



DOLPHIN
DRILLING

Fourth quarter 2023 financial results

26 February 2024

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Today's presenters



Bjørnar Iversen

Chief Executive
Officer



Stephen Cox

Chief Financial
Officer



Ingolf Gillesdal

VP Corporate Finance
/ IR

Agenda

Q4 2023 Highlights

Q4 2023 results – key financials

Company and operational update

Market outlook

Summary



Borgland Dolphin

Q4 2023 highlights incl. subsequent events

Awards signed in Q4 2023 and Q1 2024

- Paul B. Loyd, Jr. – signed new contract with Harbour Energy to February 2028 + option periods
- Signed 5-year Master Service Agreement with Harbour Energy related to future rig demand
- Borgland – signed contract with EnQuest, commencement in April 2025
- Signed a Letter of Award with Oil India, 14 months + 7 months of options
- At the date of reporting, total revenue backlog has grown to USD 1.1 billion based on USD 480 million in firm contracts and USD 634 million in Letter of Intents and option periods

Other Developments

- Closed earlier announced acquisition of Paul B. Loyd, Jr. and Leader from Transocean
- Closed long-term debt financing of USD 65 million from MAP Ltd
- Continuing discussion with GHL on remaining program and delayed payments
- Court of Appeal ruled in favour of HMRC in long running tax dispute, Dolphin has immediately appealed

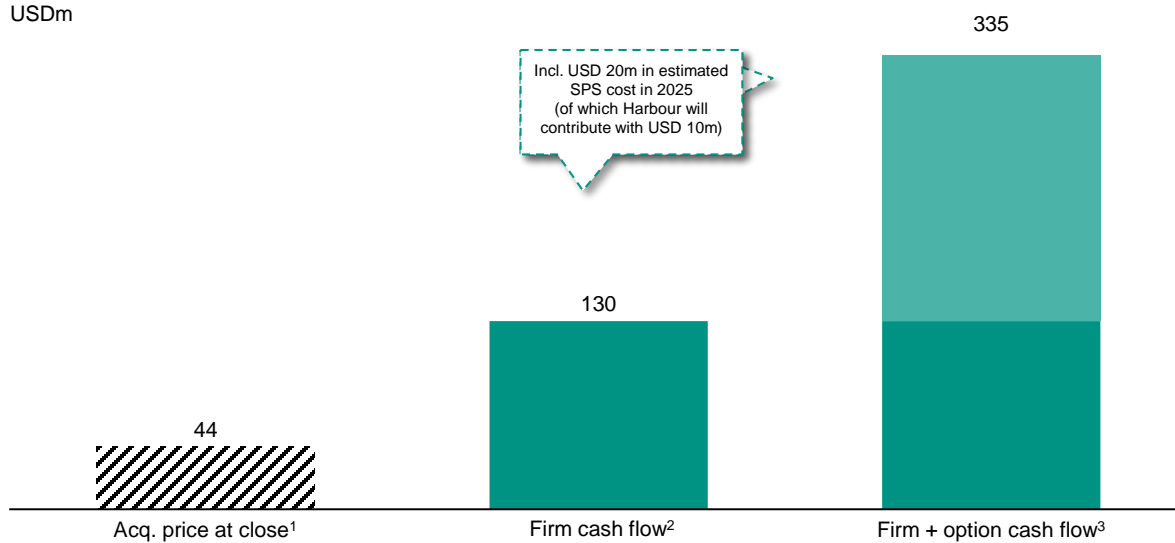


Note: 1) Estimated revenue backlog include firm contracts, Letter of award, and Letter of Intent, compensation for mobilization and other services and option periods

Paul B. Loyd Jr. will return + 7x the acquisition price from firm and option backlog

