to lower utilization. We generated Adjusted EBITDA of MUSD 4.3 in 3Q 2025 compared to 5.3 in 2Q 2025.

Net cashflow from operational activities was MUSD 16.7 for the nine months ended September 30, 2025, compared to MUSD 17.4 for the nine months ended September 30, 2024. Capital expenditures were MUSD 0.1 during the third quarter and MUSD 1.1 for the nine months ended September 30, 2025.

The Company is debt free, and we paid MUSD 4.1 or NOK 0.96 per share in monthly dividends to our shareholders in the third quarter of 2025. The dividend distributions were made from the Company's contributed surplus account which consists of previously paid in share premium transferred to the Company's share premium account. The Company intends to continue paying future dividends based upon free cash flow and maintaining minimum available liquidity of approximately MUSD 11.0.

The Company has MUSD 4.5 available under a Revolving Promissory Note ("Revolver") with a U.S. based bank for working capital and general corporate purposes. There were no borrowings outstanding under the Revolver as of September 30, 2025.

## OUTLOOK

The United States' announced intentions of global tariffs and OPEC+ announcements regarding planned oil production increases have resulted in further global economic uncertainties. E&P Companies remain focused on fiscal and operational discipline. In the current oil price environment, we anticipate that rig counts, dayrates and contract terms could be under pressure near term. We believe shale oil production levels in the US have likely peaked given the current rig count and completion levels which leads us to be optimistic longer term, especially for the "super spec" rigs which will remain in high demand in the Permian basin.

**Condensed consolidated Income Statement**

	Quarter Ended		Nine Months Ended	
	Sept 2025	Sept 2024	Sept 2025	Sept 2024
<i>(All amounts in USD 1000s)</i>				
<b>Revenue/Expense</b>				
Sales	23,926	26,528	74,653	76,494
Other Income				
<b>Total Operating Income</b>	<b>23,926</b>	<b>26,528</b>	<b>74,653</b>	<b>76,494</b>
Payroll Expenses	7,937	8,862	24,963	24,769
Depreciation of Tangible and Intangible Assets	1,470	4,943	4,390	14,709
Rig Mobilization, Service and Supplies	7,686	7,833	21,603	23,836
Insurance Rigs and Employees	1,564	1,499	5,334	3,969
Other Operating Expenses	2,473	2,420	6,566	6,580
<b>Total Operating Expenses</b>	<b>21,130</b>	<b>25,557</b>	<b>62,856</b>	<b>73,862</b>
<b>Operating Profit (+)/ Loss (-)</b>	<b>2,796</b>	<b>970</b>	<b>11,797</b>	<b>2,632</b>
<b>Financial Income and Expenses</b>				
Other Interest Income	44	98	177	309
Other Financial Income	10	50	258	89
Other Interest Expenses		22	27	48
Other Financial Expenses	8	43	162	143
<b>Net Financial Items</b>	<b>46</b>	<b>83</b>	<b>247</b>	<b>206</b>
<b>Profit (+)/Loss(-) before Income Tax</b>	<b>2,842</b>	<b>1,053</b>	<b>12,043</b>	<b>2,838</b>
Income Tax Expense	-1,173	353	-775	603
<b>Net Profit (+)/Loss (-)</b>	<b>4,015</b>	<b>700</b>	<b>12,818</b>	<b>2,235</b>

Condensed consolidated Balance Sheet

	Notes	Sept 2025	Dec 2024
<i>(All amounts in USD 1000s)</i>			
<b>Assets</b>			
<i>Tangible Assets</i>			
Rigs and Accessories	1	52,532	55,732
Vehicles and Office Equipment	1	501	569
<b>Total Tangible Assets</b>		<b>53,032</b>	<b>56,301</b>
<b>Current Assets</b>			
<i>Receivable</i>			
Accounts Receivable		11,706	12,339
Prepaid Expenses and Other Current Assets		2,095	1,673
<b>Total Receivable and Other</b>		<b>13,801</b>	<b>14,012</b>
<i>Cash and Cash Equivalents</i>			
Bank Deposits/Cash		9,359	8,365
<b>Total Current Assets</b>		<b>23,161</b>	<b>22,377</b>
<b>Total Assets</b>		<b>76,193</b>	<b>78,678</b>

**Condensed consolidated Balance Sheet**

	Notes	June 2025	Dec 2024
<i>(All amounts in USD 1000s)</i>			
<b>Equity</b>			
<i>Owners Equity</i>			
Issued Capital	2	12,580	12,569
Share Premium	2	80,737	86,538
Other Shareholder Contribution	2	369	369
<b>Total Owners Equity</b>		<b>93,687</b>	<b>99,475</b>
<i>Accumulated Profits</i>			
Other Equity	2	-33,186	-46,004
<b>Total Accumulated Profits</b>		<b>-33,186</b>	<b>-46,004</b>
<b>Total Equity</b>		<b>60,501</b>	<b>53,471</b>
<b>Liabilities</b>			
Deferred Tax		3,418	5,234
<b>Total deferred tax</b>		<b>3,418</b>	<b>5,234</b>
<i>Current Liabilities</i>			
Accounts Payable		5,345	3,617
Tax Payable		1,042	1,781
Public Duties Payable		164	169
Other Current Liabilities		5,722	14,406
<b>Total Current Liabilities</b>		<b>12,273</b>	<b>19,973</b>
<b>Total Liabilities</b>		<b>15,692</b>	<b>25,207</b>
<b>Total Equity &amp; Liabilities</b>		<b>76,193</b>	<b>78,678</b>

