



RESULTS FOR THE SECOND QUARTER 2025

Highlights

- Operational uptime of 90.9% and financial uptime of 86.0% in 2Q25 for the three owned units in operation
- The managed vessel DS Zonda commenced its 3 + 3-year contract with Petrobras in April 2025
- Our customer ENI declared the first of the four optional wells in Indonesia for SSV Catarina
- Net Income of \$24.0 million for the quarter
- Adjusted EBITDA of \$18.2 million for the quarter
- Free cash position of \$46.6 million

We were very pleased to successfully commence operations of the managed unit DS Zonda for a 3+3-year contract with Petrobras in April 2025. Our operational uptime during this quarter was below targeted performance due to a combination of unrelated downtime and planned maintenance events but has since end of June and to the date of this report recovered and performed at over 95% average uptime across the fleet. As previously communicated, securing additional backlog has been pursued determinedly and we believe to be well positioned for an ongoing long-term tender in Brazil.

Guilherme Coelho, Chief Executive Officer

Operations

The operational uptime for the quarter was 90.9% for the owned fleet, while the financial uptime was 86%.

The operational uptime was impacted by a pull of the blow out preventer on the SSV Catarina as well as certain preventive maintenance exercises across the fleet. Additionally, a significant portion of the work performed by the SSV Catarina was remunerated at 90%, as per contract.

The two owned rigs operating in Brazil, the DS Carolina and the SSV Victoria continue to operate under their current contracts with Petrobras, with end of current currently estimated to occur in June and August of 2026, respectively.

The SSV Catarina continues to operate under its contract with ENI Indonesia. During the second quarter, the Company received notice from its customer that the first of four optional wells in Indonesia had been exercised, extending the expected firm work for the unit through the fourth quarter of 2025. Further exercise by ENI of the remaining 3 optional wells in Indonesia could keep the rig utilized until August 2026.

The Atlantic Zonda, which the Company operates under a management agreement, underwent final commissioning and acceptance tests in Brazil during the first quarter of 2025 and, in April, the rig commenced operations under its three-year contract with Petrobras, with an option for additional three years. The operational uptime from contract commencement in April 2025 through June 30th was 86.7%. The lower operational utilization is expected

in the first months of operations when bringing in a new ultra deepwater drilling unit in its first operation after a long idle period, before the expected higher performance is delivered.

Conclusion of the economic impact of the interdiction of the DS Carolina during Q1 2025 with the Company's client has not yet been reached and is unchanged from Q1. The Company continues to remain confident that the impact should not be material.

Financial results 2Q25 and Year to Date

The Company reported for the three and six months ended June 30, 2025, a net income of \$24.0 million and \$46.5 million, respectively. The adjusted EBITDA for the three months ended June 30, 2025 was \$18.2 million as per the table below, compared to \$17.0 million for the first quarter. Cash flow from operating activities for our owned and managed drilling units in the three and six months ended June 30, 2025 was \$38.6 million and \$27.3 million, respectively. The operating cash flow in the second quarter is, in addition to the positive cash flow from the regular operations, positively impacted by reduced outstanding receivables related to SSV Catarina and release of a cash deposit of \$9.5 mill related to the operations of SSV Catarina.

For the three months ended June 30, 2025, the Company reported revenues from contract drilling services for our three drilling units of \$75.9 million that includes \$22.6 million related to non-cash amortization of an unfavourable contract liability recorded as part of the UER acquisition in May 2024 and \$2.7 million in recognized amortization of mobilization fees for SSV Catarina. For the six months ended June 30, 2025, the Company reported revenues from contract drilling services for our three drilling units of \$ 151.3 million that includes \$45.0 million related to the non-cash amortization of the unfavourable contract liability and \$5.7 million in amortized mobilization fees.

Management fee income, net of cost related to the DS Atlantic Zonda was \$2.1 million for the second quarter compared to \$1.1 million in the first quarter as a result of the vessel commencing its three-year contract with Petrobras in April 2025. The management fee is expected to increase further going forward when the vessel is operating through a full quarter.