Deal to acquire Paul B. Loyd, Jr. and Leader closed the 15th of February 2024

Paul B. Loyd Jr. contract backlog overview



**Multiple on
invested capital:**

3.0x

7.2x

Note: 1) USD 6.1 m deposit + USD 43.5m at deal close (Feb 15th, 2024), adjusted for USD -6m in cost for Leader; 2) 1,470 days at USD 175k/d and 97.5% utilization, USD 80k/d opex (including maintenance capex); 3) 2x 1-year priced options at USD 195k/d and 3x 1-year unpriced (in the above, USD 195k/d is assumed)

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Income Statement (Unaudited)

USDm	Q4 2023	Q3 2023	FY 2023	FY 2022
Charter Revenues	20.4	20.8	61.0	18.8
Other Revenues	0.2	0.4	1.3	2.3
Mobilisation Revenues	3.0	3.0	9.0	0.0
Total Revenues	23.6	24.2	71.3	21.1
Operating Expenditures	12.6	12.5	52.3	54.4
Mobilisation Costs	3.0	3.0	10.7	0.0
G&A and Others	5.2	4.2	16.4	19.0
EBITDA	2.8	4.6	(8.0)	(52.4)
EBITDA (adjusted)	3.9	4.6	(6.6)	(48.4)
EBITDA % (adjusted)*	19%	22%	n/a	n/a
EBIT	22.8	2.0	5.4	(62.9)
Net Finance (Cost) / Income	(5.2)	(1.2)	(6.4)	(4.8)
EBT	17.5	0.8	(1.0)	(67.7)
Net Profit / (Loss)	15.7	(1.4)	(7.2)	(68.4)
Basic earnings (loss) per share **	\$ 0.07	\$ (0.01)	\$ (0.06)	\$ (0.55)

*EBITDA % is adjusted to exclude mobilization revenues from the calculation, and for unusual items considered one-off in nature and not impacting the operating performance

** Share increase following share placements in Q3 2023

Key notes

- Blackford revenue rate charged to GHIL @ standby for the majority of Q4
- Operating costs on Blackford USD 105k per day (USD 106k in Q3 2023).
- Stacking costs of Borgland + Bideford at a combined total of USD 31k per day
- Increase in G&A one-off items in nature
- Following contract award for Borgland, previous impairments of Inventory and PP&E were reversed resulting in USD 22.2m recorded within D&A
- No cash tax payments yet required

Financial Information

Balance Sheet (Unaudited)

USDm	YE 2023	YE 2022
<i>Current Assets:</i>		
Total Cash	34.0	35.8
Accounts Receivable	47.2	1.1
Inventory	30.4	20.3
Other Current Assets	16.6	14.3
Total Current Assets	128.1	71.4
<i>Non-Current Assets:</i>		
Net PP&E	73.7	62.2
Other Assets	6.2	-
Total Assets	207.9	133.6
<i>Current Liabilities</i>		
Accounts Payables	7.2	8.8
Accrued Expenses	19.6	12.3
Other Current Liabilities	15.8	23.5
Drawdown facility	15.0	-
Total Current Liabilities	57.6	44.6
Other Non Current Liabilities	4.0	4.5
Total Liabilities	61.6	49.1
Shareholders' Equity	146.2	84.4
Total Liabilities & Shareholders' Equity	207.9	133.6

Key notes

- Accounts Receivable driven by GHIL late payments (versus no rigs on contract at the end of 2022)
- Net receivable position of General Hydrocarbons Limited is USD 37.8m (netting VAT and Tax deductions) at December 31, 2023
- Other Assets represents the deposits of USD 6.2m paid to Transocean
- Drawdown of USD 15m represents full draw on shareholder loan
- Signed term sheet for a USD 65m senior secured Revolving Credit Facility, 3.5 years of tenor and interest margin of 9.75%

Financial Information

Cash flows (Unaudited)

