INFORMATION DOCUMENT

DOLPHIN DRILLING AS

(A private limited liability company incorporated under the laws of Norway)

Admission to trading of Shares on Euronext Growth Oslo

This information document (the "**Information Document**") has been prepared by Dolphin Drilling AS (the "**Company**" or "**Dolphin Drilling**" and, together with its consolidated subsidiaries, the "**Group**") solely for use in connection with the admission to trading of the Company's shares (the "**Admission**") on Euronext Growth Oslo ("**Euronext Growth**"). The Company's shares (the "**Shares**") have been approved for trading on Euronext Growth, and the Shares will start trading on 28 October 2022 under the ticker symbol "DDRIL".

Euronext Growth is a market operated by Euronext. Companies on Euronext Growth, a multilateral trading facility (MTF), are not subject to the same rules as companies on a regulated market. Instead they are subject to a less extensive set of rules and regulations. The risk in investing in a company on Euronext Growth may therefore be higher than investing in a company on a regulated market. Investors should take this into account when making investment decisions.

The present Information Document does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71. The present Information Document has been drawn up under the responsibility of the Company. It has been reviewed by the Euronext Growth Advisor and Oslo Børs.

THIS INFORMATION DOCUMENT SERVES AS AN INFORMATION DOCUMENT ONLY, AS REQUIRED BY THE EURONEXT GROWTH ADMISSION RULES. THIS INFORMATION DOCUMENT DOES NOT CONSTITUE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT HERETO.

The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") or with any securities regulatory authority of any state or other jurisdiction in the United States of America. The distribution of this Information Document may be restricted by law in certain jurisdictions. Accordingly, this Information Document may not be distributed or published in any jurisdiction where such distribution of publication would constitute a violation of applicable laws and regulations. Persons in possession of this Information Document are required by the Company and the Euronext Growth Advisor to inform themselves about and to observe any such restrictions.

Investing in the Company's Shares involves risks. Prospective investors should read the entire document and, in particular, Section 1 "Risk Factors" when considering an investment in the Shares.

Euronext Growth Advisor

DNB Markets

The date of this Information Document is 28 October 2022

IMPORTANT INFORMATION

This Information Document has been prepared by the Company in connection with the Admission. The purpose of the Information Document is to provide information about the Company and its business. This Information Document has been prepared solely in the English language.

For definitions of terms used throughout this Information Document, see Section 12 "Definitions and Glossary". The Company has engaged DNB Markets, a part of DNB Bank ASA as manager and Euronext Growth Advisor (the "**Manager**" or "**Euronext Growth Advisor**") in connection with the Private Placement (as defined below) and the Admission.

This Information Document has been prepared to comply with the admission rules that apply to Euronext Growth. The Information Document does not constitute a prospectus under the Norwegian Securities Trading Act and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and has not been reviewed or approved by the Norwegian Financial Supervisory Authority or any other governmental authority.

All inquiries relating to this Information Document should be directed to the Company or the Manager. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Manager in connection with the Admission. If given or made, such other information or representation must not be relied upon as having been authorized by the Company or the Manager.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Group subsequent to the date of this Information Document. Any material new information, material errors or material inaccuracies relating to the information included in this Information Document, which may affect the assessment of the Shares and which arises or is noted between the time when the Information Document is published and before the Admission will be published and announced promptly in accordance with Euronext Growth regulations. Neither the delivery of this Information Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information set forth in this Information Document is correct as of any time since its date.

The contents of this Information Document shall not be construed as legal, business or tax advice. Each reader of this Information Document should consult its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Document, you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

The distribution of this Information Document in certain jurisdictions may be restricted by law. Persons in possession of this Information Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Information Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Information Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Norwegian: *Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Information Document.

TABLE OF CONTENTS

APPENDICES

1. RISK FACTORS

An investment in the Company and the Shares involves inherent risk. Investors should carefully consider the risk factors and all information contained in this Information Document, including the financial statements and related notes. The risks and uncertainties described in this Section 1 "Risk factors" are the material known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.

The risk factors included in this Section 1 are presented in a limited number of categories, where each risk factor is sought placed in the most appropriate category based on the nature of the risk it represents. Within each category the risk factors deemed most material for the Group, taking into account their potential negative affect for the Company and its subsidiaries and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision.

If any of the following risks were to materialize, individually or together with other circumstances, this could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in loss of all or part of an investment in the Shares. The risks and uncertainties described below are not the only risks the Group may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.1. Risks related to the business of the Group and the industry in which it operates

1.1.1. The Group's business is highly dependent on the level of activity in the oil and gas industry

The Group's business depends on the level of activity in oil and gas exploration, as well as the identification and development of oil and gas reserves and production in offshore areas worldwide. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development, political aspects and regulatory requirements all affect the Group's clients' levels of expenditure and drilling campaigns. In particular, changes in oil and gas prices and market expectations of potential changes in these prices could significantly affect the level of exploration and production activity by oil and gas companies. Oil and gas prices are volatile and cyclical and are affected by numerous factors beyond the Group's control, including, but not limited to:

- worldwide demand for oil and gas as well as industrial services and power generation and the competitive position of oil and gas as an energy source compared with alternative energy sources;
- the cost of exploring for, developing, producing and delivering oil and gas;
- current oil and gas production, consumer capacity and price levels and expectations regarding future energy prices;
- the ability of the Organisation of Petroleum Exporting Countries ("**OPEC**") to set and maintain production levels and impact pricing, as well as the level of production in non-OPEC countries;
- governmental laws and regulations;
- political and economic conditions and incidents, including conflicts and natural disasters in oil producing countries;
- major accidents in the industry, including major spills, blowouts and explosions, and any resulting changes to regulations or client safety requirements; and
- technological advances affecting exploration, development and production technology and energy consumption.