Rig Operating and Maintenance Expenses in the second quarter was \$32.6 million and \$64.6 million for the six months ended June 30, 2025, where approximately \$1.8 million and \$5.6 million, respectively, relates to ancillary services under the SSV Catarina contract which the Company is compensated for through an increased day rate. The remaining operating cost, excluding deferred mobilization cost, of \$29.7 million in the second quarter implies a daily average OPEX of approximately \$108,800 based on 273 rig operating days for our three owned units and similarly a daily average OPEX of approximately \$104,900 for the six months ended June 30, 2025. A critical focus for the Company is to continue to maintain its industry-leading operating cost for our drilling units.

General and Administrative Expenses in the second quarter was \$4.5 million and \$9.8 million for the six months ended June 30, 2025.

The Company has expensed about \$4.4 million of interest cost related to the bond loan in the second quarter that includes amortization of deferred loan cost of \$0.4 million, and \$9.0 million of interest cost for the six months period ended June 30, 2025, that includes amortization of deferred loan cost of \$0.9 million. As part of the acquisition and commencement of the current drilling contract for SSV Catarina, we also entered into a Revolving Credit Facility ("RCF") of \$30 million in July 2024. The interest expense in the three and six months ended June 30, 2025, for the RCF was about \$0.4 million and \$ 0.8 million, respectively.

The table below includes operating revenues and expenses for the Company's owned rigs in the first two quarters of 2025. Contract Drilling Services and Rig Operating and Maintenance Expenses include \$2.8 million and \$1.1 million in amortized mobilization fees and costs for each period presented.

ADJUSTED EBITDA <i>(all figures in USD '000)</i>	2Q25	1Q25
<u>Revenues</u>		
Contract Drilling Services - Owned units *	53,208	53,061
Management fee Income – Net of cost**	2,150	1,066
Total Revenues	55,358	54,127
<u>Operating Expenses</u>		
Rig Operating and Maintenance Expenses - Owned units	(32,590)	(32,057)
General and Administrative Expenses	(4,520)	(5,079)
Total Expenses	(37,110)	(37,136)
Adjusted EBITDA	18,248	16,991

* excluding non-cash revenue related to amortization of Unfavorable Contract Liability

** presented as a net amount of management fees income, reimbursable revenues and expenses for managed vessels

Financing and liquidity

As of June 30, 2025, the Company held \$46.6 million in free cash which was positively impacted by a release of \$ 9.5 million held under performance bonds for the Catarina contract as further discussed below.

The company held an additional restricted cash of \$16.8 million on behalf of the owners of the managed drilling unit to cover upcoming operating and capital expenditures.

As of June 30, 2025, the outstanding balance on the Company's bond loan was \$155.0 million after paying down an instalment of \$10.0 million during the second quarter and \$20.0 million in total for the six months ended June 30, 2025. The bond loan carries 10% interest and has a duration of three years with quarterly amortization of \$10.0 million and interest payments and matures in April 2027. The free liquidity covenant is \$15 million including the unutilized portion of the RCF.

During the second quarter, the Company drew \$9.5 million on the RCF and had an outstanding balance of \$28.3 million as per 30th June. The Company previously held a cash collateral of \$9.5 million related to a performance bond issued under the drilling contract for the SSV Catarina. This cash collateral was previously presented under "Other Current Assets" in our balance sheet. During the quarter, the Company replaced this cash collateral with a performance bond utilizing an additional \$9.5 million under the RCF. Subsequent to June 30, 2025, we repaid \$9.5 million of the RCF loan balance and as of the date of this report, we have a loan balance of \$9.3 million and a guarantee of \$9.5 million issued under the RCF, totalling \$ 18.8 million utilized under the RCF.

During the second quarter, the Company had \$2.2 million in capex on its three owned units, which includes \$1.4 million related to long-lead items for the new long-term contract for the DS Carolina with Petrobras that will commence in 2026. For the six months ended June 30, 2025, we have incurred vessel capex of \$8.3 million in total, including \$3.3 million for the DS Carolina project discussed above.

