

Preliminary earnings release

Q1 2025



DOLPHIN DRILLING AS

Preliminary Results as of First Quarter 2025

Oslo, Norway, 28 May 2025.

Dolphin Drilling AS (OSE: DDRIL) today announced its preliminary financial results for the first quarter 2025.

Q1 2025, Highlights and Subsequent Events

- **Revenue Growth:** Revenues of USD 45.6 million for the first quarter, compared to USD 10.1 million in Q1 2024.
- **EBITDA Improvement:** EBITDA of USD 4.9 million for the first quarter, a significant improvement from an EBITDA loss of USD 17.0 million in Q1 2024.
- **Net Earnings:** Net Loss of \$8.2M or USD 0.03 per share compared to a loss of USD 16.8 million or USD 0.08 per share in Q1 2024.
- **Continued strong Safety Records:** The company maintained a strong safety record, with zero Lost Time Incidents recorded during the quarter.
- **Rig Utilization:** Paul B. Loyd, Jr (“PBLJ”) and Blackford Dolphin both on contract for the full Quarter, PBLJ at an average uptime of 95.0% and Blackford Dolphin at 86.5%.
- **Leadership Change:** Jon Oliver Bryce was appointed CEO, Ingolf Gillesdal appointed CFO; and Ronny Bjornådal appointed as Chairman.
- **New major long-term investors:** Svelland Capital has become the largest shareholder group of the company, controlling funds accounting for 36% of shareholding.
- **On April 30th** the company issued a press release disclosing information relating to its going concern and liquidity position, as well as on-going refinance process.
- **Immediately following this preliminary earnings release,** DDRIL will launch a contemplated private placement of approximately NOK 297,644,400, equivalent to approximately USD 29 million by issuance of approximately 29,764,440,000 new shares with a subscription price per offer share at a fixed price of NOK 0.01. See separate press release regarding the same for further details.

Financial review

The company reported total revenues of USD 45.6 million in the first quarter of 2025. This is compared to \$50.0 million in revenues earned in quarter four 2024 which included a \$20.7 million early termination fee relating to the Borgland Dolphin and approximately 50 days of revenue on Blackford Dolphin following contract commencement in early November. The PBLJ performed at an average of 95% revenue efficiency, while the Blackford Dolphin had some downtime early in January resulting in an average 86.5% efficiency. Revenue also includes deferred mobilisation fees and recharges to Oil India for vessels.

Operating expenses in the first quarter of 2025 were of USD 35.5 million, USD 1.0 million above the previous quarter. Operating expenses on the PBLJ and Blackford Dolphin were approximately in line with the previous quarter, and costs on the Borgland were reduced by approximately USD 0.5 million, however these were offset by higher costs associated with the vessels on hire in India which could not be recovered from the client.

Costs on the Blackford Dolphin remain higher than anticipated following the start up of the contract. The company continues to monitor and implement cost saving measures in efforts to reduce OPEX and in country costs.

The Borgland Dolphin remains in lay-up mode in Las Palmas with continued cost reduction efforts and a current daily OPEX of approximately USD 27,000 per day.

G&A ticked upwards this quarter to USD 5.2 million in comparison to USD 4.5 million in the previous quarter. The company incurred approximately USD 0.5 million in legal fees mainly associated with the defence of the Borgsten case, UK Tax Authorities or “HMRC” in the UK.

Depreciation and impairment for full year 2024 have updated based in accordance with IAS 36, an impairment indicator was identified for Borgland Dolphin at year-end as a result of lack of backlog. A provision for impairment was recorded in the 2024 results lowering the carrying value of the rig fixed asset and related inventory by USD 40.8 million. Future cash flow models are judgemental and highly sensitive to a number of factors including commodity prices, charter day rates, rig utilisation, discount rates and growth rates.

Net finance in the quarter totalled USD 6.2 million, which include USD 3.6 million of foreign exchange impacts.

Reported net loss for the quarter was USD 8.2 million, or USD 0.03 per share.

Accounts receivable at the end of the quarter represent up to 60 days of payment terms from invoicing on the contracts. Accounts payable have remained at a higher level versus normal, being negatively affected by increased cost from the Blackford Dolphin rig move and thereafter contract start-up in India, and as well the earlier planned class renewal of Borgland Dolphin which came to a halt in November 2024.

Rig operational update

In the first quarter Dolphin Drilling had two rigs on contract and one unit stacked pending contract.

The PBLJ semisubmersible drilling rig continued to deliver strong performance whilst working for Harbour Energy in the UK. The rig's safety performance has been solid, with no Lost Time Incidents during the quarter or the preceding period since its acquisition in February 2024. The rig has also delivered consistently high operational uptime, with a 95% average for the quarter.

