INDEPENDENCE CONTRACT DRILLING

Enercom: The Oil and Gas Conference

August 16-18, 2021

Energypoint Research Inc — Rated 1st in Service & Professionalism — Land Drillers — Customer Satisfaction 2021

Energypoint Research Inc — Rated 1st in Service & Professionalism — Land Drillers — Customer Satisfaction 2020

Energypoint Research Inc — Rated 1st in Service & Professionalism — Land Drillers — Customer Satisfaction 2018-19

ICD LISTED NYSE

IADC MEMBER

Preliminary Matters

Various statements contained in this presentation, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. These forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future revenues, income and capital spending. Our forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "potential," "plan," "goal," "will" or other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this presentation speak only as of the date of this presentation; we disclaim any obligation to update these statements unless required by law, and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These and other important factors, including those discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K, may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, contingencies and uncertainties include, but are not limited to, the following:

- inability to predict the duration or magnitude of the effects of the COVID-19 pandemic on our business, operations, and financial condition and when or if worldwide oil demand will stabilize and begin to improve;
- decline in or substantial volatility of crude oil and natural gas commodity prices
- a sustained decrease in domestic spending by the oil and natural gas exploration and production industry;
- fluctuation of our operating results and volatility of our industry;
- inability to maintain or increase pricing of our contract drilling services, or early termination of any term contract for which early termination compensation is not paid;
- our backlog of term contracts declining rapidly;
- the loss of any of our customers, financial distress or management changes of potential customers or failure to obtain contract renewals and additional customer contracts for our drilling services;
- overcapacity and competition in our industry;
- an increase in interest rates and deterioration in the credit markets;
- our inability to comply with the financial and other covenants in debt agreements that we may enter into as a result of reduced revenues and financial performance;
- unanticipated costs, delays and other difficulties in executing our long-term growth strategy;
- the loss of key management personnel;
- new technology that may cause our drilling methods or equipment to become less competitive;
- labor costs or shortages of skilled workers;
- the loss of or interruption in operations of one or more key vendors;
- the effect of operating hazards and severe weather on our rigs, facilities, business, operations and financial results, and limitations on our insurance coverage;
- increased regulation of drilling in unconventional formations;
- the incurrence of significant costs and liabilities in the future resulting from our failure to comply with new or existing environmental regulations or an accidental release of hazardous substances into the environment; and
- the potential failure by us to establish and maintain effective internal control over financial reporting.

All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations, and, therefore, you are cautioned not to place undue reliance on such statements. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this presentation and in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K. Further, any forward-looking statement speaks only as of the date of this presentation, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

Adjusted Net Income or Loss, EBITDA and adjusted EBITDA are supplemental non-GAAP financial measures that are used by management and external users of the Company's financial statements, such as industry analysts, investors, lenders and rating agencies. The Company's management believes adjusted Net Income or Loss, EBITDA and adjusted EBITDA are useful because such measures allow the Company and its stockholders to more effectively evaluate its operating performance and compare the results of its operations from period to period and against its peers without regard to its financing methods or capital structure. See non-GAAP financial measures at the end of this presentation for a full reconciliation of Net Income or Loss to adjusted Net Income or Loss, EBITDA and adjusted EBITDA.

INDEPENDENCE CONTRACT DRILLING

Land Drilling's Only Publicly-Traded, Pure-Play, Pad-Optimal, Super-Spec, Growth Story

Highest Asset Quality 100% Super Spec - Pad Optimal Marketed Fleet with Best Geographic Focus

Geographic Locations Focused on Most Prolific Oil and Natural Gas Producing Regions

Customer Focused and Proven Operational Excellence

Improving Dayrates & Utilization Driven by Market Fundamentals

Market Share Gains Driven By 300 Series Rigs and Overall Market Consolidation

Poised for Significant Free Cash Flow Yields

Fleet 100% Dual-Fuel Enabled / Electric Hi-Line Capable: Substantial GHG Reduction / Elimination

Introduction: NYSE: ICD

Sectors only publicly-traded, pure-play, pad-optimal, super-spec, drilling contractor focused solely on North America's most attractive oil and natural gas basins

Best-in-Class Asset Quality and Geographic Focus	• Marketed fleet comprised entirely of pad-optimal, super-spec rigs • Established presence in oil rich Permian and Eagle Ford plays • Leading presence in natural gas rich Haynesville and East TX regions • Increasing market penetration of 300 Series rigs • All rigs software-optimization-capable
High Quality Customer Base Supported by Industry Leading Customer Service and Operations	• #1 ranked land contract driller for service and professionalism by Energy Point Research past three years: 2019, 2020 and 2021 • Established relationships with publics and well-capitalized private operators • Industry leading and scalable safety, maintenance and financial systems
Returns & Free Cash Flow Generation	• Steadily increasing utilization and spot dayrates as market recovers from COVID-19 impacts drives potential for significant free cash flow generation and yields • Increasing market penetration of 300 Series rigs • Scalable cost structure for organic growth / M&A opportunities
ESG Focus	• Marketed fleet 100% dual-fuel and hi-line power capable • Omni-directional walking reduces operational footprints and environmental impacts • Increasingly diverse workforce: over 25% from under-represented groups • Shareholder alignment: executive comp substantially at-risk/ performance based • Leading presence in natural-gas-rich Haynesville and East TX regions

ICD Operations Strategically Focused on the Most Prolific Oil and Natural Gas Producing Regions in the United States

14 “300” Series ShaleDriller Rigs(1)

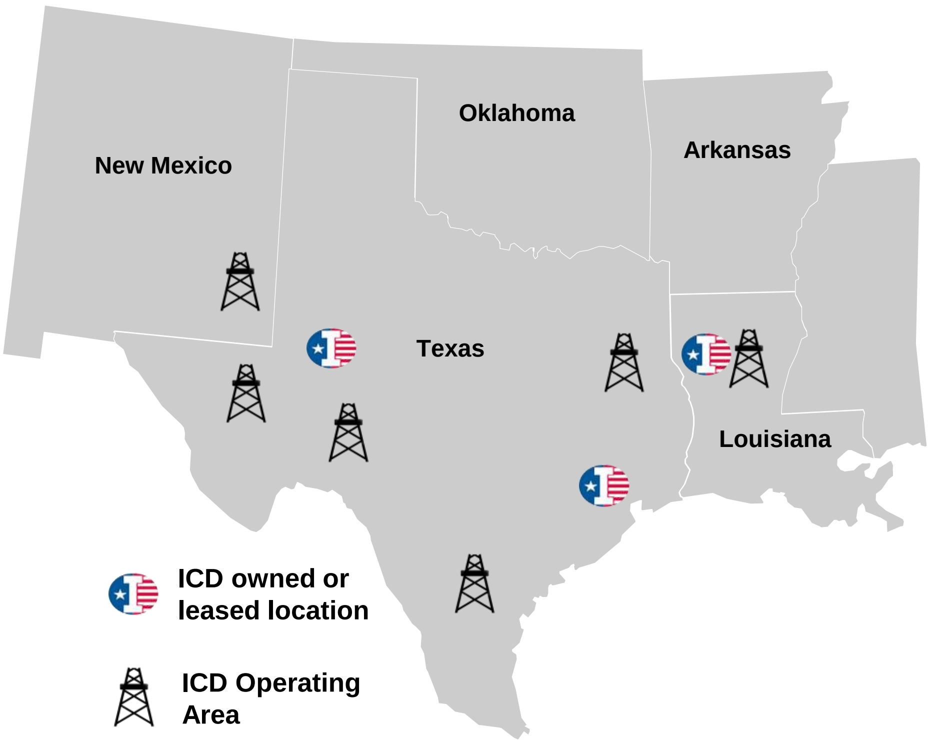
- 1,500 – 2,000 HP drawworks; 25K+ racking / 1M lb. hook with only modest capex
- Three pump / four engine capable; drilling optimization software capable
- Targeting developing market niche for larger diameter casing strings and extreme laterals
- Dual-Fuel enabled / Hi-Line Electric Power Capable
- Hi-torque top drive

17 “200” Series ShaleDriller Rigs

- 1,500 HP drawworks; 20K+ racking / 750K lb. hook
- Three pump / four engine capable; drilling optimization software capable
- Dual-Fuel / Hi-Line Electric Power Capable

