STONEGATE CAPITAL PARTNERS

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INDUSTRY: OIL AND GAS DRILLING

RESEARCH UPDATE

INDEPENDENCE CONTRACT DRILLING, INC. (NYSE: ICD)

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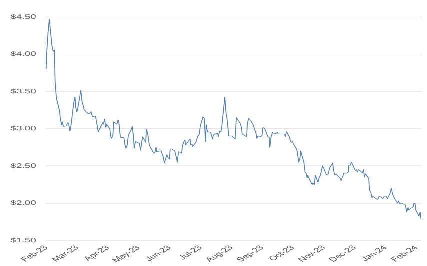
Market Statistics	
Price	$ 1.79
52 week Range	$1.65 - $4.68
Daily Vol (3-mo. average)	49,670
Market Cap ($M):	$ 25.2
Enterprise Value ($M):	$ 175.4
Shares Outstanding: (M)	14.1
Float (M)	10.9
Public Ownership	44.4%
Institutional Ownership	32.4%

Financial Summary	
Cash ($M)	$ 5.6
Cash/Share	$ 0.39
Debt ($M)	$ 155.8
Equity ($M)	$ 181.6
Equity/Share	$ 12.59

FYE: Dec	2023	2024E	2025E
(in $M)			
Rev	$ 226.0	$ 183.2	$ 230.5
Chng%	21%	-19%	26%
EBITDA	$ 62.8	$ 48.5	$ 63.3
Net Income	$ (37.7)	$ (39.4)	$ (27.1)
EPS	$ (2.68)	$ (2.74)	$ (1.85)
EV/Revenue	0.8x	1.0x	0.8x
EV/EBITDA	2.8x	3.6x	2.8x
P/E	-0.7x	-0.7x	-1.0x



COMPANY DESCRIPTION

Independence Contract Drilling, Inc. provides land-based contract drilling services for oil and natural gas producers targeting unconventional resource plays in the United States. The Company develops and assembles its ShaleDriller series rig. ShaleDrillers are designed for drilling operations on large, multi-well drilling locations. The Company owns and operates a fleet comprised of drilling rigs. The Company's focuses its operations on unconventional resource plays located in geographic regions in Houston, Texas and Midland, Texas.

COMPANY UPDATES

ICD continues to position itself for long-term growth while maintaining impressive operating results despite the softness seen in the market overall. The Company saw year-over-year revenue decrease by 24% and Adj. EBITDA decreased by 47%. Management noted that the Permian Basin market remains stable and is expected to strengthen in the back half of the year and into 1H25. In the quarter, ICD redeemed $5.0m of the convertible notes outstanding at par plus accrued interest. We do not expect any rig reactivations until 2H24 at the earliest while ICD spends the first half of 2024 focusing on stabilizing its rigs. Lastly, ICD has completed five rig conversions since the beginning of FY23.

Operating Days and Margin: ICD exited 4Q23 with 17 activated rigs and an average rig count of 14.9. Dayrates averaged $31,508 and margins were $12,313. Revenues for 4Q23 were $45.8M, representing a 23.9% decrease as compared to revenues of $60.3M 4Q22. ICD ended 4Q23 with a backlog of $82.9M.

Quarterly Results: ICD reported revenue, adj EBITDA, and EPS of $45.8M, $9.9M, and ($1.84), respectively. This compares to our/consensus estimates of $43.3M/$44.4M, $12.0M/$11.3M, and ($0.63)/($0.47), respectively. Both revenue and gross profit were in-line with expectations. Operating expenses were lower than expectations due to higher SG&A expenses, leading to slightly lower Adj. EBITDA.

Headwinds in Haynesville Market: The Company, along with the rest of the industry, is seeing softness in natural gas prices. This is reducing drilling activity in the Haynesville market, where the company operates. To navigate this challenge ICD has moved eight of its ten rigs out of the Haynesville market. We are encouraged by how efficiently the Company completed the transition of rigs from the Haynesville Market. We expect this market to rebound in 2025.

Debt Goals in Focus: ICD ended the quarter with liquidity of $26.2M between the $5.6M cash balance and $20.6M revolver availability. Management continues to prioritize de-leveraging as a strategic priority, and we expect this to continue over the coming quarters. Management made clear that they are focused on the refinancing window that opens later this year for the Convertible Notes that are due in 2026 by appointing a special independent committee to begin the review and evaluation process.

Valuation – We use both an EV/EBITDA and EV/Rig comparison for our valuation of ICD.

- We are using an EV/EBITDA range of 3.0x to 4.0x. To arrive at a valuation range of $2.81 to $7.31 with a mid-point of $5.06.

- When we apply an EV/Rig multiple range of 7.0x to 9.0x with a midpoint of 8.0x to ICD's 26 marketable rigs it arrives at a valuation range of $2.26 to $5.95 with a mid-point of $4.11.