Prolonged decline in oil and gas prices typically result in decreased levels of exploration and development activity by oil and gas companies. Any decreased levels of exploration and development activity, due to reduced oil and gas prices or other factors, could lead to downward pricing pressure on oil and gas drilling companies and, therefore, could adversely affect the Group's profitability.

In addition, changes in environmental requirements may adversely affect the level of exploration by oil and gas companies and, therefore, demand for the Group's services. For example, oil and gas exploration and production could decline following environmental requirements (including policies responsive to environmental concerns or accidents). Because the business of the Group depends on the level of activity in the oil and gas industry, existing or future laws, regulations, treaties or international agreements related to greenhouse gases and climate change, including incentives to conserve energy or use alternative energy sources, could have a material adverse effect on the business, results of operations and financial condition of the Group if such laws, regulations, treaties or international agreements negatively affect global demand for oil and gas.

1.1.2. Risks related to the Group's employment of its rigs

The Group has entered into a contract signed on 30 September 2022 (the "**Drilling Contract**") with General Hydrocarbons Limited for its rig Blackford Dolphin. The primary contract period for the Drilling Contract will expire 12 months from the commencement date, or on completion of the well in progress on the expiry date of said term if the rig has been demobilised in accordance with the terms of the Drilling Contract. Pursuant to the Drilling Contract the primary period shall commence once certain conditions for mobilization have been met (including certain modifications being completed, positioning of the rig within a certain area and acceptance of the rig in accordance with the Drilling Contract). If the commencement date of the primary period has not occurred by 28 February 2023, General Hydrocarbons Limited will be entitled to claim liquidated damages from the Group. Consequently, should the Group be unable to meet the mobilization conditions under the Drilling Contract, with the consequence that the primary period does not commence in time or at all, the Group may become subject to payment of liquidated damages which in turn could have a material adverse effect on the Group. Further, the Drilling Contract may be terminated for convenience by General Hydrocarbons Limited, without payment of termination fee to the Group, during the first three months of the primary period, and may also be terminated for convenience by General Hydrocarbons Limited after the first three months of the primary period (against payment of a termination fee). Should the Drilling Contract be terminated, this could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.1.3. Risks related to Keppel newbuilds

The Group has entered into a marketing agreement with Keppel FELS Limited governing the bareboat charter of and purchase options for two Keppel FELS (CS60 semi-submersible) newbuilds, to be delivered at Keppel's shipyard in Singapore. While the Company believes it is well positioned to manage the two newbuilds, the Company has not secured an unconditional legal right to manage and/or acquire these rigs. Accordingly, there can be no assurance that the Company will be able to manage and/or acquire these two newbuilds. Further, there is risks related to the completion, contracting and mobilization of the newbuilds, including but not limited to, the Group's financing thereof.

1.1.4. The Group is exposed to operating hazards

The Group's operations are subject to hazards inherent in the drilling industry, such as blowouts, loss of well control, lost or stuck drill strings, equipment defects, fires, explosions and pollution. Contract drilling and well servicing require the use of heavy equipment and exposure to hazardous conditions, which may subject the Group to liability claims by employees, customers and third parties. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations. The operation of the Group's drilling rigs is also subject to hazards inherent in marine operations, either while on-site or during mobilisation, such as capsizing, sinking, grounding, collision, damage from severe weather and marine life infestations. Operations may also be suspended because of machinery breakdowns, abnormal drilling conditions, and failure of subcontractors to perform or supply goods or services, or personnel shortages. The insurance policies of the Group will usually not be adequate to cover all potential risks, liabilities and losses. For example, the Group's insurance policies will not cover deliberate acts of sabotage, loss of hire, and similar. Consequently, should the Group incur liabilities that are not covered by its insurance policies, this could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.1.5. An oversupply of rigs could negatively affect the Group

Utilization rates, which are the number of days a rig actually works divided by the number of days the rig is available for work, and dayrates, which are the contract prices customers pay for rigs per day, are also affected by the total supply of comparable rigs available for service in the geographic markets in which the Group competes. Improvements in demand in a geographic market may cause the Group's competitors to respond by moving competing rigs into the market, thus intensifying price competition. Significant new rig construction could also intensify price competition. In the past, there have been prolonged periods of rig oversupply with correspondingly depressed utilization rates and dayrates largely due to earlier, speculative construction of new rigs. Improvements in dayrates and expectations of longer-term, sustained improvements in utilization rates and dayrates for drilling rigs may lead to construction of new rigs. Such increases in the supply of rigs could depress the utilization rates and dayrates for the Group's rigs and materially reduce the Group's cash flow and profitability.

1.1.6. The Group is dependent on a limited number of rigs

The Group's business is dependent on a limited number of drilling rigs. As of the date of this Information Document, the Group's fleet consists of three rigs and any operational downtime or any failure to secure employment at satisfactory rates will affect its results more significantly than a company with a larger fleet. Significant operational downtime may result from key equipment being lost or damaged, or other incidents.

1.1.7. The Group may not be able to respond to rapid technological changes

The market for the Group's services is affected by significant technological developments that have resulted in, and may continue to result in, substantial improvements in equipment functions and performance throughout the industry. As a result, the Group's future success and profitability will be dependent in part upon its ability to:

- improve existing services and equipment
- address the increasingly sophisticated needs of its clients; and
- anticipate major changes in technology and industry standards and respond to such changes on a timely basis

If the Group is unable to develop and offer commercially competitive services in response to changes in technology and industry standards, it could have a material adverse effect on the business, results of operations and financial condition of the Group. There can be no assurance that the Group will be able to effectively respond to changes in its market or that new or enhanced technologies developed by current or future competitors will not adversely affect the competitiveness of the Group's services, which could have a material adverse effect on the business, results of operations and financial condition of the Group.