1 “100” Series ShaleDriller Rig

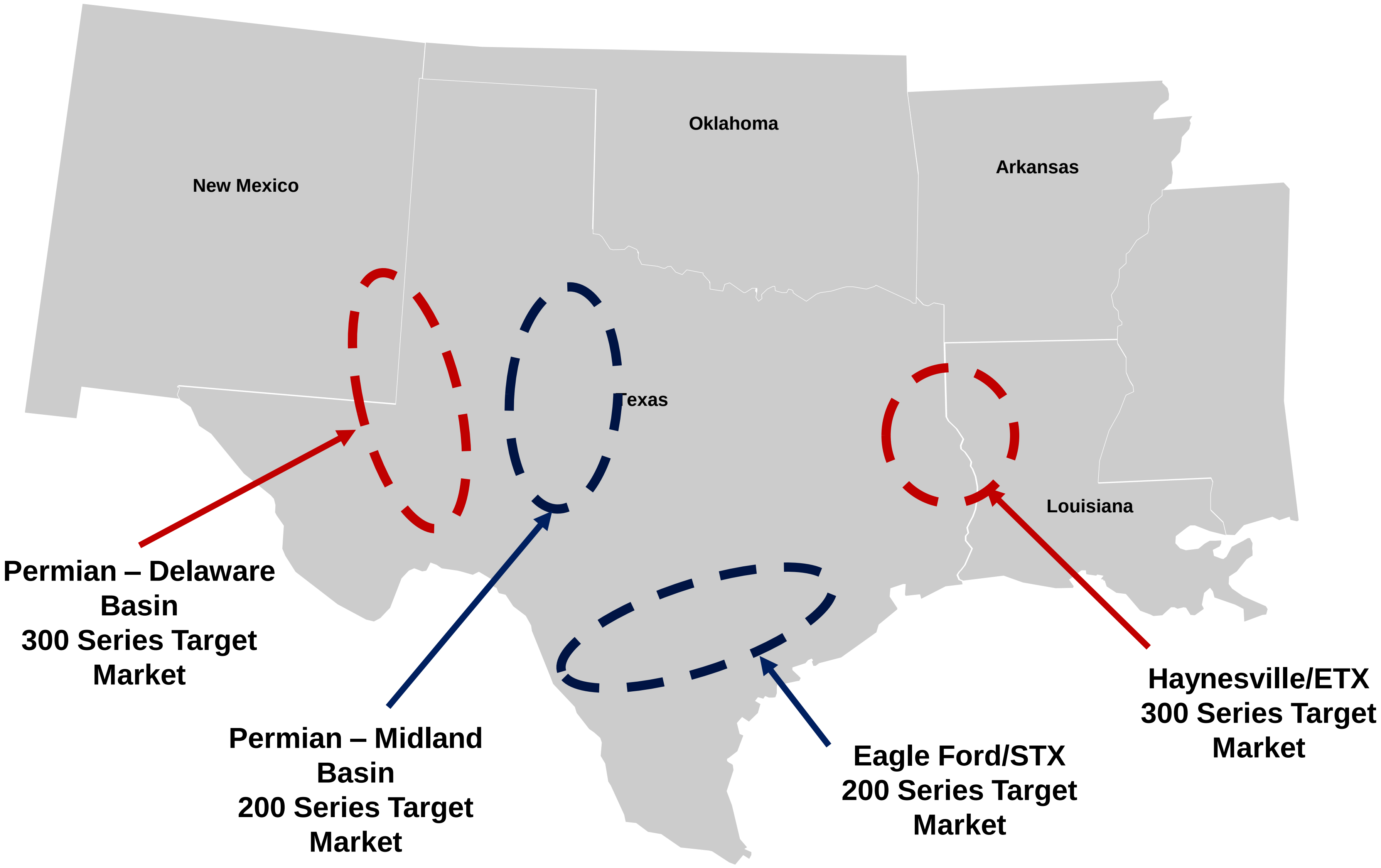
- 1,000 HP drawworks
- Three pump / four engine capable; drilling optimization software capable
- Dual-Fuel enabled / Hi-Line Electric Power Capable



ICD CURRENT ACTIVE MARKETED FLEET: 24 RIGS
AVERAGE RIG AGE: 6.55 YEARS(2)

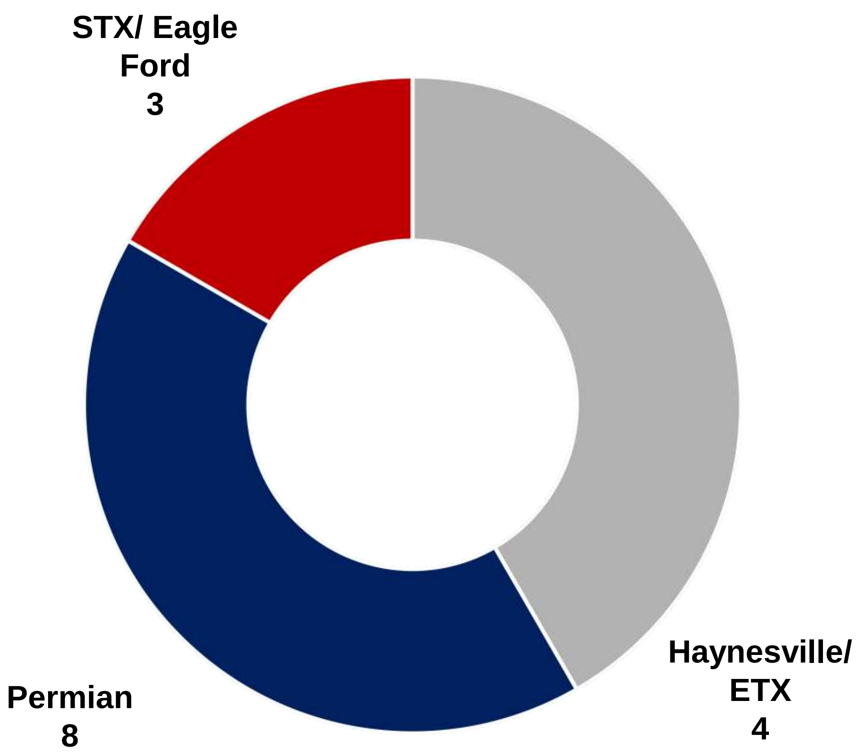
(1) Includes two 200 Series rigs scheduled for conversion (aggregate capex < $1M)
(2) Based upon date of first well spud following rig construction or material upgrade

Maximizing Returns By Strategically Marketing ICD Fleet Across Target Markets



Geographic Mix And Customer Relationships

Current ICD Operating Rigs By Basin



Strong Customer Base

Recent ICD Customers

Apache
bp
CALLON PETROLEUM
DIAMONDBACK Energy
Denbury
Chevron
Indigo
Endeavor Energy Resources LP
GEP HAYNESVILLE, LLC
equinor
PIONEER NATURAL RESOURCES
OXY [1]
ConocoPhillips [2]
XTO ENERGY

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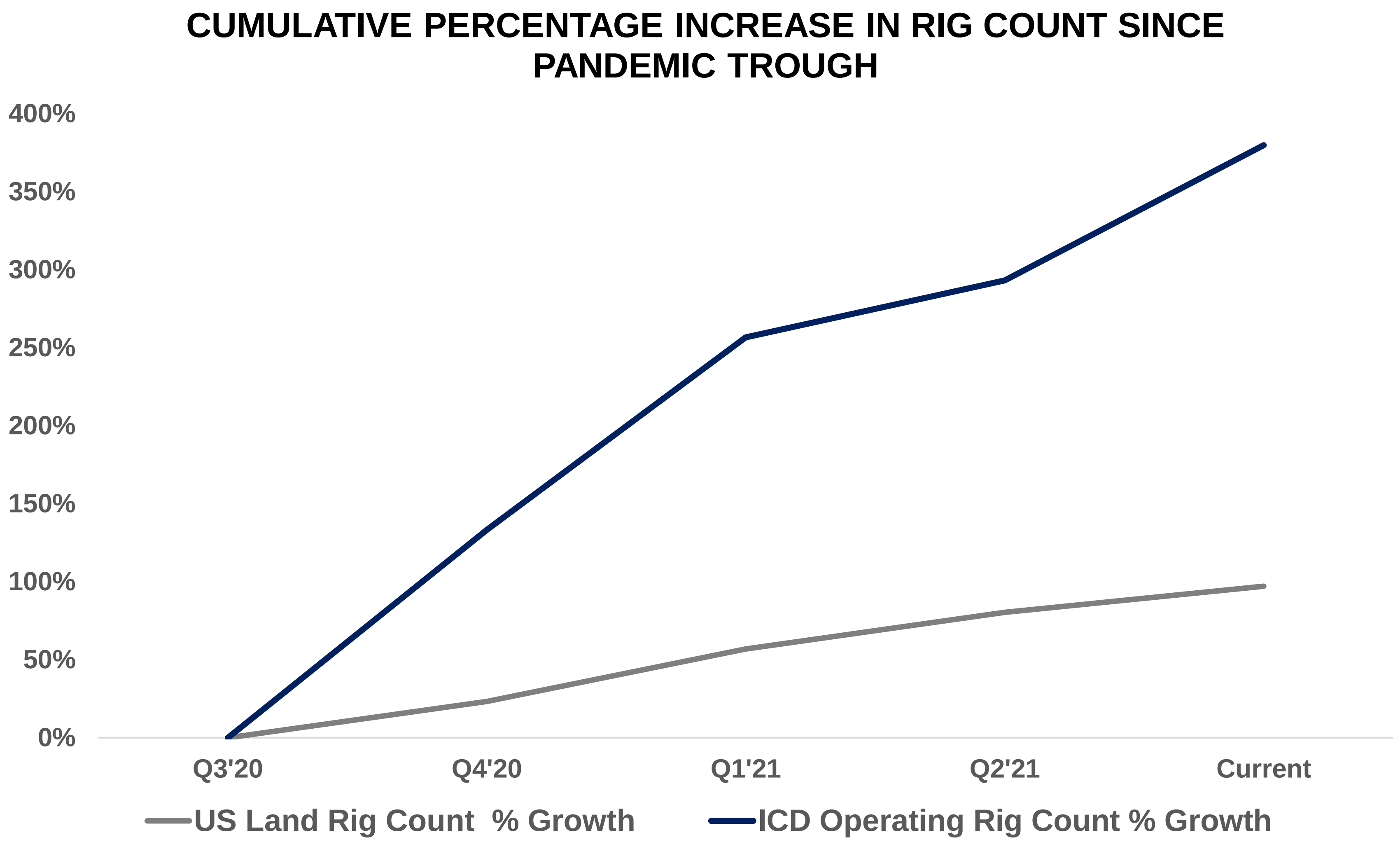
(1) Occidental Petroleum Corporation via Anadarko Petroleum acquisition
(2) ConocoPhillips via Concho Reources acqusition