The Blackford Dolphin semisubmersible drilling rig commenced contract on the 11th of November 2024 with Oil India Ltd offshore India. Blackford Dolphin has also worked safely and efficiently, with no recordable incidents and strong rig uptime during the quarter. The firm drilling program comprises of three exploration wells, and an option for one further well.

The Borgland Dolphin semisubmersible drilling rig is in lay-up at Las Palmas, Gran Canaria. The unit has been marketed for work worldwide.

Financing and capital expenditure

As of 31 March 2025, the company had approximately USD 29.6 million of cash and cash equivalents, including restricted cash amounts of approximately USD 4.5 million relating to various outstanding bid and performance bonds that support ongoing contracts and marketing initiatives. In the cash balance at the end of the quarter was the receipt of the Blackford Dolphin day rate for the month of February.

During the quarter the company spent approximately USD 1.6 million on capex, with the total capital spend for 2025 estimated at approximately USD 40 million. The majority of the capex is to be invested in the PBLJ, in a combination of Special Period Survey cost and Class renewal plus ongoing maintenance. Blackford Dolphin capex for 2025 is estimated at USD 7 million.

A USD 65.0 million loan provided by Maritime Asset Partners is fully drawn with amortisation payments totalling USD 5.0 million made in the first quarter, and with maturity in September 2027. Net outstanding debt as of first quarter is USD 53 million. The facility includes a USD 6.5 million debt service coverage balance which is recorded as a current asset in the balance sheet. Post quarter end the company have obtained a temporary waiver from the lender to defer monthly debt amortisations for April, May and June 2025, subject to conditions as part of an overall refinancing plan.

A shareholder loan of USD 15.0 million plus accrued interest is included in the current portion of debt as this loan facility expires in November 2025. Net accrued interest and other fees account for USD 3.3 million as of quarter end.

In December 2024 following an arbitration process in Nigeria the company was awarded USD 105 million in its favour, in relation to the dispute with against a former client, General

Hydrocarbons Limited. The company continues to pursue both enforcement of this award or other methods by which to monetise the claim.

Subsequent Events

On April 30th the company issued a press release disclosing information relating to its going concern and liquidity position, as well as on-going refinance process.

On May 6th, Paul Marchand resigned from the company's board of directors.

Immediately following this preliminary earnings release, DDRIL will launch a contemplated private placement of approximately NOK 297,644,400, equivalent to approximately USD 29 million by issuance of approximately 29,764,440,000 new shares with a subscription price per offer share at a fixed price of NOK 0.01. See separate press release regarding the same for further details.

Contingent liability

The company remain engaged in a legal process with the UK Tax Authorities ("HMRC"). Following two rulings in the Lower Tribunal and the Upper Tribunal courts in favour of the company, the Court of Appeal found in favour of HMRC in January 2024. During May 2024 the company was granted permission to appeal to the Supreme Court and the case was heard in February 2025. No payments to HMRC are anticipated in the interim period and the outcome of the case remains uncertain.

Strategy and outlook

In 2025, Dolphin Drilling marks its 60th anniversary, underscoring our longstanding presence as one of the earliest registered offshore drilling companies. Over six decades, we have built a strong reputation for delivering offshore drilling services to clients across the globe.

Our current fleet comprises three conventional harsh environment moored semisubmersible drilling rigs: Borgland Dolphin, Blackford Dolphin, and Paul B. Loyd Jr. These rigs are capable of operating in a wide range of offshore basins, supporting drilling activities in water depths ranging from 65 to 1,829 meters (213 to 6,000 feet). Our global operations are supported by onshore offices in the UK, Norway, and India.

Dolphin Drilling's global experience and historic track record enable us to maintain drilling licences in most of the offshore basins. This capability allows us to deploy our own fleet and manage rigs on behalf of other owners, positioning us as a versatile partner in offshore markets worldwide.

As of May 2025, market sentiment for offshore floaters within the moored segment remains cautiously optimistic. Key markets include the UK, Norway, India, and SE Asia, together with opportunities other regional opportunities. Notably, day rates for moored semisubmersible rigs have shown an upward trend, driven by a general undersupply of competitive rigs in this

segment-contrasting with other rig types where supply has increased. The current market for moored semisubmersibles is supply-driven, with no newbuild orders and limited candidates for reactivation.

Recent volatility in the deepwater segment has prompted discussions around further reductions in rig capacity, particularly through the scrapping of cold-stacked or non-competitive units. Industry consolidation remains a key theme, with potential mergers and acquisitions expected to shape a more resilient sector as the year progresses. Such consolidation could help address current market challenges, especially as some market participants have revised their 2025 earnings guidance downward.

At present, two of Dolphin Drilling's three rigs are contracted. We continue to actively pursue new opportunities for the Borgland Dolphin in various offshore basins, while maintaining a disciplined approach to cost management. In addition, we are continuously evaluating growth initiatives aimed at enhancing long-term shareholder value.