1.1.8. The Group may not be able to successfully implement its strategies

Achieving the Group's objectives involves inherent costs and uncertainties. There is no assurance that the Group will be able to achieve its objectives within its expected time frame or at all, that the costs related to any of the Group's objectives will be at expected levels or that the benefits of its objectives will be achieved within the expected timeframe or at all. The Group's strategies may also be affected by factors beyond its control, such as volatility in the world economy and in its markets, the capital expenditure and investment by customers and the availability of acquisition opportunities in a market. Any failures, material delays or unexpected costs related to the implementation of the Group's strategies could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.1.9. Risks related to third parties

The Group is dependent on partners, suppliers, and other third parties to supply certain products and services in order to successfully conduct its operations. If the supply of such products and services is restricted, delayed, not given priority or does not meet the required quality, this could have a material adverse effect on the Group's results, financial condition, cash flows and prospects. Further, there can be no assurance that the Group will be able to enter into or maintain satisfactory agreements with third party providers in the future.

1.1.10. The Group is dependent on goodwill, reputation and on maintaining good relationships with customers, partners, suppliers and employees

The Group depends on goodwill, reputation and on maintaining good relationships with customers, partners, suppliers, and employees. Negative publicity related to the Group could, regardless of its truthfulness, adversely affect the Group's reputation and goodwill. Negative reputational publicity may arise from a broad variety of causes, including incidents and occurrences outside the Group's control. No assurance can be given that such incidents will not occur in the future, which may cause negative publicity about the operations of the Group, which in turn could have a material adverse effect on the Group. Negative publicity could further jeopardize the Group's relationships with customers and suppliers or diminish the Group's attractiveness as a potential investment opportunity. In addition, negative publicity could cause any customers of the Group to purchase services from the Group's competitors, and thus decrease the demand for the Group's services. Any circumstances that publicly damage the Group's goodwill, injure the Group's reputation, or damage the Group's business relationships, may lead to a broader adverse effect in addition to any monetary liability arising directly from the damaging events by way of loss of business, goodwill, customers, partners, and employees.

1.1.11. The Group is exposed to the risk of cyber crime

Due to its reliance on digital solutions and interfaces, the Group is exposed to the risk of cyber crime in the form of, for example, Trojan attacks, phishing, and denial of service attacks. The nature of cyber crime is continually evolving. The Group relies in part on commercially available systems, software, tools, and monitoring to provide security for processing, transmission and storage of confidential information. Despite the security measures in place, the Group's facilities and systems, and those of its third party service providers, may be vulnerable to cyber-attacks, security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors which exposes the Group to cyber crime and/or other similar events.

1.1.12. Risks related to disease outbreaks or pandemics

The outbreak of the corona virus (COVID-19), disease outbreaks, pandemics, and similar events in the future, may affect the overall performance of the Group, including the Group's ability to deliver and develop its services and implement its business plan, and may result in delays, additional costs and liabilities, which in turn could have a material adverse effect on the Group's results, financial condition, cash flows and prospects.

1.2. Risks related to laws, regulations and litigation

1.2.1. Risks related to litigation, disputes and claims

The Group may in the future be involved from time to time in litigation and disputes. For example, on 16 November 2020, the First-tier Tribunal of the Tax and Chancery Chamber ruled in favour of a Group company in a tax case concerning the operations of the "Borgsten Dolphin" on the Dunbar oil platform. In January 2021, the ruling was appealed by Her Majesty's Revenue & Customs (the "**HMRC**"). On 4 August 2022, the Upper Tribunal ruled in favour of the Group company. On 6 September 2022, the Group was informed that HMRC has filed for permission to further appeal the Upper Tribunal ruling to the Court of Appeal. HMRC's application for permission to appeal to the Court of Appeal was refused by the Upper Tribunal on 28 September 2022. However, HMRC has one final opportunity in which to make an application for permission to appeal directly to the Court of Appeal. Such application must be made within 28 days from the Upper Tribunal's decision to decline HMRC's permission. See further description in section 6.5 "Legal Proceedings". Further, the Company has a wholly owned subsidiary in Brazil which is subject to over 30 individual tax and legal disputes related to the legacy business of the Group and operations prior to 2016. The operating hazards inherent in the Group's business may expose the Group to, amongst other things, litigation, including personal injury litigation, contractual litigation, tax or securities litigation, as well as other litigation that arises in the ordinary course of business. No assurance can be given that the Group is not exposed to claims, litigation, and compliance risks, which could expose the Group to losses and liabilities. Such claims, disputes and proceedings are subject to uncertainty, and their outcomes are often difficult to predict. Adverse regulatory action or judgment in litigation could result in sanctions of various types for the Group, including, but not limited to, the payment of fines, damages or other amounts, the invalidation of contracts, restrictions or limitations on the Group's operations or its assets, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

1.2.2. Risks related to environmental laws and regulations

The Group's operations are subject to regulations controlling the discharge of materials into the environment, requiring removal and clean-up of materials that may harm the environment or otherwise relating to the protection of the environment. As an operator of drilling rigs the Group may be liable (under applicable laws and regulations or contractually) for damages and costs incurred in connection with spills of oil and other chemicals and substances related to its operations, and the Group may also be subject to significant fines in connection with spills. Laws and regulations protecting the environment have become increasingly stringent in recent years and may impose strict liability. Such laws and regulations, which will vary depending on the jurisdictions in which the Group operates from time to time, may expose the Group to liability for the conduct of or incidents caused by others, or for acts that were in compliance with applicable laws at the time they were performed. Liability for clean-up costs and damages arising as a result of environmental laws could be substantial and could have a material adverse effect on the business, results of operations and financial condition of the Group.