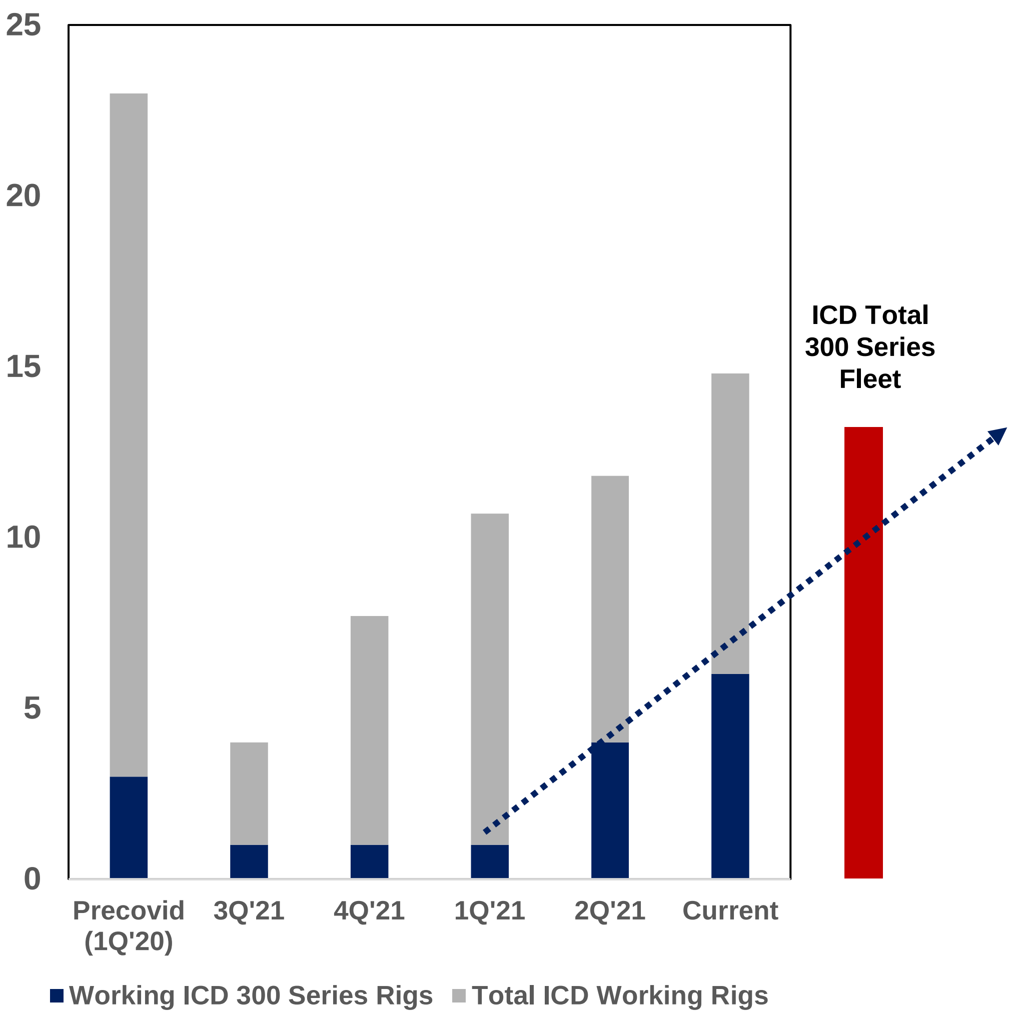
Since Beginning of Pandemic Recovery ICD Fleet Utilization Growth Substantially Outperforming Overall Market



Source: BHI Rig Count

300 Series Rigs Leading Acceleration in Fleet Utilization

ICD Total Working Rigs



ICD 300 Series Rigs

- Rigs meeting these specs command highest dayrates when matched with customers requiring such specification
  - 14 total 300 Series rigs in ICD fleet. Expect these rigs to represent majority of future rig reactivations and growing % of ICD's overall operating fleet
  - Target operating fleet composition: 50% 300 Series / 50% 200 Series
- Target customers requiring larger racking capacity, hookload, high-torque drill pipe: predominantly Delaware Basin and Haynesville
- Minimal excess capacity for rigs meeting 300 Series specification
- Acquired by ICD in 4Q'18 SideWinder Merger – current recovery represents first opportunity for ICD to market and place these rigs with customers in an improving rig count environment

ICD Performance Meeting and Exceeding Customer Expectations

ICD has been the #1 ranked U.S. Land Driller for Service and Professionalism for the past three years by Energy Point Research's independent customer survey

Independence Contract Drilling was one of only three land drillers recognized in 2021 by Energy Point Research in the Overall Total Satisfaction category of its customer survey.

Defining a Pad-Optimal Super-Spec Rig

Omni-Directional Walking

1500 HP Drawworks

High-Pressure Mud Systems (7500 psi)

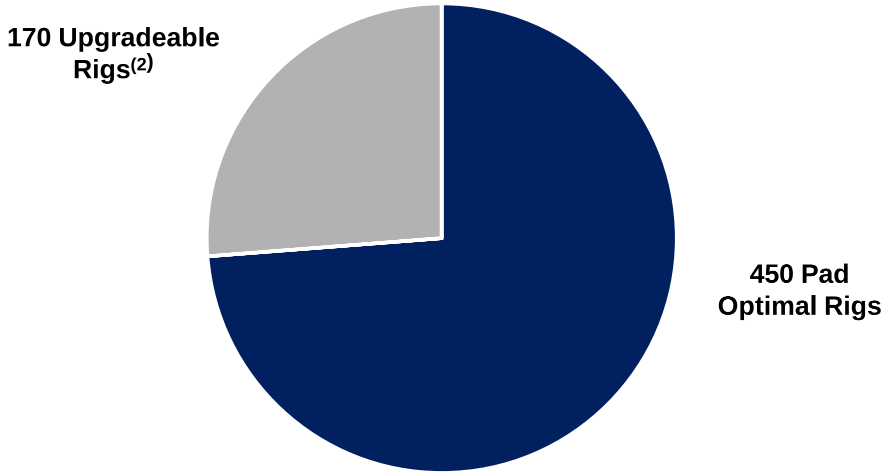
Fast Moving

AC Programmable

Fleet must have flexibility to provide differing equipment packages to meet particular requirements of E&Ps' drilling programs

- Three pump / four engine: ***100% of ICD marketed fleet***
- High-Torque top drive: ***50% of ICD marketed fleet***
- Enhanced racking (25K ft) and hookload (1M lb) capable: ***50% of ICD marketed fleet***
- Drilling optimization software capable: ***100% of marketed fleet***
- **Dual-fuel / Electric Hi-line capable : *100% of marketed fleet***

Total U.S. Pad-Optimal Super-Spec Supply: ~620 Rigs[1]