QUARTER OVERVIEW

Exhibit 1: Quarterly Results Comparison to Model

	4Q23 Results Reported	4Q23 Results Model	Notes
Revenues	**$ 45.8**	**$ 43.3**	
Cost of sales	31.5	28.9	
Gross profit	**14.4**	**14.4**	Gross profit in-line with expectations
GPM	**31.3%**	**33.3%**	
SG&A	5.7	4.0	
Depreciation	11.1	10.2	
Operating Profit	(2.4)	0.2	
OPM	**-5.2%**	**0.5%**	OPM behind expectations due to higher than anticipated SG&A and depreciation
EBITDA	**8.7**	**10.4**	
EBITDA margin	**18.9%**	**24.1%**	
Adj. EBITDA	**9.9**	**12.0**	Adj. EBITDA slightly below expectations
Interest Expense	9.8	9.5	
Tax Expense	(0.9)	(0.5)	
Net Income	(26.0)	(8.8)	
EPS	**$ (1.84)**	**$ (0.63)**	EPS below model due to unexpected asset impairment expense

Source: Company Presentation

Revenues for 4Q23 were $45.8M, representing a 23.9% decrease as compared to revenues of $60.3M 4Q22.

Compared to our estimates, revenues were in-line with expectations. OPM was lower than modeled due to increased SG&A expenses. This translated into slightly lower EBITDA than modeled.

During FY23 average Revenue per day increased by 24.0% to $33,443, as compared to average revenue per day of $27,031 during FY22.

The average total number of rigs that were operated by the company in FY23 declined to 15.7, from 17.3 in FY22. The number of operating days booked during the year was 5,712, down from 6,308 in 2022. This represents a decrease of 9.4%.

For FY 2024 & 2025, we are estimating revenues of $183.2M and $230.5M respectively, and Adjusted EBITDA of $62.8M and $48.5M. A change from last quarter when we forecasted FY 2024 & 2025 revenues of $255.6M and $255.6M respectively, and Adjusted EBITDA of $76.2M and $76.2M.

VALUATION SUMMARY

ICD's market positioning moving forward is strong given they are still in the early innings of a multiyear up upcycle in the U.S. land drilling industry. With strengthening dayrates, improved pricing, higher rig penetration, additional fleet capacity, an expanded customer base, and accelerated oil and gas exploration demand, ICD is closing the gap in margins with other listed peers.

We use both an EV/EBITDA comparison analysis as well as an EV/Rig analysis. Given ICD’s recent strength, fair guidance, and improving margins, we would expect the Company to trade more in-line with comps.

As can be seen in Exhibit 2, ICD is trading at a FY25 EV/EBITDA of 2.8x compared to comps at an average of 4.9x. We are using our FY25 expected EBITDA, and an EV/EBITDA range of 3.0x to 4.0x with a midpoint of 3.5x which moves ICD closer to comp companies. This arrives at a valuation range of $2.81 to $7.31 with a mid-point of $5.06.

ICD is also trading at a discount relative to peers when comparing the EV/Rig multiples. ICD currently has 26 marketable rigs and is trading at 6.7x EV/Rig multiple vs median comps at 11.2x. We believe the Company should be trading in a range of 7.0x to 9.0x with a midpoint of 8.0x. This arrives at a valuation range of $2.26 to $5.95 with a mid-point of $4.11.

Exhibit 2: Comparable Analysis

Independence Contract Drilling, Inc.
(all figures in $USD M, expect per share information)

Company Name	Symbol	Price (1)	EV	Mkt Cap	Gross Margin	Marketed Rigs	EV/Rig	EV/Rev (2) 2023	EV/Rev (2) 2024E	EV/Rev (2) 2025E	EV/EBIDTA (2) 2023	EV/EBIDTA (2) 2024E	EV/EBIDTA (2) 2025E
Contract Drilling Companies													
Element Solutions Inc	ESI	$ 23.35	$ 7,395.9	$ 5,650.5	39%	N/A	N/A	3.2x	3.0x	2.9x	16.1x	14.1x	13.0x
AKITA Drilling Ltd.	AKT.A	$ 1.07	$ 95.5	$ 42.7	24%	26	3.7x	0.5x	0.5x	0.5x	3.2x	2.6x	2.7x
Precision Drilling Corporation	TSX:PD	$ 59.24	$ 1,546.3	$ 855.4	38%	143	10.8x	1.1x	1.0x	1.0x	3.5x	3.7x	3.3x
Nabors Industries Ltd.	NBR	$ 78.10	$ 3,796.3	$ 739.8	40%	329	11.5x	1.3x	1.2x	1.1x	4.1x	4.1x	3.8x
Patterson-UTI Energy, Inc.	PTEN	$ 11.61	$ 5,900.3	$ 4,739.1	32%	132	44.7x	1.4x	1.0x	0.9x	4.9x	3.8x	3.4x
Helmerich & Payne, Inc.	NYSE: HP	$ 38.50	$ 4,051.9	$ 3,804.8	40%	262	15.5x	1.4x	1.5x	1.4x	4.5x	4.7x	4.4x
Western Energy Services Corp.	WRG	$ 1.92	$ 147.0	$ 64.8	27%	57	2.6x	0.9x	0.9x	0.8x	4.4x	4.2x	4.0x
						Average	**14.8x**	**1.4x**	**1.3x**	**1.2x**	**5.8x**	**5.3x**	**4.9x**
						Median	**11.2x**	**1.3x**	**1.0x**	**1.0x**	**4.4x**	**4.1x**	**3.8x**
Independence Contract Drilling, Inc.	ICD	$ 1.79	$ 175.4	$ 25.2	38%	26	6.7x	0.8x	1.0x	0.8x	2.8x	3.6x	2.8x