1.2.3. Risks related to tax legislation

The Group is and will be subject to prevailing tax legislation, treaties, and regulations in the jurisdictions in which it operates, and the interpretation and enforcement thereof. The Group's income tax expenses are based upon its interpretation of the tax laws in effect at the time that the expense is incurred. If applicable laws, treaties, or regulations change, or if the Group's interpretation of the tax laws is at variance with the interpretation of the same tax laws by tax authorities, this could have a material adverse effect on the Group's business, results of operations or financial condition. If any tax authority successfully challenges the Group's operational structure, pricing policies or if taxing authorities do not agree with the Group's assessment of the effects of applicable laws, treaties and regulations, or the Group loses a material tax dispute in any country, or any tax challenge of the Group's tax payments is successful, the Group's effective tax rate on its earnings could increase substantially and the Group's business, earnings and cash flows from operations and financial condition could be materially and adversely affected.

1.2.4. Risk relating to data protection and privacy regulations

The Group's processing of personal data is subject to complex and evolving laws and regulations regarding data protection and privacy ("**Data Protection Laws**"), including but not limited to the General Data Protection Regulation (EU) 2016/679 in the EU/EEA incorporated in Norwegian law through the Personal Data Act. Although the Group has adopted measures to ensure compliance with Data Protection Laws, such measures may not always be adequate. The Group may incur civil or criminal liability in case of infringement of Data Protection Laws and any failure to comply with Data Protection Laws may affect the Group's reputation and brands negatively, which may affect the Group's business, results of operations, cash flows, financial condition, and prospects.

1.2.5. Risks related to international operations

The Group operates internationally and is consequently subject to risks such as unfavourable political and regulatory conditions, including in Nigeria where the Group's mobile offshore drilling unit Blackford Dolphin will carry out work for General Hydrocarbons Limited under the Drilling Contract. These risks include, inter alia, (i) political instability; (ii) armed conflicts and terrorism in the regions in which the Group operates; (iii) unexpected changes in legal and regulatory environments; (iv) reputational risks; and (v) government interference. If these or other risks related to the Group's international operations should materialize, this could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

1.3. Financial risks

1.3.1. Future debt arrangements could limit the Group's liquidity and flexibility

Any future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing and/or in pursuing other business opportunities. Further, the Group's future ability to obtain bank financing or to access the capital markets for any future debt or equity offerings may be limited by the Group's financial condition at the time of such financing or offering, as well as by adverse market conditions related to, for example, general economic conditions and contingencies and uncertainties that are beyond the Group's control. Failure by the Group to obtain funds for future capital expenditures could impact the Group's results, financial condition, cash flows and prospects.

1.3.2. Adequate funding may not be available in the future

To the extent the Group does not generate sufficient cash from operations, the Group may need to raise additional funds through public or private debt or equity financing to execute the Group's strategy and to fund capital expenditures. Adequate sources of capital funding might not be available when needed or may only be available on unfavourable terms. If funding is insufficient at any time in the future, the Group may be unable to, inter alia, fund acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's financial condition and results of operations.

1.3.3. Counterparty risks

The ability of each counterparty to perform its obligations under a contract with the Group will depend on a number of factors that are beyond the Group's control including, for example, factors such as:

- general economic conditions;
- the condition of the industry in which the counterparty operates; and
- the overall financial condition of the counterparty.

Currently, the Group has one active contract for the provision of rig services, being the Drilling Contract with General Hydrocarbons Limited. Should the Group's counterparty under the Drilling Contract, or other counterparties under future contracts, fail to honour its payment obligations or other obligations under its agreements with the Group, this could, inter alia, impair the Group's liquidity and cause significant losses, which in turn could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.4. Risks related to the Shares and the Admission

1.4.1. An active trading market for the Shares may not develop

The Shares of the Company have been traded on Euronext NOTC since September 2022. Other than this, the Shares have not previously been tradable on any stock exchange, regulated marketplace, multilateral trading facility or other marketplace. No assurance can be given that an active trading market for the Shares will develop on Euronext Growth, nor sustain if an active trading market is developed. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following completion of the Admission.

1.4.2. The Company will incur increased costs as a result of being listed on Euronext Growth

As a company with its shares listed on Euronext Growth, the Company will be required to comply with the reporting and disclosure requirements that apply to companies listed on Euronext Growth. The Company will incur additional legal, accounting, and other expenses in order to ensure compliance with the aforementioned requirements and other rules and regulations. The Company anticipates that its incremental general and administrative expenses as a company with its shares listed on Euronext Growth will include, among other things, costs associated with annual reports to shareholders, shareholders' meetings, and investor relations. In addition, the Board of Directors of the Company (the "**Board of Directors**" or "**Board**") and the Group's senior executive management team (the "**Management**") may be required to devote significant time and effort to ensure compliance with applicable rules and regulations for companies with shares listed on Euronext Growth, which may entail that less time and effort can be devoted to other aspects of the business.