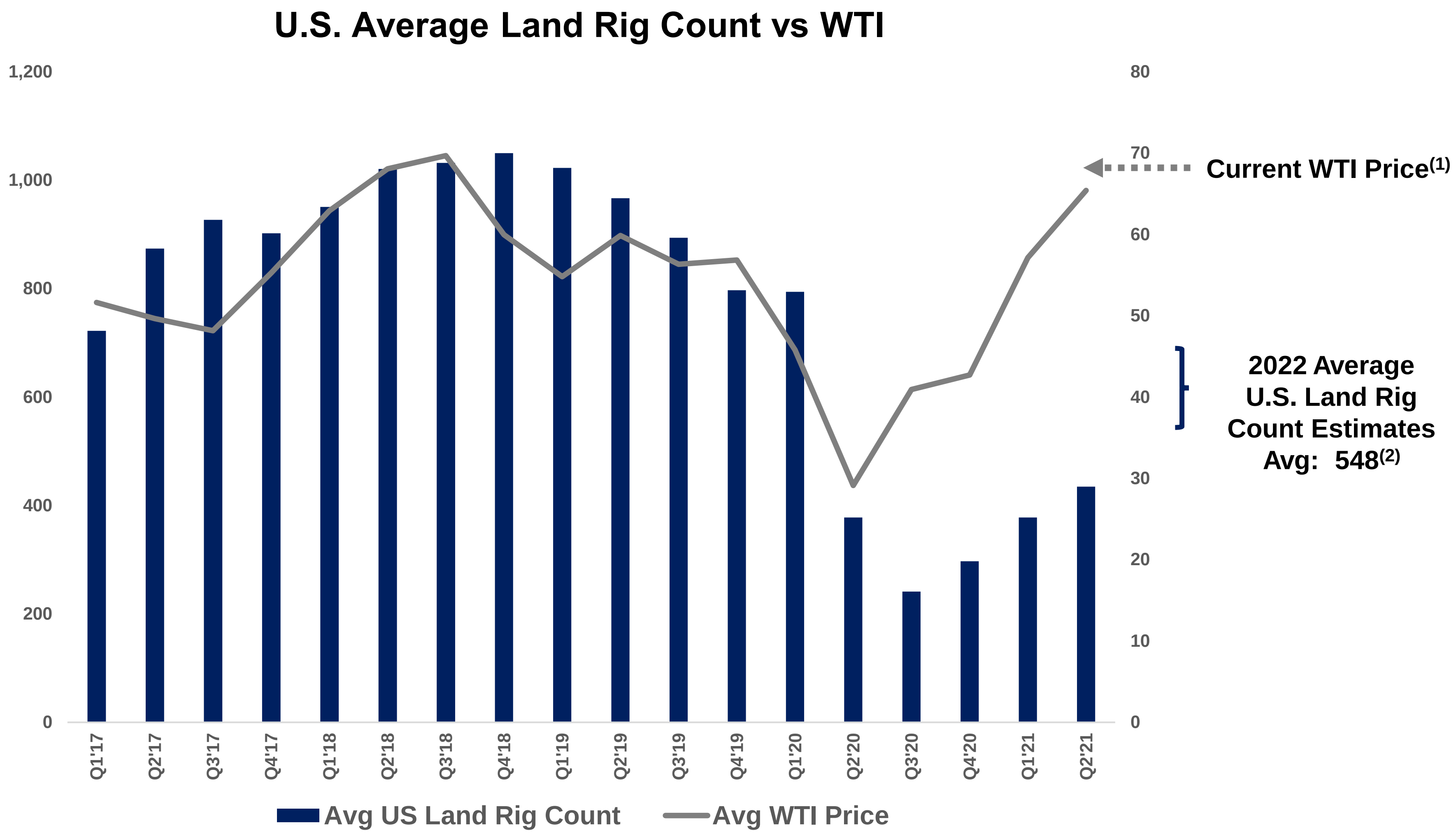


(1) Source: Enverus and Company estimates. Includes AC, 1500HP+, 750000lb+ Hookload. Excludes rigs not operating since 2018 and rigs owned by non-operating entities
(2) 1500HP AC Rigs with skidding systems upgradeable to omnidirectional walking. Capex estimated at $5M+ per rig.

Drivers for Expected Improvements in Pad-Optimal Utilization / Dayrates

- **Accelerating rig count with improving fundamentals**
- **Rapidly normalizing demand for oil**
- **Constructive U.S. natural gas supply / demand fundamentals**
- **Rapidly decreasing drilled-but-uncompleted (DUC) inventories**
- **Pad Optimal market share consolidating within few players with ICD utilization growth outpacing overall market**
- **U.S. land pad optimal, super-spec fleet approaching 80% utilization**

U.S. Land Rig Count has Trailed Commodity Price Recovery but is Expected to Accelerate Quickly