Condensed Consolidated Statement of Cash Flow

YTD

Sept 2025    Sept 2024

*(All amounts in USD 1000s)*

Net Profit (+)/Loss (-)	12,043	2,235
Tax	-1,861	369
Depreciation of fixed assets	4,390	14,709
Change in accounts receivable	633	-668
Change in accounts payable	1,728	713
Change in other current balance sheet items	-234	38
<b>Net cash flow from operational activities</b>	<b>16,698</b>	<b>17,397</b>
Purchase of tangible fixed assets	-1,124	-2,394
<b>Net cash flow from investing activities</b>	<b>-1,124</b>	<b>-2,394</b>
Repayment of long term debt		
Issued capital	12	21
Dividends	-14,592	-16,793
<b>Net cash flow from financing activities</b>	<b>-14,580</b>	<b>-16,772</b>
<b>Net change in cash and cash equivalent</b>	<b>994</b>	<b>-1,769</b>
<b>Cash and cash equivalents opening balance</b>	<b>8,365</b>	<b>12,139</b>
<b>Cash and cash equivalents closing balance</b>	<b>9,359</b>	<b>10,370</b>

## Note 1 - Accounting Principles

The condensed consolidated interim financial statement is prepared in accordance with the Norwegian accounting standard for interim financial statements, NRS 11.

Principles and policies are the same for the interim financial statements as in the last annual financial statements, that were prepared according to the Norwegian Accounting Act and generally accepted principles in Norway. For description of accounting principles we refer you the last issued Annual Financial Statement.

### 1-1 Income tax

The tax expense for management reporting and interim reporting purposes is a simplified tax calculation where the tax rate in the different jurisdictions are applied to the net result in the different jurisdiction booked against deferred tax/deferred tax asset. If a jurisdiction has a negative result, and no deferred tax asset is expected to be capitalized, no tax expense are calculated for that jurisdiction.

### 1-3 Property, Plant and Equipment

Property, plant and equipment are capitalized and depreciated over the estimated useful life. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property, plant and equipment are added to the acquisition costs and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realizable value in use. In assessing value in use, the discounted estimated cash flows from the asset are used.

Effective 1 January 2025, the Company evaluated and changed the remaining estimated useful life to 10 years on the remaining carrying values of its Rig and Rig related accessories. Vehicles and office equipment have estimated useful lives for accounting purposes of 3-5 years.

### 1-4 Audit of management reporting/interim reporting

The interim financials are unaudited.

### Note 2 - Equity and Shareholders Information

	Share capital	Share premium	Other paid in capital	Other equity	Total
Equity December 2024	12,569	86,538	369	-46,004	53,471
Profit/loss in the period				12,818	12,818
Change in dividends		-5,843			-5,843
Stock option program		42			42
Issued Capital	12				12
<b>Equity September 2025</b>	<b>12,580</b>	<b>80,737</b>	<b>369</b>	<b>-33,186</b>	<b>60,501</b>

The Company had MUSD 8.7 of dividends accrued as of December 31, 2024. The company declared and paid dividends of MUSD 21.4 for the 12 months ended December 31, 2024. The company declared and paid dividends of MUSD 15.9 subsequent to December 31, 2024. The dividend distributions were from the Company's contributed surplus account which consists of previously paid in share premium transferred to the Company's share premium account.

On 28 February 2025, Thomas Taylor, the Company's Chief Operating Officer, exercised 50,000 stock options. Due to prior cash distribution adjustments, the strike price per share option was negative NOK 8.7212. To account for the negative share price, the company settled the net difference in additional 12,861 shares based upon its market value by applying the volume weighted average price of NOK 33.9053 on 28 February 2025.

On 25 August 2025, the Company granted a total of 700,000 stock options to certain members of management and board of directors. The stock options have a strike price per share of NOK 26.90, vest over 3 years and have a maturity of 5 years. The strike price is subject to customary adjustments for subsequent distributions to shareholders.

### Note 3 - Long term liabilities and covenants

The Company's subsidiary ("Borrower") has a Loan agreement with a U.S. based bank that provides for a Revolving Promissory Note ("Revolver") of MUSD 4.5. Use of proceeds for any borrowings under this Revolver are available for working capital and general corporate purposes based upon a borrowing base calculation equal to 70% of eligible accounts. As of 30 September 2025, there were no borrowings outstanding on the Revolver.

### Note 4 - Key figures and ratios

(USD mill)	Q3		YTD	
	2025	2024	2025	2024
Revenue	23.9	26.5	74.7	76.5
Operating profit	2.8	1.0	11.8	2.6
Net profit before tax	2.8	1.1	12.0	2.8
EBITDA	4.3	5.9	16.2	17.3
ADJUSTED EBITDA	4.3	6.0	16.2	17.5
Equity to asset ratio	79.4 %	79.8 %		
Total average number of shares	43,317,957	43,225,330	43,304,602	43,169,311
EPS	0.09	0.02	0.30	0.05
Diluted EPS (Including options)	0.09	0.02	0.29	0.05

#### Definitions

EBITDA - Earnings Before Interest, Tax, Depreciation and Amortization.

ADJUSTED EBITDA - Earnings Before Interest, Tax, Depreciation and Amortization plus non cash stock option expenses.