1.4.3. Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares

The Company may in the future decide to offer and issue new Shares or other securities in order to finance new capital intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price of the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. Accordingly, the Company's shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

1.4.4. Norwegian law could limit shareholders' ability to bring an action against the Company

The rights of holders of the Shares are governed by Norwegian law and by the Company's articles of association (the "**Articles of Association**"). These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For example, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it could be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

1.4.5. Investors could be unable to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) could be unable to vote for such Shares unless their ownership is re-registered in their names with the Norwegian Central Securities Depository (the "**VPS**") prior to any general meeting of the shareholders of the Company ("**General Meeting**"). There is no assurance that beneficial owners of the Shares will receive the notice of any General Meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

1.4.6. Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. or other shareholders

Under Norwegian law, unless otherwise resolved at the Company's general meeting of shareholders, existing shareholders have pre-emptive rights to participate on the basis of their existing ownership of Shares in the issuance of any new Shares for cash consideration. Shareholders in the United States, however, could be unable to exercise any such rights to subscribe for new Shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and Shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway could be similarly affected if the rights and the new Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction.

The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and Shares. Doing so in the future could be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new Shares, their proportional interests in the Company will be diluted.

1.4.7. Shareholders outside of Norway are subject to exchange rate risk

All of the Shares will be priced in Norwegian Kroner (NOK), the lawful currency of Norway and any future payments of dividends on the Shares or other distributions from the Company will be denominated in NOK. Accordingly, any investor outside Norway is subject to adverse movements in NOK against their local currency, as the foreign currency equivalent of any dividends paid on the Shares or price received in connection with any sale of the Shares could be materially impacted upon by adverse currency movements.

2. RESPONSIBILITY FOR THE INFORMATION DOCUMENT

This Information Document has been prepared by the Company in connection with the Admission to trading of the Shares on Euronext Growth.

The Board of Directors of Dolphin Drilling AS accepts responsibility for the information contained in this Information Document. The members of the Board of Directors confirm that, having taken all reasonable care to ensure that such is the case, the information contained in this Information Document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

28 October 2022

The Board of Directors of Dolphin Drilling AS

Martin Nes *Chair*	Alf Ragnar Løvdal *Board member*	Øystein Stray Spetalen *Board member*
Paul Marchand *Board member*		Julius Kling *Board member*

3. GENERAL INFORMATION

3.1. Other important investor information

The Company has prepared the information in this Information Document. The responsibility for the accuracy and completeness of the information set forth in this Information Document lies with the Company. In connection with the Company's application for Admission, the Euronext Growth Advisor has engaged legal and financial advisers who have conducted customary limited due diligence investigations related to certain legal and financial matters pertaining to the Group for the purpose of the Admission.

The Euronext Growth Advisor disclaims liability, to the fullest extent permitted, for the accuracy or completeness of the information in this Information Document.

Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of an investment in the Shares.

Investing in the Shares involves a high degree of risk. See Section 1 ("Risk factors").

3.2. Financial and other information

The Company was incorporated on 1 April 2022. For the purpose of becoming the holding company of the Group, and for the purpose of the Admission, the Company carried out a transaction which was completed on 14 September 2022 (the "**Share-Swap**") under which it directly and indirectly acquired all the shares in Dolphin Drilling Holdings Limited, a private company registered in Jersey ("**DDHL**"). Further details on the Share-Swap are set out in section 9.2 "The Share-Swap" below.

DDHL has prepared audited consolidated financial statements as of and for the financial years ended 31 December 2021 and 31 December 2020 in accordance with International Financial Report Standards, as adopted by the European Union ("**IFRS**"), as well as unaudited interim financial statements for the six months period ended 30 June 2022 (the "**DDHL Financial Statements**") prepared in accordance with IAS 34 (Interim Financial Reporting). The DDHL Financial Statements are included in Appendix B, C and D to this Information Document. The audited consolidated financal statements as of and for the financial years ended 31 December 2021 and 2020 have been audited by KPMG LLP, as set forth in their auditor's reports included in Appendix B and C to this Information Document. KPMG LLP has not audited, reviewed, or produced any other report on any other information in this Information Document.

For the purpose of the Admission, the Company has also prepared audited interim stand-alone financial statements in accordance with IAS 34 for the period from its incorporation on 1 April 2022 and until 31 August 2022 (the "**Parent Financial Statements**"), attached to this Information Document as Appendix E. The Parent Financial Statements have been audited by KPMG AS. KPMG AS has not audited, reviewed, or produced any other report on any other information in this Information Document.

The DDHL Financial Statements are presented in United States Dollars (USD) (presentation currency) and the Parent Financial Statements are presented in Norske kroner (NOK) (presentation currency).

The financial information included in this Information Document has been extracted from the DDHL Financial Statements and the Parent Financial Statements.

None of the auditor's reports in respect of the Parent Financial Statements or the DDHL Financial Statements for the financial years ended 31 December 2021 and 2020 express a qualified opinion or include any emphasis of matter paragraphs

3.3. Industry and market data

In this Information Document, the Company has applied industry and market data from independent industry publications, market research third parties, and other publicly available information. The following sources have been used in this Information Document: Rystad Energy, IEA, BP, World Bank, Factset and IHS Markit. Sources have been referenced to where used. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by these third party providers, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The

Company does not intend, and does not assume any obligations to update industry or market data set forth in the Information Document.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Information Document that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently unpredictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Information Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 "Risk Factors" and elsewhere in this Information Document.

Unless otherwise indicated in the Information Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the potential market in which it operates.

3.4. Key performance indicators (KPIs)

In this Information Document, the Company presents certain key performance indicators ("**KPIs**"). The KPIs are not measurements of performance under IFRS or other generally accepted accounting principles, and investors should not consider any such measures to be an alternative to (a) operating revenues or operating profit (as determined in accordance with IFRS or other generally accepted accounting principles), as a measure of the Group's operating performance; or (b) any other measures of performance under generally accepted accounting principles. The KPIs presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results.