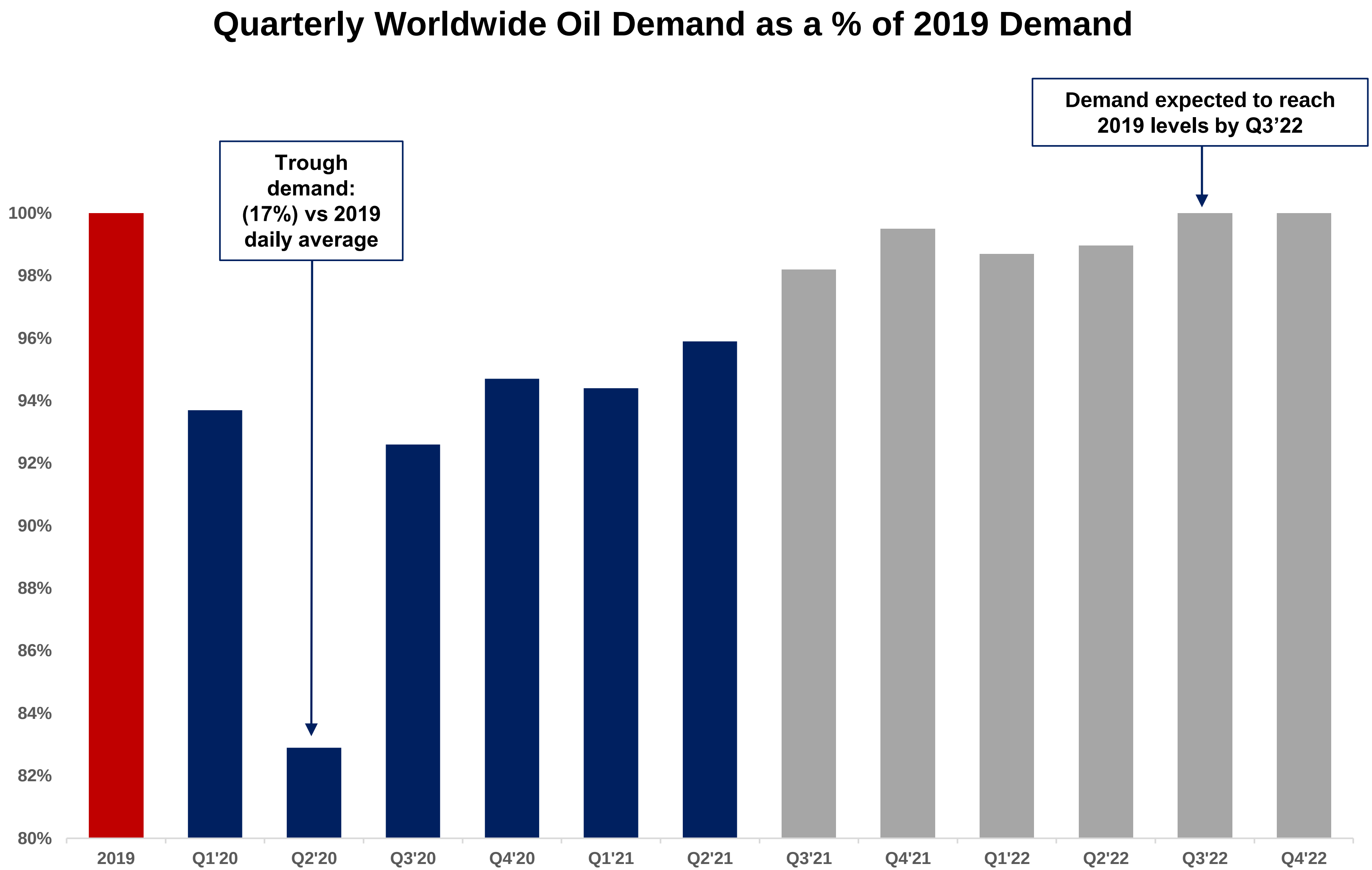


Source:Baker Hughes, EIA

(1) As of August 10, 2021

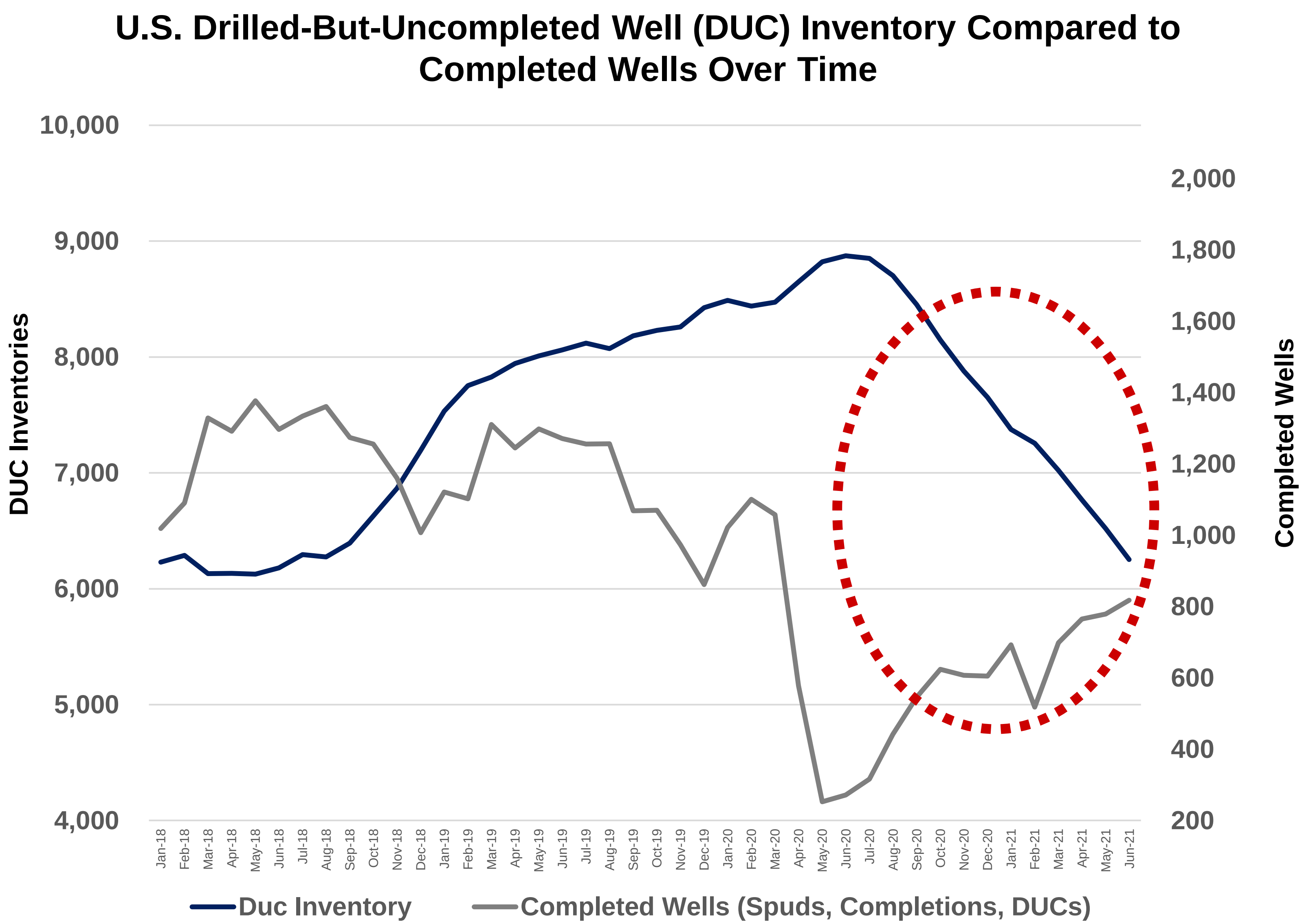
(2) Average Estimates per JP Morgan Morgan Stanley, Wells Fargo, Evercore, Spears, Rystadt, Simmons

Rapidly Normalizing Demand for Oil



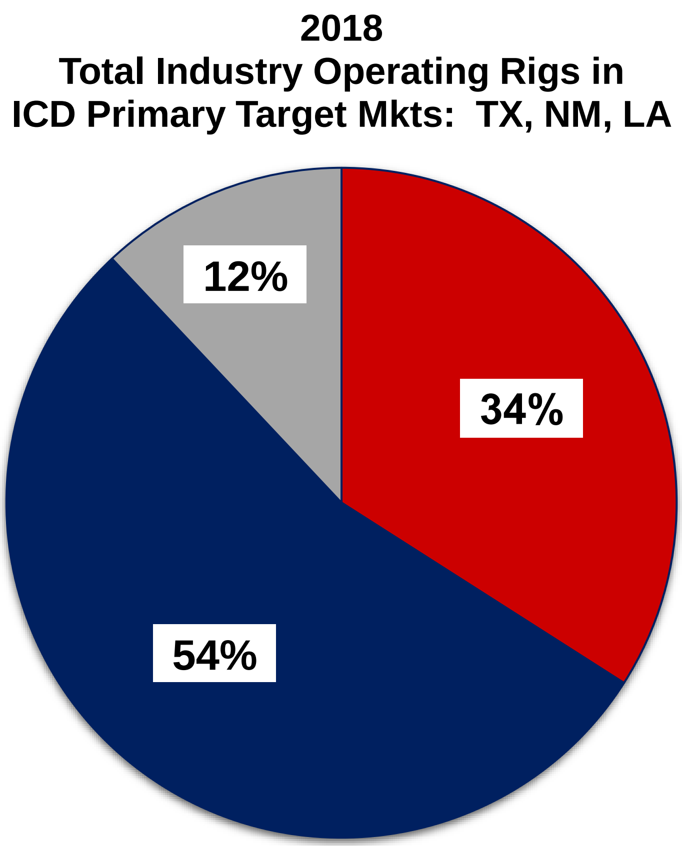
Source: EIA Short-Term Energy Outlook

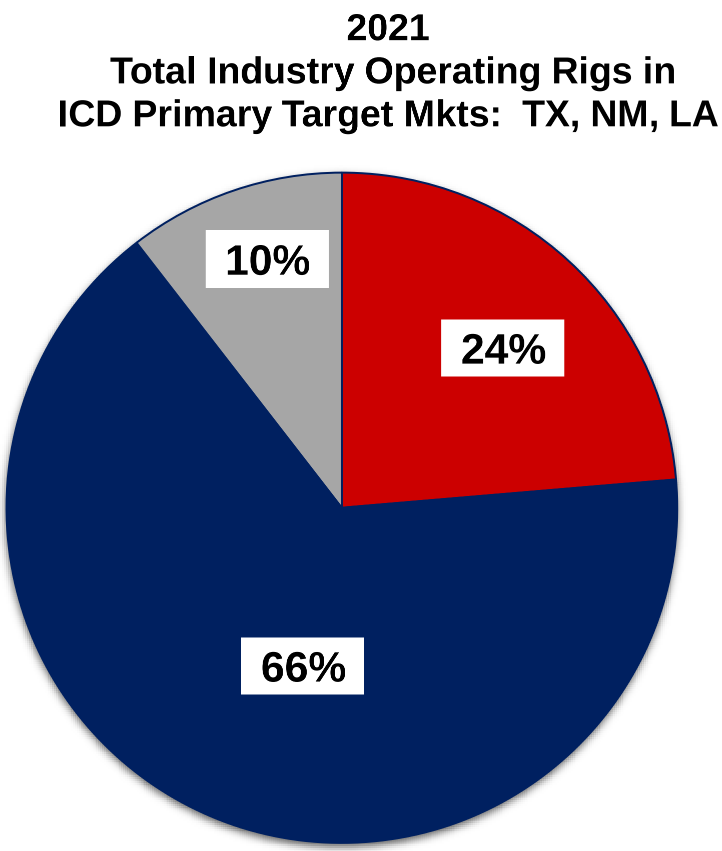
Decreasing DUC Inventories Should Drive Incremental Drilling Activity