(1) Previous day's closing price
(2) Estimates are from Capital IQ

Exhibit 3: Multiples Analysis

EV/EBITDA			
2025 E	**3.00x**	**3.50x**	**4.00x**
Adj EBITDA	63.3	63.3	63.3
Enterprise Value	189.8	221.4	253.0
Cash	5.6	5.6	5.6
Debt	155.8	155.8	155.8
Equity Value ($M)	39.6	71.2	102.8
No of Shares (in million)	14.1	14.1	14.1
Price	**$ 2.81**	**$ 5.06**	**$ 7.31**

EV/Rig			
	7.00x	**8.00x**	**9.00x**
No. of Rigs	26.0	26.0	26.0
EV	182.0	208.0	234.0
Cash	5.6	5.6	5.6
Debt	155.8	155.8	155.8
Equity Value ($M)	31.8	57.8	83.8
No of Shares (in million)	14.1	14.1	14.1
Price	**$ 2.26**	**$ 4.11**	**$ 5.95**

Business Overview

Independent Contract Drilling (ICD) was incorporated in Delaware on November 4, 2011. The Company provides land-based contract drilling services for oil and natural gas producers targeting unconventional resource plays in the United States. ICD owns and operates a premium fleet comprised of modern, technologically advanced drilling rigs.

The Company began drilling in May 2012. Then on October 1, 2018, the Company merged with Sidewinder Drilling LLC ("Sidewinder"). As a result of this merger, the Company more than doubled its operating fleet and personnel. Currently, they operate in the Permian Basin, the Haynesville Shale, and the Eagle Ford Shale.

The Company's business depends on the level of exploration and production activity by oil and natural gas companies operating in the United States, particularly in the regions where they actively market their contract drilling services. The oil & natural gas exploration and production industry has historically been cyclical & characterized by significant changes in exploration and development activities.

Exhibit 4: ICD Operating areas

Source: Company Presentation

Industry Trends

The supply for pad optimal, super-spec rigs is very tight, with limited spare capacity and accelerated demand for oil production, leading to increasing day rates for these rigs.

The industry is currently using three types of rigs prominently:

***(1) Mechanical Rigs*.** Mechanical rigs are not well designed and are not well suited for the demanding requirements of drilling horizontal wells. A mechanical rig powers its systems through a combination of belts, chains, and transmissions.

***(2) SCR Rigs*.** In contrast to mechanical rigs, SCR rigs rely on direct current, or DC, to power the key rig systems. The load is changed by adjusting the amperage supplied to electric motors powering key rig systems. While a substantial improvement over mechanical belts and chains, SCR control is imprecise, and DC power levels normally drift resulting in fluctuations in pump speed and pressure, bit rotation speed, and weight on bit.

(3) AC Rigs. Compared to SCR and mechanical rigs, AC rigs are ideally suited for drilling horizontal wells. The first AC rigs were introduced into the United States land market in the early 2000s, and since that time their use has grown significantly as the use of horizontal drilling has increased. AC rigs use a computer-controlled variable frequency drive ("VFD") to precisely adjust key rig operating parameters and systems allowing for optimization of the rate of penetration, extended bit life, and improved control of wellbore trajectory.

To efficiently explore & produce, drilling programs require large numbers of wells to be drilled in succession, as opposed to a single or a few wells. ICD has adopted Pad drilling which involves the drilling of multiple wells from a single location and provides benefits to the E&P Company in the form of per well cost savings and accelerated cash flows. These cost savings result from the reduced time required to move the rig between wells, centralized hydraulic fracturing operations, and the efficient installation of central production facilities and pipelines which in turn drives the demand for these rigs.

Features of Super-Spec, Pad Optimal Rigs:

1) AC Programmable
2) Pad Optimized, Omni-Directional Walking System
3) Efficient Mobilization Between Drilling Sites
4) Higher Revenue per day could be charged due to demands
5) 1500 HP draw works
6) High-Pressure Mud Systems (7500 psi)

The Company's rig fleet includes 26 marketed AC-powered ("AC") rigs, plus 6 additional idle AC rigs that require a significant upgrade to meet AC pad-optimal specifications, but the Company does not plan to market those unless a material improvement in market conditions exists.