The following KPIs are used by the Group:

- "Financial Uptime" is a measure of the ability of the asset to generate revenue during a contract. "Uptime" is a function of the actual availability of the asset in terms of the ability to perform the desired function and of the specific terms and conditions negotiated for rates of earnings, which in general allow for periods of breakdown and/or repair.

- "Total Recordable Incidents" (TRI) is a count of injuries including the following injury categories: Lost Time Incident (LTI), Medical Treatment Case (MTC) and Restricted Work Case (RWC). TRI is well known used worldwide as a combined category including all types of personnel injuries (except for First Aid Cases). The information is presented as a "count" rather than a frequency or rate due to the nature of occasional contract awards in the Group over the past 5 years.

3.5. Cautionary note regarding forward-looking statements

This Information Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Information Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.

4. DIVIDENDS AND DIVIDEND POLICY

4.1. Dividend policy

The aim of the Company is to secure drilling contracts for its three rigs, establishing solid long term backlog, and generate sufficient cash flow which can be utilised to pay dividends to shareholders.

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in Section 4.2 ("Legal and contractual constraints on the distribution of dividends") below, as well as capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility.

The Company was incorporated on 1 April 2022 and has not distributed any dividends to its shareholders at the date of this Information Document.

Investors are cautioned that the tax legislation of an investor's member state and of the Company's country of incorporation (Norway) may have an impact on the income received from the Shares. See section 10 "Norwegian Taxation".

4.2. Legal and contractual constraints on the distribution of dividends

In deciding whether to propose a dividend and in determining the dividend amount in the future, the Board of Directors must take into account applicable legal restrictions, as set out in the Norwegian Private Limited Liability Companies Act of 13 June 1997 no. 44 (the "**Norwegian Private Companies Act**"), the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in force at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Private Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

Dividends may be paid in cash or in some instances in kind. The Norwegian Private Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Private Companies Act regulates what may be distributed as dividend, and provides that the Company may distribute dividends only to the extent that the Company after said distribution still has net assets to cover (i) the share capital and (ii) other restricted equity (i.e. the reserve for unrealized gains and the reserve for valuation of differences).

- The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorize the Board of Directors to declare dividends on the basis of the Company's annual accounts. Dividends may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.

- Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

Pursuant to the Norwegian Private Companies Act, the time when an entitlement to dividend arises depends on what was resolved by the general meeting when it resolved to issue new shares in the company. A subscriber of new shares in a Norwegian private limited company will normally be entitled to dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises. The Norwegian Private Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 10 ("Norwegian Taxation").

4.3. Manner of dividend payments

Any future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through DNB Bank ASA as the Company's VPS Registrar (the "**VPS Registrar**"). Shareholders registered in the VPS who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. Shareholders with a registered address outside of Norway may register a bank account in a currency other than NOK with their Norwegian VPS account. Shareholders who have done so will receive payment in the currency of such bank account. The exchange rate(s) applied will be the VPS Registrar's exchange rate on the payment date.

Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

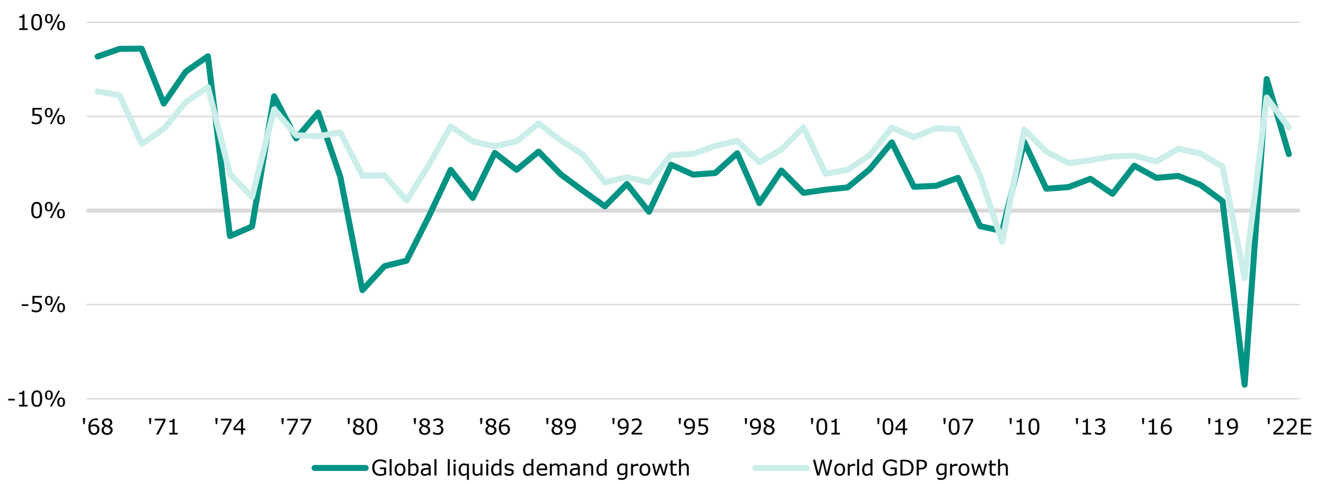
5. PRINCIPAL MARKETS

Set out below is an overview of the industry and markets in which the Company operates. Unless otherwise indicated, any statements regarding the Company's competitive position set forth herein are based on the Company's own assessment and knowledge of the market in which it operates. In this Section 5 "Principal markets", the Company has applied industry and market data from independent industry publications, market research third parties and other publicly available information.