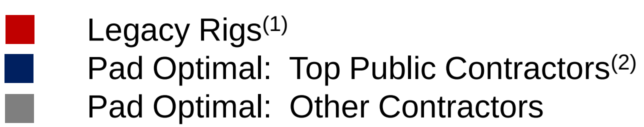


Source: EIA

Consolidating Pad Optimal Super-Spec Market

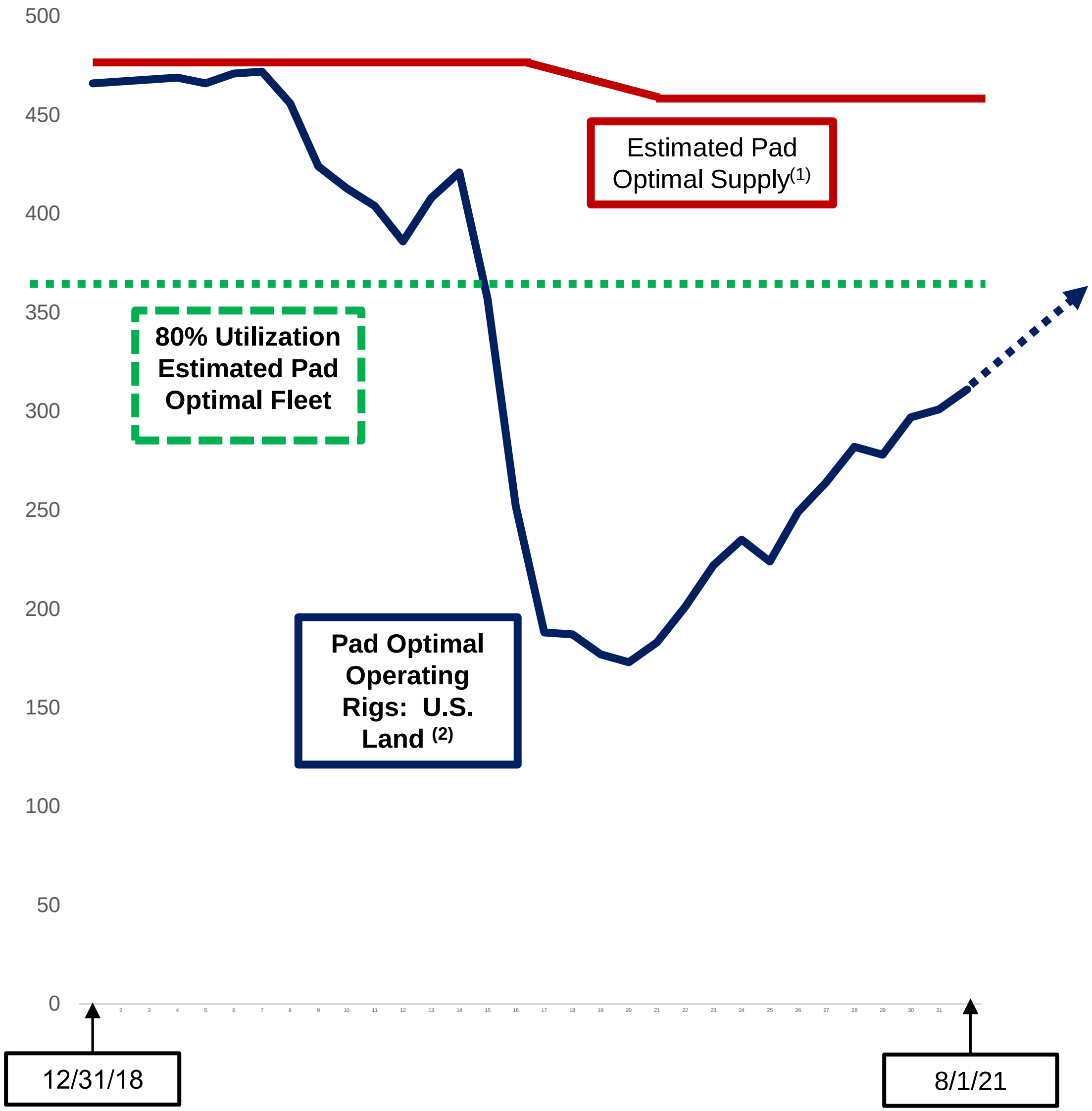






(1) SCR, Mechanical and AC below 1500hp
(2): HP, PTEN, NBR, PDS, ESI, ICD; includes PTEN planned acquisition of Pioneer Energy Services; Includes upgradeable AC rigs
Source: Enverus as of 6/30/18 and 8/4/21

Total U.S. Pad Optimal Fleet Utilization Approaching 80% in an Improving Market Should Drive Incremental Dayrate Increases



Drivers for increasing rig count and improving U.S. pad-optimal super-spec fleet utilization and dayrates include:

- Strong oil and natural gas commodity price environment
- Substantially declining DUC inventories
- 2022 E&P Capex Budgets reset higher based upon current commodity price environment
- Increasing size and complexity of well pads and depth and length of well laterals
- Increasing rig reactivation costs (minimal idle pad optimal – super-spec rigs that have not been stacked less than 18 months)

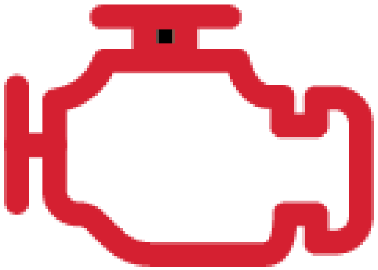
(1) AC, walking, 1500HP+, 750,000lb hookload +, 3 pumps (7500psi) /4 engines; excludes rigs stacked as of FYE 2018, skidding rigs and rigs held by non-operating entities
(2) Source: Enverus and Company estimates

ESG and Sustainability Focused

Environment ICD operations substantially reduce GHG emissions and environmental footprints at the wellsite	• 100% of ICD marketed rigs are dual-fuel enabled and high-line capable, permitting substantial reduction and elimination of GHG emissions at the wellsite from rig operations • 100% of ICD rigs utilize omni-directional walking systems that enable large-scale pad operations which substantially reduces environmental footprints at the wellsite • 100% of ICD rigs utilize energy-efficient LED lighting and/or crown lighting which substantially reduces energy use and “dark sky” environmental impacts • ICD is a leading provider of contract drilling services in the natural gas producing regions located in ETX/Haynesville areas which are expected to become increasingly relevant as energy transition efforts continue to develop and accelerate
Social ICD believes our people are our greatest resource and continuously focuses on creating a culture where employee safety, opportunity, well-being and development is prioritized	• ICD utilizes leading safety management and training systems. 100% of ICD employees completed social, ethics and compliance training in 2020 • ICD is committed to a culture of diversity and inclusion - over 25% of ICD’s workforce is currently comprised of historically underrepresented groups[(1)] • ICD provides industry leading health and welfare benefits focused on employee well-being • ICD actively participates in community outreach programs in regions where we operate
Governance ICD’s Board prioritizes shareholder alignment and ESG initiatives that benefit all stakeholders and the environment	• Board level oversight of ESG goal setting, performance and outreach • 100% of ICD 2021 Executive LTIP compensation substantially at-risk and performance-based, and thus closely aligned with shareholder interests • Executive compensation structures include safety, environmental and other ESG goals and metrics

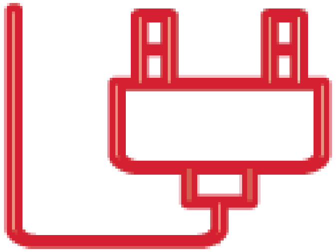
(1) As of Aug 1, 2021

ICD ShaleDriller Rigs Substantially Reduce and Eliminate GHG Emissions at the Wellsite



Utilizing natural gas rather than diesel substantially reduces GHG emissions. ICD customers routinely use field natural gas to power our rigs, providing even more significant positive impacts on the environment. The first rig ICD built in 2012 was equipped with Dual-Fuel engines and today 100% of ICD's marketed fleet is equipped with Dual-Fuel capabilities.

Dual Fuel Equipped
100% of ICD's Rigs



Similar to an electric car, utilizing the electric grid to power a rig's engines substantially eliminates GHG emissions at the wellsite. All ICD rigs are capable of running on Hi-Line Electric Power. ICD began operating rigs on Hi-Line Electric power in 2019 and continually markets this option to its customers where operational infrastructure permits

Hi-Line Electric Power Capable
100% of ICD's Rigs

In 2019, ICD converted all of its rigs from fluorescent lighting to LED lighting and is in process of converting all of its rigs from traditional lighting to crown lighting systems. LED and crown lighting systems substantially reduce energy use and eliminate light pollution, in particular in environmentally sensitive areas where "dark sky" environmental issues exist.