The Company had 17 rigs activated at the end of December 2023. Additionally, they have completed four conversions of their 200 series Shaledriller rigs to 300 series status with modest capital outlay. Allowing them to market the majority of their fleet as 300 series rigs.

Exhibit 5: No. of Rigs to be operationalized

26 Marketed Pad-Optimal Super-Spec Rigs

19 "300" Series ShaleDriller Rigs(1)

- Meet all Pad-Optimal, Super-Spec rig requirements(2)
- Also include multiple enhanced specifications for long-laterals/high-torque drilling: 25K+ racking capable, equipped with Hi-torque top drive / Hi-torque iron roughneck / HT tubulars
- Targeting developing market niche for larger diameter casing strings and extreme laterals

7 "200" Series ShaleDriller Rigs

- Meet all Pad-Optimal, Super-Spec rig requirements(2)
- 1,500 HP drawworks; 20K+ racking / 750K lb. hook
- **All rigs convertible to 300 Series specifications with only modest capex**

26 Drilling Optimization Enabled Rigs

- 100% ICD marketed fleet's control systems enable drilling optimization applications
- Approximately 40% of ICD operating fleet currently utilizing drilling optimization applications

1) Includes completed or in-process 200-to-300 Series conversions
2) See Appendix slide 30 for characteristics of Pad-Optimal, Super-Spec drilling rig
3) As of October 31, 2023; based upon date of first well spud following rig construction or material upgrade

Source: Company Presentation

200 to 300 Series Conversion Program

ICD recently announced 200 to 300 Series conversion program, and its contemporaneous increase in marketed fleet to 26 rigs which would then result in ICD marketing 96% of its marketed fleet with 300 series specifications.

Features of Super-Spec Rigs for ICD which will be helpful for oil & gas explorer:

- **Three pump / four engine**: 100% of ICD marketed fleet
- **High Torque top drive**: 96% of ICD marketed fleet
- **Enhanced racking (25K ft)**: 96% of ICD marketed fleet

- **Drilling optimization software capable**: 100% of marketed fleet
- **Dual fuel / Electric Hi-line**: 100% of marketed fleet

Program details:
- Conversion cost per rig: $650K
- Payback would be less than one year based upon dayrate differential
- Conversion completed on long rig move (minimal operational downtime)
- Contracts already signed for conversion of two operating rigs with a third under negotiation

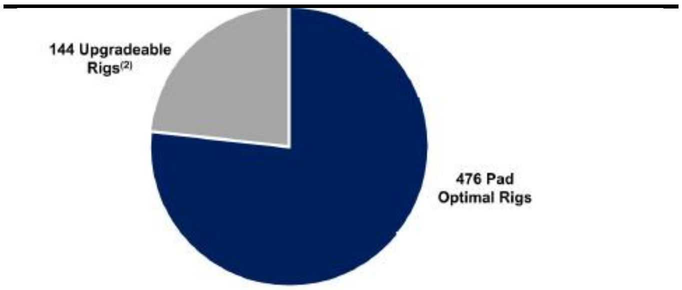
Reason for the high demand for 300 Series Rigs By Oil exploring companies & its impact on ICD day Margin:

- Shift towards longer laterals and deeper wells
- Shift towards larger diameter and high torque drill pipe
- Steadily increasing number of wells per drilling pad
- Increased deep gas drilling in Haynesville / E. TX gas plays
- Depleted drilled-but-uncompleted (DUC) inventories

Rigs meeting 300 Series specs are in the shortest supply and command the highest dayrates when matched with customers requiring such specifications. The Initial fourteen 300 series rigs acquired by ICD in its 4Q'18 Sidewinder merger represents the Company the opportunity to market and place these rigs with customers in an improving rig count environment

This conversion project has significant strategic repercussions for ICD, in terms of profit generation and future market standing. The supply of super-spec rigs is in extremely high demand; therefore, this program allows ICD to grow its present customer base. There are limited upgradeable such rigs in the US market (total 144) with upgradation of 1500 HP rigs Omni-directional walking requiring a CAPEX estimated at $7M+ per rig.

Exhibit 6: US Pad Optimal Super Spec Rigs Supply



Source: Company Presentation

ICD Revenue Model

The Company earns contract drilling revenues from drilling contracts with customers. They perform drilling services on a "daywork basis" basis, under which they charge a specified rate per day, or "dayrate." The dayrate associated with each contract is a negotiated price determined by the capabilities of the rig, location, depth, and complexity of the wells to be drilled, operating conditions, duration of the contract, and market conditions.

The term of land drilling contracts may be for a defined number of wells or a fixed period. They generally receive lump-sum payments for the mobilization of rigs and other drilling equipment at the commencement of a new drilling contract.