Accounting items

Accounting for provisions v contingent liabilities

The company is in a legal process with the UK Tax Authorities (HMRC) – The company discloses in its financial statements a contingent liability in accordance with IAS 37 as the outcome of the case is still unknown.

Accounting for project cost – mobilisation of Blackford Dolphin

In connection with some contracts, lump-sum fees or similar compensation for the mobilisation of equipment and personnel prior to the commencement of drilling services are received. Mobilisation fees received and costs incurred are deferred and recognised on a straight-line basis over the period that the related drilling services are performed. Cost which outweighed income on mobilisation has been recorded in full in the prior year.

Cautionary statement regarding forward looking statements

This Operating and Financial Review contains certain forward-looking statements that involve risks and uncertainties. Forward-looking statements are sometimes, but not always, identified by such phrases as “will”, “expects”, “is expected to”, “should”, “may”, “is likely to”, “intends” and “believes”. These forward-looking statements reflect current views with respect to future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. These statements are based on various assumptions, many of which are based, in turn, upon further assumptions, including an examination of historical operating trends. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including the competitive nature of the offshore drilling industry, oil and gas prices, technological developments, government regulations, changes in economic conditions or political events, the inability of the Company to obtain financing on favourable terms, changes of the spending plan of our

customers, changes in the Company's operating expenses including crew wages, insurance, dry-docking, repairs and maintenance, failure of shipyards to comply with delivery schedules on a timely basis and other important factors mentioned from time to time in our report.

DOLPHIN DRILLING AS

Q1 2025 REPORT (UNAUDITED)

DOLPHIN DRILLING AS Income Statement (\$ in millions)	2025 1st Qtr	2024 4th Qtr	2024 1st Qtr
Charter Revenue	34.2	26.0	6.9
Total Other Revenue	11.4	24.0	3.2
Total Revenue	45.6	50.0	10.1
Total Rig Operating Expenses	(20.9)	(21.7)	(13.1)
Total Project Costs	(11.8)	(12.7)	(3.0)
Total Lay-up Expense	(2.7)	(0.0)	(4.0)
Total Operating Expense	(35.5)	(34.5)	(20.1)
G&A			
Total G&A	(5.2)	(3.9)	(5.5)
Other	-	(0.6)	(1.4)
EBITDA	4.9	11.0	(17.0)
D&A	(5.6)	(51.2)	(3.2)
EBIT	(0.7)	(40.1)	(20.2)
Net finance (cost) / income	(6.2)	1.8	3.5
EBT	(6.8)	(38.3)	(16.8)
Taxes	(1.4)	(1.0)	(0.1)
Net Income (Loss)	(8.2)	(39.3)	(16.8)

Statement of Cash Flows (\$ in millions)	2025 Mar-25	2024 Mar-24
Operating Cash Flows		
Net Income	(8.2)	(16.8)
Add-Back: Depreciation and Amortization	5.6	3.2
Less gain / Add loss on disposal of assets	-	1.4
Impairment reversal	-	-
Change in Accounts Receivable	5.6	3.6
Change in Inventory	(0.8)	(5.0)
Change in Other Current Assets	3.6	(6.8)
Change in Accounts Payable	0.3	2.7
Change in Accrued Interest	0.6	0.3
Change in Accrued Expenses	(4.8)	(1.5)
Change in Other Current Liabilities	(2.9)	(4.1)
Change in Non Current Liabilities	0.2	(0.3)
Net Change in Working Capital	1.8	(11.2)
Cash Flow from Operations	(0.8)	(23.3)
Cash Flow From Investing	(1.6)	(34.5)
Free Cash Flow Before Financing Activities	(2.4)	(57.8)
Cash Flow from Financing	(2.4)	60.1
Net Change in Cash	(4.8)	2.3

Balance Sheet	2025 Mar-25	2024 Dec-24
Current Assets:		
Unrestricted Cash & Cash Equivalents	25.1	29.0
Restricted Cash	4.5	5.4
Accounts Receivable	16.8	22.3
Inventory	24.5	23.7
Other Current Assets	22.8	26.5
Total Current Assets	93.7	107.0
Non-Current Assets:		
Tangible	66.6	68.7
Intangible	18.7	20.6
Total Assets	\$ 179.0	\$ 196.3
Current Liabilities		
Accounts Payables	30.7	30.3
Accrued Interest	3.3	2.7
Accrued Expenses	17.7	22.5
Current Portion of Debt	35.0	35.0
Other Current Liabilities	12.1	15.0
Total Current Liabilities	98.7	105.5
Other Non Current Liabilities	3.5	3.3
Non Current Portion of Debt	40.0	45.4
Total Liabilities	142.2	154.3
Shareholders' Equity	36.8	42.0
Total Liabilities & Shareholders' Equity	\$ 179.0	\$ 196.3