USDm	FY 2023	FY 2022
Operating Cash Flows		
Net Income	(7.2)	(68.4)
Add-Back: D&A + Impairment Reversal	(13.4)	10.6
Less gain on disposal of assets	-	0.9
Net Change in Working Capital	(57.2)	18.0
Cash Flow from Operations	(77.8)	(38.9)
Cash Flow From Investing	(8.0)	(13.7)
Cash Flow from Financing	84.0	65.1
Net Change in Cash at End of Period	(1.8)	12.5
Cash at Beginning of Period	35.8	23.3
Cash at End of Period	34.0	35.8

Key notes

- Working capital negatively impacted by late receipts from GHL
- Deposits paid to Transocean are also included in working capital impact
- Investment expenditure predominantly SPS costs for Blackford early in 2023
- Financing – proceeds following the placement and subsequent repair offering in July and September plus the earlier Shareholder loan
- Net cash of USD 34.0m at end of quarter (includes USD 9.5m in restricted cash)

Blackford - Nigeria Update



- Blackford on contract late March 2023 and successfully drilled to 2,400m on EWO-2 exploration prospect reporting positive results
- Payments have been seriously delayed throughout contract. Net amounts due from GHIL at Dec '23 were USD 37.8m
- USD 5.0m in further payments received post year end – no further drilling has taken place
- Dolphin has robustly asserted our requirement for a significant reduction of the past due amounts prior to any further services being carried out and reminded the client of the expiration of the contract which is end March 2024
- Separately the contract with Peak Petroleum has been terminated following their continued failure to make contractual payments for rig mobilization. Peak launched legal action which we have countered in defense, next court hearing is 13 March 2024

Tax claim - HRMC

Borgsten Dolphin – Tender Support Vessel (TSV)



Summary of Status / History

- As previously disclosed in various documentation Dolphin Drilling has been in a long running dispute with HMRC regarding the tax treatment of income derived from a contract for the Borgsten Dolphin in 2014/5
- The Borgsten (now scrapped) was a TSV, operating in UK waters providing various non-drilling support services
- HMRC's position is the asset and therefore the income from the asset falls under the Offshore Contractors Ring Fence (OCRF) rules as the accommodation onboard the vessel was partially occupied by 3rd parties, and therefore is subject to restriction in terms of allowable expenditure deductions
- Dolphin had the opposite view given the very specific nature of the asset classes defined under the Corporate Tax Act, and indeed various examples of application of the OCRF rules in HMRC's own hand book, which describe the relevance of accommodation as only applicable should it be "not incidental"
- HMRC has pursued their claim through the court process, unsuccessfully at both the First Tier and Upper Tier Tribunal levels in previous attempts
- HMRC subsequently raised their claim through the Court of Appeal, who found in favour of HMRC in early 2024 – Dolphin has immediately appealed this decision
- There are several compelling grounds as to why our appeal should be heard by the Supreme Court not least that the interpretation of the rules could potentially impact a significant number of 500 offshore vessels and units currently operating in the region today
- The quantum of the claim against Dolphin is £9.9M plus interest and costs of another potential £2.9M