Revenue and costs associated with the initial mobilization are deferred and recognized over the term of the related drilling contract once the rig commences drilling.

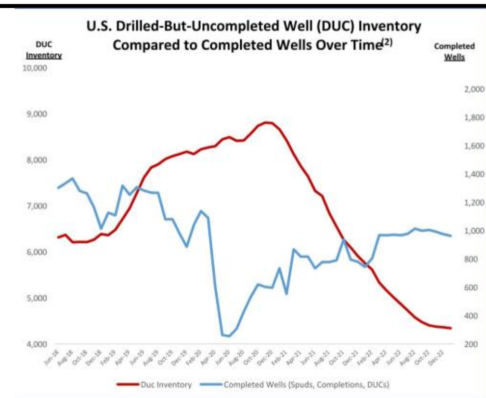
Apart from dayrate-based revenue & mobilization revenue (both initial & during the drilling contract), all other sources of revenue for the Company include completing specific reimbursable operations, performing rig modification tasks necessary for the contract, and earning early termination profits.

Key Investments Cases:

Increase in Drilling Activities

The uncompleted well inventory has decreased while US oil production continues to accelerate. Companies will need to drill new wells to fulfill market demands, requiring more rigs. This represents a great opportunity for ICD to capture market share.

Exhibit 7: U.S. Changes in Drilled Wells



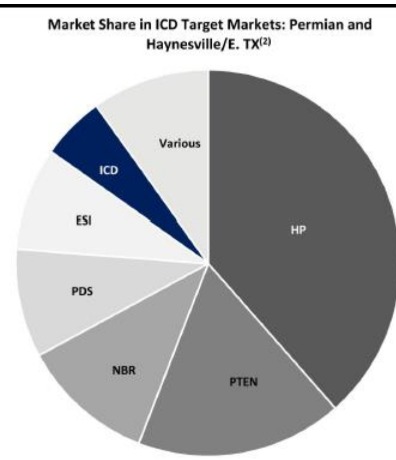
Source: Company Presentation

Strong Standing vs. Comps on Super Spac Capacity

ICD currently has nineteen 300 Series rigs within its marketed fleet, with more planned 200-to-300 series conversions. The Company has another seven 200 series rigs that can be economically reactivated based upon current spot market rates.

These activations allow ICD to become a sizable 300 Series rig operator, growing its market share among the few industry participants.

Exhibit 8: Competitive Consolidation



Source: Company Presentation

Margin Recovery

Elements positively affecting ICD revenues and margin per day:

- Market penetration and pricing for 300 Series rigs
- 200-to-300 Series conversion opportunities
- Strong backlog of contracts will protect margins during rig transitions
- Day rate growth exceeds labor growth and other inflationary factors

Refinancing of Debt/Adjusting Financial Leverage

On March 18, 2022, ICD issued a $157.5 million aggregate principal amount of convertible secured PIK toggle notes due 2026 (the “Convertible Notes”). Proceeds from the private placement of these Convertible Notes were used to repay all outstanding indebtedness under the term loan credit agreement, to repay merger consideration payable with associated accrued interest to prior equity holders of Sidewinder Drilling LLC, and for working capital purposes. The Convertible Notes mature on March 18, 2026.

ICD has the right at its option, to PIK interest under the Convertible Notes for the entire term of the Convertible Notes within 18 months which has increased to 48 months recently. The effective conversion price of the Convertible Notes is $4.51 per share. The Company may issue up to $7.5 million of additional Convertible Notes. They may convert all Convertible Notes (including PIK notes) upon conversion of Convertible Notes in connection with a Qualified Merger Conversion and may issue additional shares of common stock to the extent the number of shares issuable upon such conversion would exceed the number of shares of common stock issuable at the otherwise then-current conversion price. In connection with the placement of the Convertible Notes, they have issued 2,268,000 shares of our common stock as a structuring fee.

Risks

Highly Competitive Industry – Oil drilling is a highly competitive industry in which price competition can directly impact the bottom line. The bigger player also has a greater ability to pivot and respond to market demands, which leads to a loss in market share.

Emerging New Technology – New Technology can rapidly change the ability to be competitive in the market. New technology can make the drilling methods and equipment obsolete.

Capital Intensive Business– Oil drilling is very capital intensive and requires financing in the form of bank borrowings, sand les of debt, or equity securities. The inability to raise funds or fulfill the borrowing conditions can impact the day-to-day activity of the business.

Supplier Risk – The Company has a dependency on a small number of suppliers and if any of the suppliers are facing financing issues it can lead to disruption of operations for our Company.

Regulatory Changes – Due to the nature of the industry, ICD is particularly vulnerable to environmental, health, and safety rules and regulations, which could lead us to large obligations for fines, damages, or expenses involved with remediation or compliance.