5.1. Introduction

World energy consumption has increased steadily since the industrial revolution, a trend which is expected to continue in the medium term, driven by continued demand from developed economies and increased prosperity and living standards in the emerging world[1,2]. The International Energy Agency ("**IEA**") forecast the global energy demand to increase approximately 18% by 2030, and oil and gas are expected to account for over 50% of the total energy mix in 2030[3]. The IEA predicts an increase in global oil and gas demand from today to 2030, and in all estimated scenarios there remains a meaningful proportion of oil and gas demand throughout the forecasting period ending in 2050[4]. BP and the IEA's forecasts in their respective reports provide support for the underlying oil and gas industry fundamentals in the foreseeable future. However, Russia's military actions against Ukraine could result in as much as 1 million barrels per day of oil demand being withdrawn from the market according to Rystad Energy[5]. Further, record high oil and gas prices, sanctions against Russian oil, resurgence of Covid-19 cases in China and record high releases of strategic reserves will also affect the oil and gas demand going forward, creating a more volatile price and demand environment.

Figure 5.1: Year-over-year development in global GDP and liquids demand



Source: Historical data retrieved from: *Rystad Energy (June 2022, Rystad Cube Browser download, behind payment walls) and World Bank (June* 2022, *https://data.worldbank.org/, free source).* Forecast data retrieved from: *the IEA* (June 2022 https://iea.org) (free source)

5.2. The global offshore drilling market

The Group operates in the global offshore drilling market and provides drilling services for the exploration and development of oil and gas resources globally, through the use of mobile drilling rigs. Offshore drilling companies are a key component of the upstream value chain and are important to oil companies' efforts to explore for and produce oil and gas. The Group's customers include several super majors, state-owned national oil companies and independent oil and gas companies across key global offshore basins.

[1] IEA (2021) World Energy Outlook 2021. All rights reserved. (Available from: World Energy Outlook 2021 – Analysis - IEA, free source)
[2] BP Energy Outlook 2021 (November 2021, available from: Full report – Statistical Review of World Energy 2021 (bp.com, free source)
[3] IEA (2021) World Energy Outlook. All rights reserved. (Available from: World Energy Outlook 2021 – Analysis - IEA, free source). Based on STEPS data.
[4] IEA (2021) World Energy Outlook. All rights reserved. (Available from: World Energy Outlook 2021 – Analysis - IEA, free source). Based on STEPS data.
[5] Rystad Energy (Available from: Rystad Energy - Client Portal, behind payment wall)

Over the last decades, the offshore drilling industry has been highly cyclical, with activity driven by several factors, many of which are applicable to the oil and gas industry as a whole. The key factors are listed below:

- **Economic growth:** Global economic activity is a key demand for oil and gas. The global economy experienced a downturn following the Covid-19 pandemic but has experienced a strong rebound and is now at higher levels compared to pre-covid levels. As a result of the pandemic, the market experienced sever supply chain shutdowns and travel restrictions, affecting the demand for oil and gas, leading to lower activity and value creation in the offshore drilling sector. The activity in the market is at strong levels and are expected to continue the positive trend in the coming years, backed by the IEA and BP's strong liquids demand outlook.

- **Oil and gas prices and exploration and production ("E&P") spending:** Oil prices fell significantly in early 2020 as a consequence of the COVID-19 pandemic, combined with the OPEC+ group's temporary production increase, adding supply to a market experiencing a significant short-term demand reduction. As a result, oil prices dropped significantly with the Brent spot price[6] temporarily trading at approximately USD 20/bbl, but recovered swiftly on the back of production cuts from OPEC and Russia, combined with a recovery in demand. In the second half of 2020 and during 2021, oil prices experienced a significant recovery, with the Brent averaging approximately USD 70.8/bbl through 2021, ending the year at USD 77.8/bbl. Brent is currently trading steadily above USD 88/bbl, backed by strong market fundamentals. Drilling activity is highly dependent on commodity prices coupled with spending programs of oil and gas companies. Spending is highly correlated with earnings of the oil and gas companies, which are in turn, highly dependent on the prevailing market prices for brent oil and natural gas. E&P spending is increasing and is expected to demonstrate strong growth in 2022 against the levels in 2021[7].

- **Supply and demand for crude oil and natural gas:** With the current increasing levels in global demand, supply side responses are critical and expected. Energy demand fell during the pandemic, with the oil demand down 8.8% to 91.0 million barrels per day[8] and gas demand down 1.9%[9]. The demand has gradually recovered, and further recovery are expected by the IEA. On the supply side, OPEC-led cuts launched following the pandemic led to reduction in production levels, thus supporting stabilization of the industry in 2021 and laying the foundation for the expected growth the coming period.

- **Geopolitical trends:** Changes in the political, economic, and regulatory environment affect the supply and demand side for oil and gas. The fiscal, political, and regulatory regime within oil producing countries also impacts the level of oil and gas extraction activity, and thus also spending.

- **Technology and innovation:** Advances in drilling-related technology have advanced rapidly and have enabled the exploration and development of previously in-accessible resources. The rigs are built to handle greater water depths and more extreme environments. The technology also helps operators to optimize drilling performance and efficiency coupled with safe operations.

The profitability of the offshore drilling industry is largely determined by the balance between supply and demand for the rigs in the market. The contractors of the rigs can, following demand, mobilize rigs from one region of the world to another. Companies can also reactivate cold stacked rigs in order to meet demand across various markets.