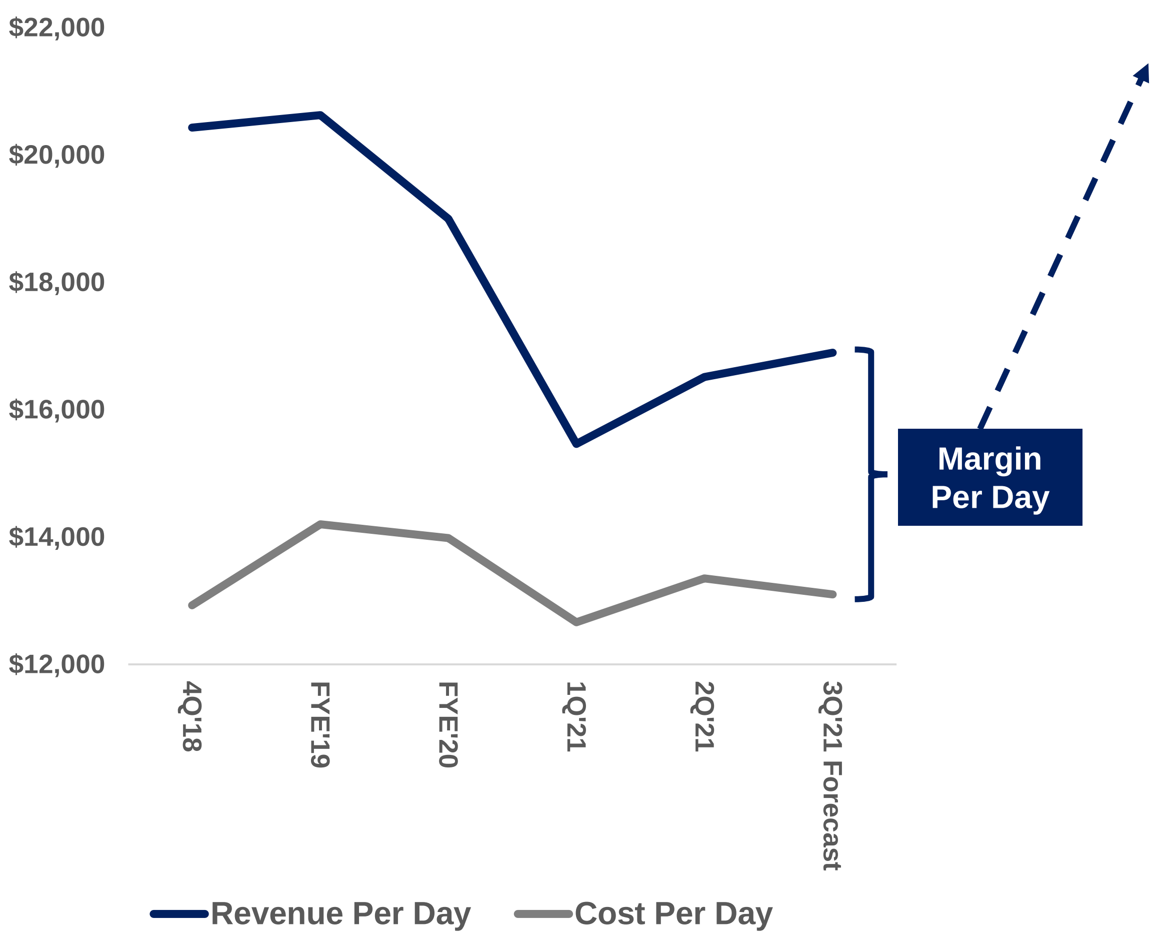
LED/CROWN LIGHTING
100% of ICD's Rigs

Drivers Towards Returns / Free Cash Flow Through Oil and Gas Cycle

Improving Fleet Utilization	• Since pandemic trough in Aug ‘20, ICD rig count has increased 400% compared to overall rig count increase of 100%[1]. • ICD rig count poised to increase with further increases in overall US rig count weighted to ICD target markets and pad optimal / super spec rigs • ICD expects continued market penetration and increased utilization of its 300 Series rigs
Increasing Dayrate Momentum	• In response to post-pandemic recovery, spot dayrates are steadily rising • Increasing 300 Series market penetration expected to drive sequential dayrate improvements • Short-term contract structures allow ICD to steadily reprice contracts into an improving dayrate environment, driving sequential improvements in revenue-per-day statistics • U.S. pad-optimal fleet utilization expected to approach 80% with continuing improvements in U.S. rig count during the remainder of 2021 and during 2022
Scalable Cost Structure Drives Substantial Improvements in Cash Flows	• Costs to operate a rig do not fluctuate meaningfully with increases in dayrates - dayrate improvements fall directly to bottom line driving incremental margins and cash flows • Increasing rig utilization drives operating efficiencies expected to result in steady improvements in cost-per-day metrics • Scalable SG&A cost structure: minimal increases in SG&A as operating fleet and revenues increase as COVID-19 pandemic recovery continues

(1) Baker Hughes as of 8.14.20 and 8.6.21

ICD Margins Already Expanding in Market Recovery



In a continuing market recovery and improving rig count environment, the following factors are expected to positively impact ICD revenues, costs, and margin per day compared to Pre-COVID periods:

- 300 Series rig pricing and differentiation
- Efficiency improvements made in 2018 and 2019 following Sidewinder Merger(1) and in response to COVID expected to be fully realized and drive additional cost savings
- Cost savings from economies of scale
- Current short term contract structures permit steady repricing of contracts into an improving market

(1) Sidewinder Merger closed 10/1/2018
(2) Guide: Represents Company forecasts provided on 2Q'21 Earnings Conference Call held 8/4/21

Closing

Improving and Constructive Market Fundamentals

+

100% Super-Spec Pad Optimal Fleet

+

Expanding 300 Series Market Penetration and Overall Fleet Utilization

100% Fleet Carbon Reducing Enabled

+

Expanding Margins

=

Free Cash Flow Growth/Yields


INDEPENDENCE
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Corporate Snapshot

Capitalization[1]

($ millions, except share price)

Share Price as of 8/12/21	$3.18
Shares Outstanding	7.2
Equity Value	$22.9
Term Loan	132.8
Revolver Outstanding	-
PPP Loan Outstanding[2]	10.0
Capital Leases	6.8
Total Debt	**$149.6**
Cash	6.0
Net Debt	**$143.6**
Enterprise Value	**$166.5**

Financial Liquidity

$ millions

	June 30, 2021
Cash	$6.0
Undrawn Revolver Capacity	11.3
Undrawn Committed Accordion	15.0
Undrawn Equity Line of Credit	3.1
Total Liquidity	$35.4

$133 million term loan
- Matures October 2023
- No amortization
- Additional *committed* $15 million delayed-draw accordion
- Minimal financial covenants
- Pre-payable at any time

PPP Loan
- Forgiveness application filed 2Q'21

Revolving line of credit
- $40M total capacity
- Borrowing base tied to eligible accounts receivable – as incremental rigs reactivate, borrowing base increases
- Matures October 2023
- Minimal financial covenants

[1] Financial data other than share price as of 6/30/21. Shares outstanding as of 8/1/21.
[2] PPP applicaton for forgiveness filed 2Q'21

Consolidated Balance Sheet

	June 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	$ 6,032	$ 12,279
Accounts receivable, net	14,062	10,023
Inventories	1,077	1,038
Assets held for sale	507	—
Prepaid expenses and other current assets	2,308	4,102
Total current assets	23,986	27,442
Property, plant and equipment, net	368,733	382,239
Other long-term assets, net	3,006	3,528
Total assets	$ 395,725	$ 413,209
Liabilities and Stockholders' Equity		
Liabilities		
Current portion of long-term debt (1)	$ 13,642	$ 7,637
Accounts payable	10,245	4,072
Accrued liabilities	10,860	10,723
Current portion of merger consideration payable to an affiliate	2,902	—
Total current liabilities	37,649	22,432
Long-term debt (2)	133,825	137,633
Merger consideration payable to an affiliate	—	2,902
Deferred income taxes, net	572	505
Other long-term liabilities	2,733	2,704
Total liabilities	174,779	166,176
Commitments and contingencies		
Stockholders' equity		
Common stock, $0.01 par value, 50,000,000 shares authorized; 7,322,515 and 6,254,396 shares issued, respectively, and 7,243,937 and 6,175,818 shares outstanding, respectively	72	62
Additional paid-in capital	522,777	517,948
Accumulated deficit	(297,990)	(267,064)
Treasury stock, at cost, 78,578 shares and 78,578 shares, respectively	(3,913)	(3,913)
Total stockholders' equity	220,946	247,033
Total liabilities and stockholders' equity	$ 395,725	$ 413,209

(1) As of June 30, 2021 and December 31, 2020, current portion of long-term debt includes $3.6 million and $3.4 million, respectively, of finance lease obligations. As of June 30, 2021 and December 31, 2020, current portion of long-term debt also includes $10.0 million and $4.3 million, respectively, related to the PPP Loan. The Company applied for full forgiveness of the PPP Loan during the second quarter of 2021.

(2) As of June 30, 2021 and December 31, 2020, long-term debt includes $3.2 million and $4.6 million, respectively, of long-term finance lease obligations. As of December 31, 2020, long-term debt also includes $5.7 million related to the PPP Loan. The Company applied for full forgiveness of the PPP Loan during the second quarter of 2021.

Consolidated Statement of Operations

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Three Months Ended March 31, 2021	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Revenues	$ 19,817	$ 21,381	$ 15,542	$ 35,359	$ 59,875
Costs and expenses					
Operating costs	17,040	14,095	14,541	31,581	44,324
Selling, general and administrative	4,075	3,544	3,686	7,761	7,305
Severance expense	—	—	—	—	1,076
Depreciation and amortization	9,516	11,055	9,989	19,505	22,571
Asset impairment, net	250	—	43	293	16,619
Loss (gain) on disposition of assets, net	31	(836)	(435)	(404)	(882)
Total costs and expenses	30,912	27,858	27,824	58,736	91,013
Operating loss	(11,095)	(6,477)	(12,282)	(23,377)	(31,138)
Interest expense	(3,773)	(3,654)	(3,709)	(7,482)	(7,258)
Loss before income taxes	(14,868)	(10,131)	(15,991)	(30,859)	(38,396)
Income tax expense (benefit)	33	(11)	34	67	(53)
Net loss	$ (14,901)	$ (10,120)	$ (16,025)	$ (30,926)	$ (38,343)
Loss per share:					
Basic and diluted	$ (2.22)	$ (2.52)	$ (2.58)	$ (4.78)	$ (9.87)
Weighted average number of common shares outstanding:					
Basic and diluted	6,714	4,018	6,215	6,466	3,884

Non-GAAP Financial Measures

Adjusted net income and loss, EBITDA and adjusted EBITDA are supplemental non-GAAP financial measure that are used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. In addition, adjusted EBITDA is consistent with how EBITDA is calculated under our revolving credit facility for purposes of determining our compliance with various financial covenants. We define "EBITDA" as earnings (or loss) before interest, taxes, depreciation, and amortization, and we define "adjusted EBITDA" as EBITDA before stock-based compensation, non-cash asset impairments, gains or losses on disposition of assets, and other non-recurring items added back to, or subtracted from, net income for purposes of calculating EBITDA under our revolving credit facility. Neither adjusted net income or loss, EBITDA or adjusted EBITDA is a measure of net income as determined by U.S. generally accepted accounting principles ("GAAP").