Interest Rate Risk – As a capital-intensive business, our Company has significant amounts of debt which carries a floating rate of interest linked to various indices. If the interest rate increases, it could adversely impact the cash flow and operating results for the Company.

Labor Risks – The Company depends on Skilled labors to operate the rigs efficiently. Any problem regarding labor security or not being able to retain the skilled workforce can impact the operations on a day-to-day basis.

Apart from that volatility in oil pricing, the production volume of oil and gas poses greater financial risk & may lead to erosion of revenue.

BALANCE SHEET

Independence Contract Drilling, Inc.
Consolidated Balance Sheet ($Ms)
Fiscal Year: December

ASSETS	FY2020	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023 E
Current Assets												
Cash and Cash Equivalents	12.3	4.1	9.3	7.3	7.6	5.3	5.2	6.7	5.6		5.6	(0.1)
Account recievables,net	10.0	22.2	24.2	26.8	34.0	39.8	39.8	41.8	34.5		31.7	31.7
Inventories	1.0	1.2	1.3	1.4	1.4	1.5	1.5	1.5	1.7		1.6	1.6
Assets held for sale	-	-	-	-	-	0.3	0.3	-	-		-	-
Prepaid expenses and other current assets	4.1	4.8	4.5	2.4	2.9	4.7	4.7	3.9	2.7		4.8	4.8
Total Current Assets	**27.4**	**32.3**	**39.4**	**37.9**	**45.9**	**51.7**	**51.7**	**54.0**	**44.5**	**-**	**43.6**	**37.9**
Property & Equipment	382.2	362.3	358.8	356.5	365.2	376.1	376.1	378.7	372.2		348.2	348.2
Goodwill	-	-	-	-	-	-	-	-	-		-	-
Deferred Tax assets	-	-	-	-	-	-	-	-	-		-	-
Other long-term assets, net	3.5	2.4	2.2	2.1	2.2	2.0	2.0	2.4	3.5		2.9	2.9
Total Assets	**413.2**	**397.1**	**400.4**	**396.6**	**413.2**	**429.7**	**429.7**	**435.1**	**420.2**	**-**	**394.7**	**394.7**
LIABILITIES AND SHAREHOLDERS' EQUITY												
Current Liabilities												
Current portion of long-term debt	7.6	4.5	3.9	3.2	3.3	2.5	2.5	2.1	1.9	1.8	1.2	1.2
Accounts Payable	4.1	15.3	18.8	17.1	28.9	31.9	31.9	27.0	18.3		23.0	23.0
Accrued liabilities	10.7	15.6	10.5	9.0	13.3	17.6	17.6	13.5	11.8		16.4	16.4
Current portion of contingent consideration	-	-	-	-	-	-	-	-	-		-	-
Merger consideration payable to an affiliate	-	2.9	-	-	-	-	-	-	-		-	-
Accrued Interest	-	-	-	6.9	-	-	-	-	-		-	-
Total Current Liabilities	**22.4**	**38.3**	**33.3**	**36.3**	**45.4**	**52.0**	**52.0**	**42.6**	**32.1**	**1.8**	**40.6**	**40.6**
Long Term Liabbilities												
Long-term debt	137.6	141.7	120.1	122.1	136.8	143.2	143.2	163.9	155.2	160.2	154.5	154.5
Contingent Consideration	-	-	-	-	-	-	-	-	-		-	-
Deferred Income taxes,net	0.5	19.0	18.3	20.2	19.4	12.3	12.3	12.3	11.9		9.8	9.8
Other long term liabilities	2.7	2.8	1.9	2.0	1.7	7.5	7.5	0.7	8.3	8.3	8.2	8.2
Merger Consideration payable to an affiliate	2.9	-	-	-	-	-	-	-	-		-	-
Derivative liability	-	-	77.6	-	-	-	-	-	-		-	-
Total Long Term Liabilities	**143.7**	**163.6**	**217.9**	**144.3**	**157.8**	**163.0**	**163.0**	**176.8**	**175.4**	**168.5**	**172.5**	**172.5**
Total Liabilities	**166.2**	**201.9**	**251.2**	**180.6**	**203.3**	**215.0**	**215.0**	**219.4**	**207.5**	**170.4**	**213.1**	**213.1**
Shareholders' Equity												
Common stock	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1		0.1	0.1
Additional - Paid- in Capital	517.9	532.8	545.6	615.1	616.3	617.6	617.6	618.6	619.8		622.2	622.2
Accmulated deficit	(267.1)	(333.8)	(392.6)	(395.4)	(402.6)	(399.1)	(399.1)	(399.1)	(403.2)		(436.8)	(436.8)
Treasury stock	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)		(3.9)	(3.9)
Total Stockholders Equity	**247.0**	**195.2**	**149.2**	**216.0**	**210.0**	**214.7**	**214.7**	**215.7**	**212.8**	**-**	**181.6**	**181.6**
Total Liabilities and Shareholders' Equity	**413.2**	**397.1**	**400.4**	**396.5**	**413.2**	**429.7**	**429.7**	**435.1**	**420.2**	**170.4**	**394.7**	**394.7**
Ratios												
Liquidity												
Current Ratio	1.2x	0.8x	1.2x	1.0x	1.0x	1.0x	1.0x	1.3x	1.4x	0.0x	1.1x	0.9x
Quick Ratio	1.2x	0.8x	1.1x	1.0x	1.0x	1.0x	1.0x	1.2x	1.3x	0.0x	1.0x	0.9x
Working Capital (M)	$ 5.0	$ (6.0)	$ 6.1	$ 1.6	$ 0.5	$ (0.4)	$ (0.4)	$ 11.4	$ 12.4	$ (1.8)	$ 3.0	$ (2.7)
Leverage												
Net Debt to Equity	54.0%	82.5%	89.1%	67.2%	72.3%	71.1%	71.2%	79.5%	76.8%	#DIV/0!	88.1%	91.2%
Net Debt to Capital	35.1%	45.2%	47.1%	40.2%	42.0%	41.6%	41.6%	44.3%	43.5%	100.0%	46.8%	47.7%