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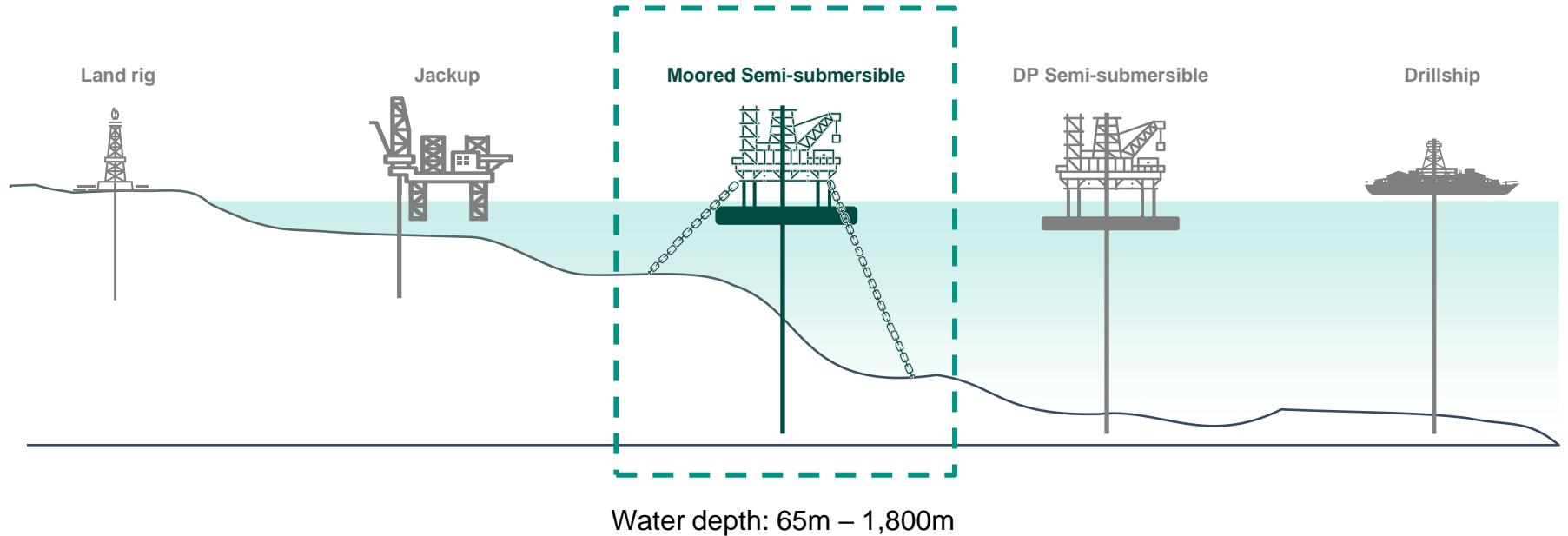
Market outlook

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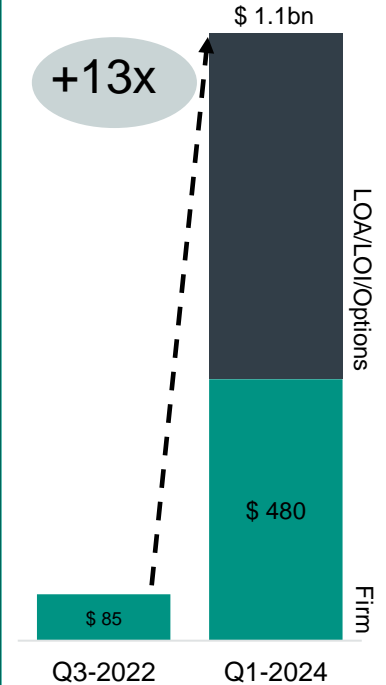
Borgland Dolfin

Dolphin Drilling - focused on moored semi-submersible rigs



Dolphin Drilling – significant values from a growing backlog

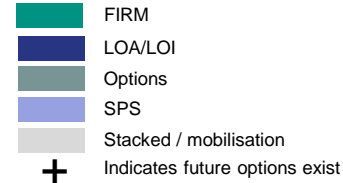
-  Fleet growth
-  Improve earnings visibility
-  Improve operational footprint
-  Consolidate moored semisub rig market



Notes: Revenue backlog includes Letter of awards and Letter of Intents with deadlines to declare by end of February 2024