Other

The strategic priorities for the Company continue to be safe and reliable operations at industry leading operational cost levels. The Company has a strong position with all its rigs on term contracts.

Continued backlog addition has been pursued determinedly, and the Company believes to be well positioned in an ongoing tender in Brazil for a long-term contract for Petrobras. Should the Company be successful securing additional long-term work, the Company will actively evaluate a potential refinancing of its balance sheet to fund certain capital expenditures related to contract-required upgrades and to have a debt profile that matches the backlog and expected earnings profile going forward.

The SSV Catarina is well positioned to continue working in Indonesia under ENI optional wells potentially keep the rig utilized to August 2026 should all options in Indonesia be exercised. Securing additional backlog beyond the ENI contract will be pursued determinedly with utilization being the overarching target for the Company. Hence, opportunities outside of Southeast Asia will continue to also be pursued.

Market Update

Offshore market sentiment continues to be impacted by political forces, resulting in delays to final investment decisions (FID) for important projects and pushing execution to late 2026 and 2027. In total, 2025 had 47 oil and gas offshore projects scheduled to start, with some originally planned postponed to a later date (S&P Global). South America, and more specifically Brazil, remains the global focus for deepwater activity.

Asia has a steady demand for floaters so far in 2025, with potential to increase in 2026. ENI continues its efforts to develop deepwater blocks in Indonesia, with ongoing preparations to increase the number of rigs in the country. The Geliga field is under a tendering process, which would require a drillship for one well plus one option. In addition to Geliga, ENI has a long-term demand for eight firm wells plus eight optional wells, pending approval from Indonesian authority SKK Migas. There are additional opportunities in Asia suitable for the SSV Catarina in 2026, and we are having ongoing productive conversations with potential clients.

In Brazil, Petrobras continues to execute on its business plan. The Búzios tender process had several rigs participating, with indications that more than one rig will be hired in the process. The initial phase has been concluded, and Petrobras is currently engaging with the best proposals, with expected contract execution to take place in Q4 this year. As indicated in previous reports, Petrobras has also released a tender for its Mero field. This opportunity is also under a market inquiry with reverse auction process and with similar technical specifications to Búzios, including Managed Pressure Drilling (MPD), among other typical services required by Petrobras. The Mero contract duration confirms the new trend at Petrobras to issue long-term contracts with four years firm term, similarly to Búzios.

Beyond Petrobras, other important announcements recently confirm Brazil's leadership in the offshore deepwater market. Equinor, Shell, and Karoon are in the process of selecting floater rigs for their projects in Brazil. Equinor is accelerating the development of Bacalhau, one of the most important projects outside Norway. After FID of Gato do Mato, Shell is planning to perform drilling and completion operations on a long-term basis. Finally, Karoon is investing in expanding its activities in the south of Brazil and has announced a program to develop the Neon Field. Another important announcement was made by BP regarding its discovery of the Bumerangue field, which is considered one of the most significant exploration announcements in the last 25 years.

The Brazilian oil and gas offshore market has seen important progress recently, confirming its appetite to continue developing its resources and advancing into new exploratory frontiers. The results of the last licensing round confirm the positive momentum in the industry. Petrobras and US supermajors Chevron and ExxonMobil had remarkable participation in the auction, winning exploration rights for numerous blocks in the equatorial margin. The fifth round of Brazil's permanent offer included acreage for oil and gas exploration in the deepwater portion of the Foz do Amazonas basin, as there is a growing perception that the environmental regulator is finally expected to issue the license allowing Petrobras to drill the exploration well in the region.

The Brazilian National Petroleum Agency (ANP) recently auctioned 147 offshore blocks and 21 onshore blocks, raising record bonuses through the award of 34 exploration blocks. Shell and Karoon expanded their presence in the Santos Basin during the licensing round.