Source: Company Reports

INCOME STATEMENT

Independence Contract Drilling, Inc.
Consolidated Statements of Income (in M$, except per share amounts)
Fiscal Year: December

	FY 2020	FY 2021	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023	Q1 E Mar-24	Q2 E Jun-24	Q3 E Sep-24	Q4 E Dec-24	FY 2024 E	Q1 E Mar-25	Q2 E Jun-25	Q3 E Sep-25	Q4 E Dec-25	FY 2025 E
Revenues																		
Revenues	83.4	88.0	186.7	63.8	56.4	44.2	45.8	226.0	40.6	43.7	47.9	51.0	183.2	52.9	56.7	59.6	61.2	230.5
Total revenues	**$ 83.4**	**$ 88.0**	**$186.7**	**$ 63.8**	**$ 56.4**	**$ 44.2**	**$ 45.8**	**$226.0**	**$ 40.6**	**$ 43.7**	**$ 47.9**	**$ 51.0**	**$183.2**	**$ 52.9**	**$ 56.7**	**$ 59.6**	**$ 61.2**	**$230.5**
Cost of revenues																		
Operating Costs	65.4	75.8	123.4	37.5	33.8	27.5	31.5	130.3	27.4	28.8	30.8	32.2	119.2	33.9	35.1	36.9	38.2	144.0
Gross Profit	**18.1**	**12.2**	**63.3**	**26.3**	**22.5**	**16.7**	**14.4**	**79.9**	**13.2**	**14.9**	**17.1**	**18.8**	**64.0**	**19.1**	**21.6**	**22.7**	**23.1**	**86.5**
Selling, General and Administrative	13.5	15.7	24.8	6.7	5.2	6.9	5.7	24.5	5.8	4.8	4.8	4.8	20.2	7.0	6.5	7.5	8.2	29.2
EBIDTA	**3.8**	**6.7**	**(1.1)**	**19.6**	**15.3**	**11.3**	**8.6**	**54.7**	**7.4**	**10.1**	**12.3**	**14.0**	**43.8**	**12.1**	**15.1**	**15.2**	**14.9**	**57.3**
Depreciation and Amortization	43.9	38.9	40.4	10.9	11.4	10.2	11.1	43.5	11.1	11.0	11.0	11.0	44.1	11.1	11.1	11.1	11.1	44.4
Operating Profit	**(39.4)**	**(42.4)**	**(1.9)**	**8.7**	**5.9**	**(0.4)**	**(2.4)**	**27.7**	**(3.7)**	**(0.9)**	**1.3**	**3.0**	**(0.3)**	**1.0**	**4.0**	**4.1**	**3.8**	**12.9**
Merger-related expenses	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Impairment, net	41.0	0.8	0.4	-	-	0.3	14.7	14.9	-	-	-	-	-	-	-	-	-	-
Loss (Gain) on disposal of assets, net	0.7	(0.2)	(0.2)	(0.0)	2.0	(1.5)	(0.5)	0.0	-	-	-	-	-	-	-	-	-	-
Change in fair value of embedded derivative liability	-	-	4.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss/(Gain) on extinguishment of debt	-	(10.1)	46.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Realized Gain on extinguishment of Derivative	-	-	(10.8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expense	-	0.2	-	-	-	-	0.6	0.6	-	-	-	-	-	-	-	-	-	-
EBIT	**(82.2)**	**(33.0)**	**(41.9)**	**8.7**	**3.9**	**0.8**	**(17.1)**	**12.2**	**(3.7)**	**(0.9)**	**1.3**	**3.0**	**(0.3)**	**1.0**	**4.0**	**4.1**	**3.8**	**12.9**
Interest Expense	14.6	15.2	29.6	8.7	8.3	9.2	9.8	36.0	9.8	10.1	10.4	10.1	40.4	10.2	10.2	10.2	10.2	40.8