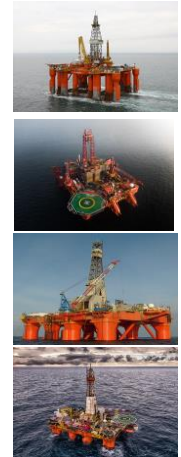
Fleet Status Report

Effective February 2024



Harsh Environment Moored Semi Submersibles

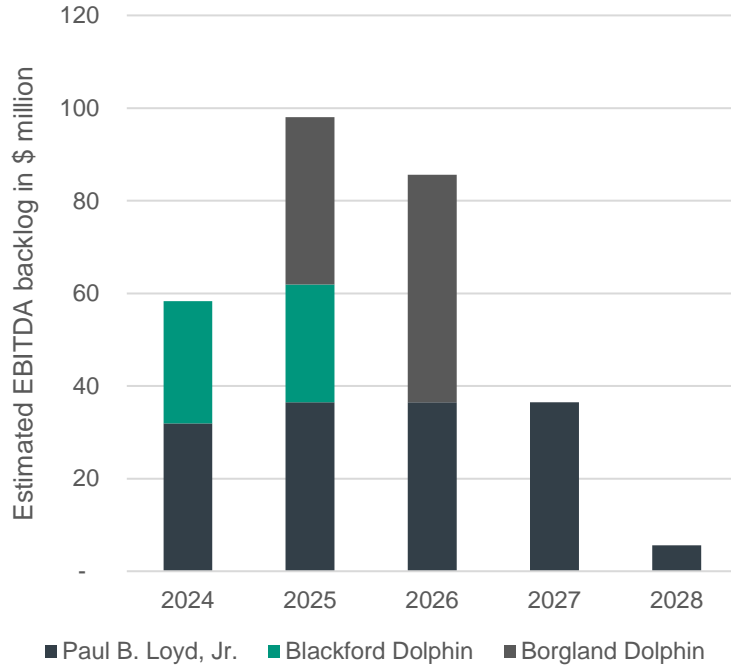
Rig	Client	Location	2024	2025	2026	2027
Blackford	GHL	Nigeria				
	Oil India	Mobilisation Oil India				
Borgland	Stacked	Norway				
	EnQuest Undisclosed	U.K. U.K.				 +
Paul B Loyd, Jr	Harbour	U.K.				 +
Leader	Stacked	U.K.				



Rig backlog - providing for long-term earning visibility



EBITDA (est.) backlog on 3 rigs incl LOI



High visibility into 2025 - operational leverage in 2026+



Borgland – preparation for contract start-up in the UK

Reactivation plan including completing Special Period Survey (SPS)

Main project activities prior to transit to Las Palmas/SPS

- Planning of mobilization incl. single voyage certificate (21-28 days)
- Planning and negotiation with yard (28 days)
- Planning and ordering BOP long lead items (28 days)
- Planning for drilling equipment overhaul (21-28 days)
- Planning and (recert) of lifeboats (28 days)
- Personnel/operation related activities surrounding transit
- Total SPS budget at USD 20m