Management believes adjusted net income and loss, EBITDA and adjusted EBITDA are useful because they allow our stockholders to more effectively evaluate our operating performance and compliance with various financial covenants under our revolving credit facility and compare the results of our operations from period to period and against our peers without regard to our financing methods or capital structure or non-recurring, non-cash transactions. We exclude the items listed above from net income (loss) in calculating adjusted net loss, EBITDA and adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. None of adjusted net loss, EBITDA or adjusted EBITDA should be considered an alternative to, or more meaningful than, net income (loss), the most closely comparable financial measure calculated in accordance with GAAP or as an indicator of our operating performance or liquidity. Certain items excluded from adjusted net loss, EBITDA and adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's return of assets, cost of capital and tax structure. Our presentation of adjusted net loss, EBITDA and adjusted EBITDA should not be construed as an inference that our results will be unaffected by unusual or non-recurring items. Our computations of adjusted net income (loss), EBITDA and adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

The table on the following page present a reconciliation of net loss to adjusted net income (loss), EBITDA and adjusted EBITDA.

Non-GAAP Financial Measures

Reconciliation of Net Loss to Adjusted Net Income (Loss):

	(Unaudited) Three Months Ended						(Unaudited) Six Months Ended			
	June 30,				March 31,		June 30,			
	2021		2020		2021		2021		2020	
(in thousands)	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net loss	$ (14,901)	$ (2.22)	$ (10,120)	$ (2.52)	$ (16,025)	$ (2.58)	$ (30,926)	$ (4.78)	$ (38,343)	$ (9.87)
Add back:										
Asset impairment, net (1)	250	0.04	—	—	43	0.01	293	0.04	16,619	4.28
Loss (gain) on disposition of assets, net (2)	31	—	(836)	(0.21)	(435)	(0.07)	(404)	(0.06)	(882)	(0.23)
Severance expense (3)	—	—	—	—	—	—	—	—	1,076	0.28
Adjusted net loss	$ (14,620)	$ (2.18)	$ (10,956)	$ (2.73)	$ (16,417)	$ (2.64)	$ (31,037)	$ (4.80)	$ (21,530)	$ (5.54)

Reconciliation of Net Loss to EBITDA and Adjusted EBITDA:

	(Unaudited) Three Months Ended			(Unaudited) Six Months Ended	
	June 30,		March 31,	June 30,	
(in thousands)	2021	2020	2021	2021	2020
Net loss	$ (14,901)	$ (10,120)	$ (16,025)	$ (30,926)	$ (38,343)
Add back:					
Income tax expense (benefit)	33	(11)	34	67	(53)
Interest expense	3,773	3,654	3,709	7,482	7,258
Depreciation and amortization	9,516	11,055	9,989	19,505	22,571
Asset impairment, net (1)	250	—	43	293	16,619
EBITDA	(1,329)	4,578	(2,250)	(3,579)	8,052
Loss (gain) on disposition of assets, net (2)	31	(836)	(435)	(404)	(882)
Stock-based and non-cash deferred compensation cost	929	290	673	1,602	860
Severance expense (3)	—	—	—	—	1,076
Adjusted EBITDA	$ (369)	$ 4,032	$ (2,012)	$ (2,381)	$ 9,106

See footnote explanations on following page.

Non-GAAP Financial Measures

(1) During the second quarter of 2021, we impaired a damaged piece of drilling equipment for \$0.3 million, net of insurance recoveries. We did not record any asset impairment during the second quarter of 2020. In the first quarter of 2021, we recorded an asset impairment of \$43 thousand related to the pending sale of one of our field location facilities. In the first quarter of 2020, we recorded an asset impairment of \$16.6 million on rigs removed from our marketed fleet, as well as certain other component equipment, inventory and assets held for sale.

(2) In the second quarter of 2021 and 2020, and the first quarter of 2021, we recorded a loss, gain and gain, respectively, on the disposition of miscellaneous drilling equipment in the respective quarter.

(3) Severance expense of \$1.1 million was recorded in the first quarter of 2020 in connection with our cost reduction measures instituted in response to the COVID-19 pandemic and deteriorating market conditions.

Non-GAAP Financial Measures

The following table provides various financial and operational data for the Company's operations for the three months ended June 30, 2021 and 2020 and March 31, 2021 and the six months ended June 30, 2021 and 2020. This information contains non-GAAP financial measures of the Company's operating performance. The Company believes this non-GAAP information is useful because it provides a means to evaluate the operating performance of the Company on an ongoing basis using criteria that are used by our management. Additionally, it highlights operating trends and aids analytical comparisons. However, this information has limitations and should not be used as an alternative to operating income (loss) or cash flow performance measures determined in accordance with GAAP, as this information excludes certain costs that may affect the Company's operating performance in future periods.

OTHER FINANCIAL & OPERATING DATA
Unaudited

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2021	2020	2021	2021	2020
Number of marketed rigs end of period (1)	24	29	24	24	29
Rig operating days (2)	1,077	834	929	2,006	2,572
Average number of operating rigs (3)	11.8	9.2	10.3	11.1	14.1
Rig utilization (4)	49 %	32 %	43 %	46 %	49 %
Average revenue per operating day (5)	$ 16,514	$ 19,741	$ 15,465	$ 16,028	$ 19,796
Average cost per operating day (6)	$ 13,352	$ 12,741	$ 12,663	$ 13,033	$ 14,030
Average rig margin per operating day	$ 3,162	$ 7,000	$ 2,802	$ 2,995	$ 5,766

See footnote explanations on following page.

Non-GAAP Financial Measures

(1) Marketed rigs exclude idle rigs that will not be reactivated unless market conditions materially improve.

(2) Rig operating days represent the number of days our rigs are earning revenue under a contract during the period, including days that standby revenues are earned.

(3) Average number of operating rigs is calculated by dividing the total number of rig operating days in the period by the total number of calendar days in the period.

(4) Rig utilization is calculated as rig operating days divided by the total number of days our marketed drilling rigs are available during the applicable period.

(5) Average revenue per operating day represents total contract drilling revenues earned during the period divided by rig operating days in the period. Excluded in calculating average revenue per operating day are revenues associated with the reimbursement of (i) out-of-pocket costs paid by customers of $2.0 million, $2.7 million and $1.2 million during the three months ended June 30, 2021 and 2020, and March 31, 2021, respectively, and $3.2 million and $6.8 million during the six months ended June 30, 2021 and 2020, respectively, and (ii) early termination revenues of $2.2 million during the three and six months ended June 30, 2020. The three and six months ended June 30, 2021 and the three months ended March 31, 2021 did not include any early termination revenue.

(6) Average cost per operating day represents operating costs incurred during the period divided by rig operating days in the period. The following costs are excluded in calculating average cost per operating day: (i) out-of-pocket costs paid by customers of $2.0 million, $2.7 million and $1.2 million during the three months ended June 30, 2021 and 2020, and March 31, 2021, respectively, and $3.2 million and $6.8 million during the six months ended June 30, 2021 and 2020, respectively; (ii) overhead costs expensed due to reduced rig upgrade activity of $0.4 million, $0.4 million and $0.5 million during the three months ended June 30, 2021 and 2020, and March 31, 2021, respectively, and $0.8 million and $1.0 million during the six months ended June 30, 2021 and 2020, respectively; (iii) rig reactivation costs, inclusive of new crew training costs, of $0.2 million, zero and $1.1 million during the three months ended June 30, 2021 and 2020, and March 31, 2021, respectively, and $1.3 million and zero during the six months ended June 30, 2021 and 2020, respectively; and (iv) rig decommissioning costs associated with stacking deactivated rigs of $0.1 million, $0.3 million and zero during the three months ended June 30, 2021 and 2020 and March 31, 2021, respectively, and $0.1 million and $0.3 million during the six months ended June 30, 2021 and 2020, respectively.


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