Net Income (Loss) before tax	**(96.8)**	**(48.2)**	**(71.5)**	**0.0**	**(4.4)**	**(8.4)**	**(26.9)**	**(39.7)**	**(13.4)**	**(11.0)**	**(9.1)**	**(7.1)**	**(40.6)**	**(9.2)**	**(6.2)**	**(6.1)**	**(6.4)**	**(27.9)**
Income Tax Expense (benefit)	(0.1)	18.5	(6.2)	(0.0)	(0.2)	(0.8)	(0.9)	(2.0)	(0.4)	(0.3)	(0.3)	(0.2)	(1.2)	(0.3)	(0.2)	(0.2)	(0.2)	(0.8)
Net Income (loss) for the period	**(96.6)**	**(66.7)**	**(65.3)**	**0.0**	**(4.2)**	**(7.6)**	**(26.0)**	**(37.7)**	**(13.0)**	**(10.7)**	**(8.8)**	**(6.9)**	**(39.4)**	**(8.9)**	**(6.0)**	**(5.9)**	**(6.2)**	**(27.1)**
Basic EPS (loss)	**$(22.42)**	**$ (8.89)**	**$ (5.01)**	**$ 0.00**	**$ (0.30)**	**$ (0.54)**	**$ (1.84)**	**$ (2.68)**	**$ (0.92)**	**$ (0.75)**	**$ (0.62)**	**$ (0.48)**	**$ (2.74)**	**$ (0.62)**	**$ (0.41)**	**$ (0.41)**	**$ (0.42)**	**$ (1.85)**
Diluted EPS (loss)	**$(22.42)**	**$ (8.89)**	**$ (5.01)**	**$ 0.00**	**$ (0.30)**	**$ (0.54)**	**$ (1.84)**	**$ (2.68)**	**$ (0.92)**	**$ (0.75)**	**$ (0.62)**	**$ (0.48)**	**$ (2.74)**	**$ (0.62)**	**$ (0.41)**	**$ (0.41)**	**$ (0.42)**	**$ (1.85)**
Adj - EBITDA	**$ 7.0**	**$ (0.3)**	**$ 43.8**	**$ 21.4**	**$ 18.7**	**$ 12.9**	**$ 9.9**	**$ 62.8**	**$ 8.3**	**$ 11.3**	**$ 13.6**	**$ 15.3**	**$ 48.5**	**$ 13.6**	**$ 16.6**	**$ 16.7**	**$ 16.4**	**$ 63.3**
Basic shares outstanding	4.3	7.5	13.0	13.9	14.1	14.1	14.1	14.1	14.1	14.2	14.3	14.4	14.4	14.4	14.5	14.6	14.6	14.6
Diluted Shares Outstanding	4.3	7.5	13.0	13.9	14.1	14.1	14.1	14.1	14.1	14.2	14.3	14.4	14.4	14.4	14.5	14.6	14.6	14.6
Margin Analysis																		
Gross Margin	22%	14%	34%	41%	40%	38%	31%	35%	32%	34%	36%	37%	35%	36%	38%	38%	38%	38%
Operating Margin	-47%	-48%	-1%	14%	10%	-1%	-5%	12%	-9%	-2%	3%	6%	0%	2%	7%	7%	6%	6%
EBITDA Margin	5%	8%	-1%	31%	27%	25%	19%	24%	18%	23%	26%	27%	24%	23%	27%	25%	24%	25%
Pre-Tax Margin	-116%	-55%	-38%	0%	-8%	-19%	-59%	-18%	-33%	-25%	-19%	-14%	-22%	-17%	-11%	-10%	-10%	-12%
Net Income Margin	-116%	-76%	-35%	0%	-7%	-17%	-57%	-17%	-32%	-24%	-18%	-13%	-21%	-17%	-11%	-10%	-10%	-12%
Tax Rate	0%	-38%	9%	-20%	5%	10%	3%	5%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Growth Rate Y/Y																		
Total Revenue	-59%	5%	112%	82%	33%	-10%	-24%	21%	-36%	-22%	8%	11%	-19%	30%	30%	24%	20%	26%
Gross Profit	-69%	-32%	419%	236%	68%	-6%	-41%	26%	-50%	-34%	3%	31%	-20%	45%	45%	33%	23%	35%
Operating Profit	1342%	8%	-95%	-222%	-554%	-166%	-141%	-1528%	-142%	-116%	-409%	-227%	-101%	-127%	-536%	213%	25%	-5228%
Adj. EBITDA	-84%	-104%	nm	499%	102%	3%	-47%	44%	-61%	-39%	5%	55%	-23%	64%	47%	23%	7%	31%

(1) Excludes 1x items
(2) Using applicable tax rate

Source: Company Reports, Stonegate Capital Partners estimates

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