PREPARE FOR
TRANSIT

TRANSIT TO
LAS PALMAS

TRANSIT TO UK

RIG ACCEPTANCE

CONTRACT
COMMENCEMENT 

1 MARCH
2024

1 APRIL
2024

21 APRIL
2024

20 FEB
2025

15 MARCH
2025

1 APRIL
2025

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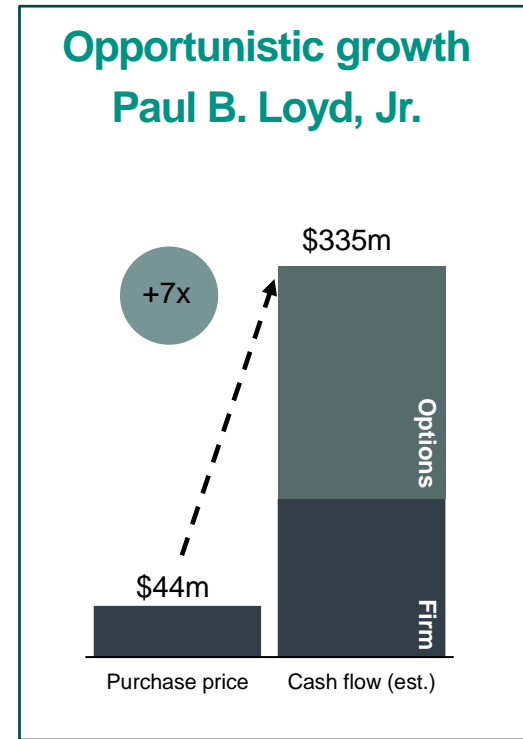
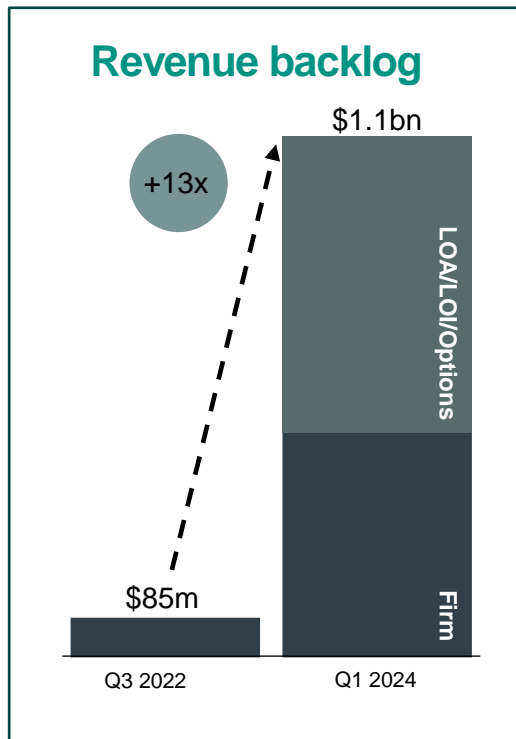
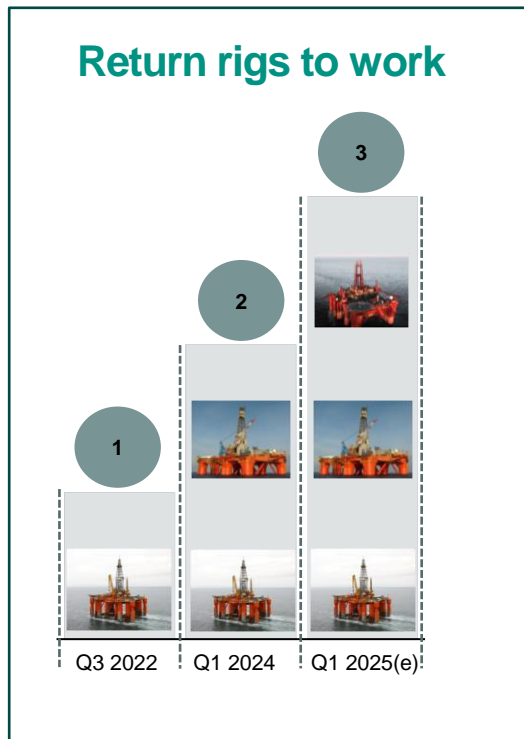


Paul B. Lloyd Jr., UK



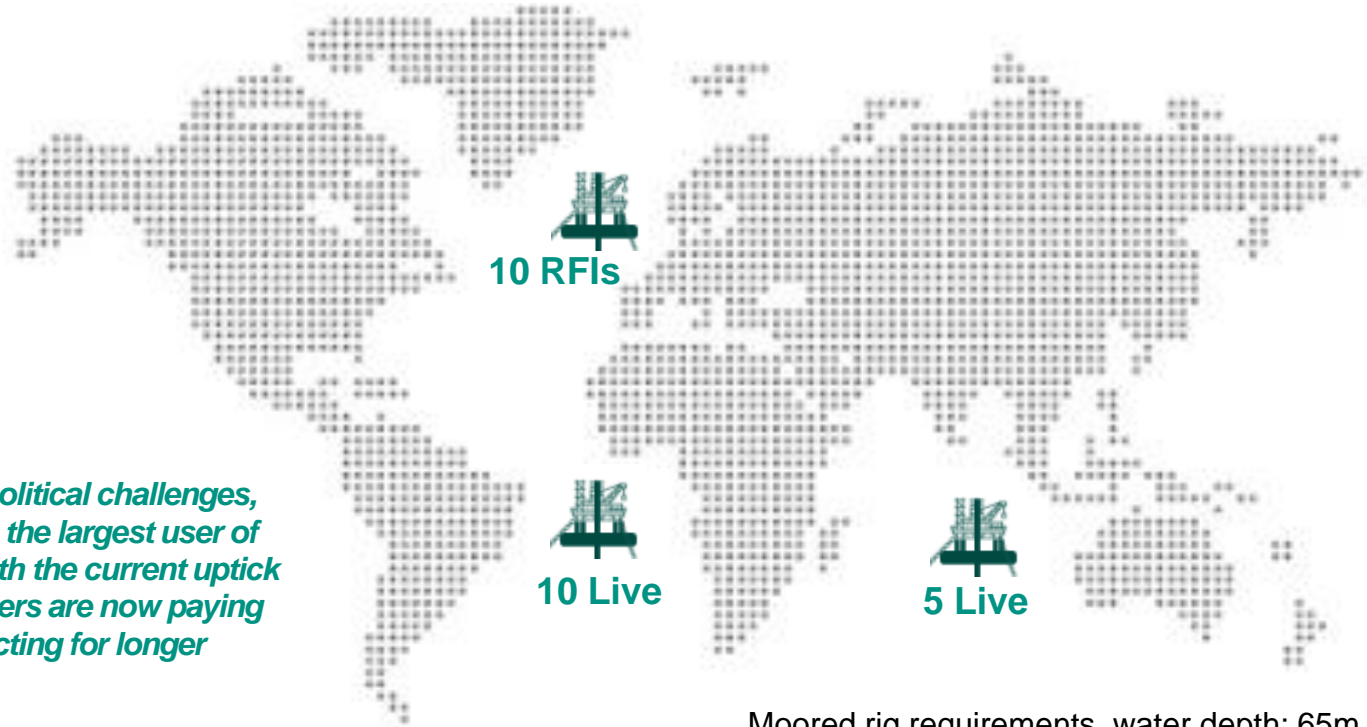
Blackford Dolphin, Nigeria

Dolphin Drilling – Delivers on original plan



Semisubmersible moored rig demand

The number of RFIs & tenders is increasing in multiple basins



Despite ongoing political challenges, the UKCS remains the largest user of moored rigs, and with the current uptick in demand customers are now paying more & contracting for longer

Moored rig requirements, water depth: 65m – 1,800m

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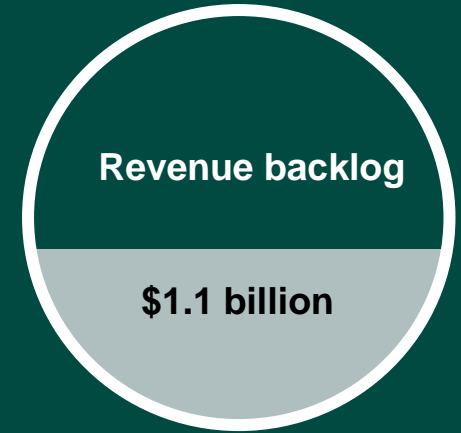


Borgland Dolfin

Summary

Dolphin Drilling is well positioned in industry recovery

- 01 Dolphin returning rigs to work – 3 rigs contracted**
- 02 Booked \$1.1bn in revenue backlog including Letter of Intent**
- 03 Closed rig purchase, take active role consolidating moored rigs**
- 04 Focused on converting backlog to cash flow**



Q&A



Ownership structure

Dolphin Drilling – public listing in Norway

53%

~1000 shareholders primarily consisting of Norwegian, UK and US investors



Other public shareholders

28%

Remained a major owner of Dolphin Drilling through the downcycle



Strategic
Value
Partners

19%

Established sector lead investor – instrumental owner and initiator of > 50 IPOs





Oslo – DDRIL.OL

Investor Relations contact: ingolf.gillesdal@dolphindrilling.com, +4792045320