Contractors in the offshore drilling market typically operate on contracts received either through submission of proposals in competition with other contractors or following direct negotiations. The compensation to the contractor is specified in each contract and depends on rig supply in the market of rigs capable of performing the work, the nature of the operations, the duration of the contract, which equipment and services that is needed, and the geographic location of the contract together with a set of other variables. In general, contracts in the global offshore drilling market specify a daily rate of compensation and can vary significantly in duration, from weeks to several years. Further, the contracts often contain an extension option.

There are different rig-types operating in the market, providing different levels of storage capacity, workspace and drilling and water depth capabilities. All offshore rigs can work in benign environments, however there are certain additional requirements for rigs to operate in harsh environments due to extreme marine and climatic conditions, such as in the North

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[6] Ice Brent Crude oil front month (May 2022); Factset download (behind payment walls)
[7] Rystad Energy, January 2022; Rystad Energy - Global oil and gas investments to hit $628 billion in 2022, led by upstream gas and LNG (behind payment walls)
[8] IEA (May 2022) Oil Market Report. All rights reserved. Available from: https://www.iea.org/ (free source).
[9] IEA (May 2022) Oil Market Report. All rights reserved (Available from: https://www.iea.org/, free source)

Sea and Canada. The number of rigs capable of working in such environments are limited and thus in demand. The primary markets for benign environment rigs are West Africa, South America, and the Gulf of Mexico. There is also living quarters on the rigs which is necessary for support of the well construction and maintenance services to its customers at all hours of the day.

There are three main rig categories which are split by how deep the different rigs can drill.

- **Semi-submersible rigs:** Semi-submersibles are floating platforms with a ballasting system, operating in a "semi-submerged" position, implying that the lower hull ballasted is below the water surface. During operations, the rig can either be moored to the seafloor or dynamically positioned. Moored rigs can benefit from substantial fuel savings. This rig type is generally well suited for medium water depths or harsh environments.

- **Drillships:** These ships are generally self-propelled that can either be equipped with conventional mooring systems or dynamic positioning systems. Drillships are well suited for ultra-deep drilling operations together with remote locations, due to either mobility or high load capacity.

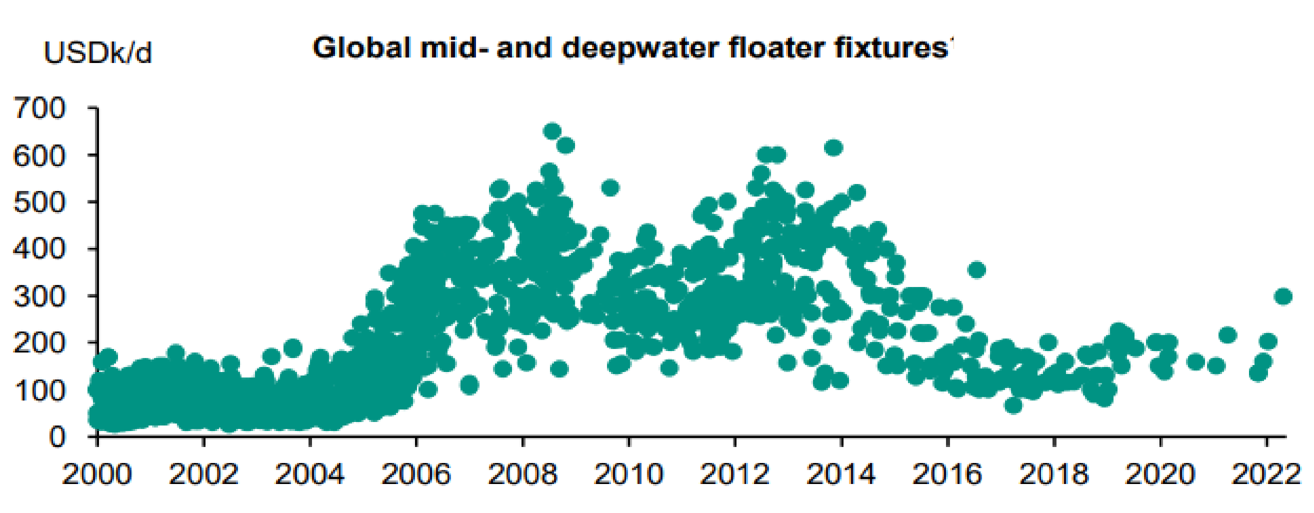
- **Jack-up rigs:** When a Jack-up is preparing for operations, the rig is towed to the location of the operation with its hull riding in the water and its legs raised. When at the site, the jack-up drilling rig's legs are lowered until they penetrate the seabed. The hull is then elevated (jacked-up) until it`s above the water. The rig can easily be relocated to other locations for new operations. When the rig is relocated across regions, the rig is transported on board a heavy-lift vessel. Then the whole rig travel above the water. Jack-ups typically perform operations in shallow waters, generally in water depths less than 400 ft.

5.3. Floaters

Drillships and semi-submersible rigs can be used to drill wells in water depths inaccessible to jack-ups. In 2020, the activity for floaters was significantly impacted by the Covid-19 pandemic and the following crash in oil and gas prices. This led to a severe drop in global utilization rates and dayrates for the operational rigs. During 2021 and so far in 2022, the market has experienced a rebound with increased activity and improvement in dayrates. As a consequence of the high market activity, rigs that where idle during the downturn in 2020 are starting to come back to the market, which is a clear sign of improved economics and expectation of a favorable market over the coming years. As previously mentioned, the supply and demand balance is important for the rig market, and contractor discipline with regards to bringing cold-stacked rigs back into the market will be a key factor for the supply side going forward.

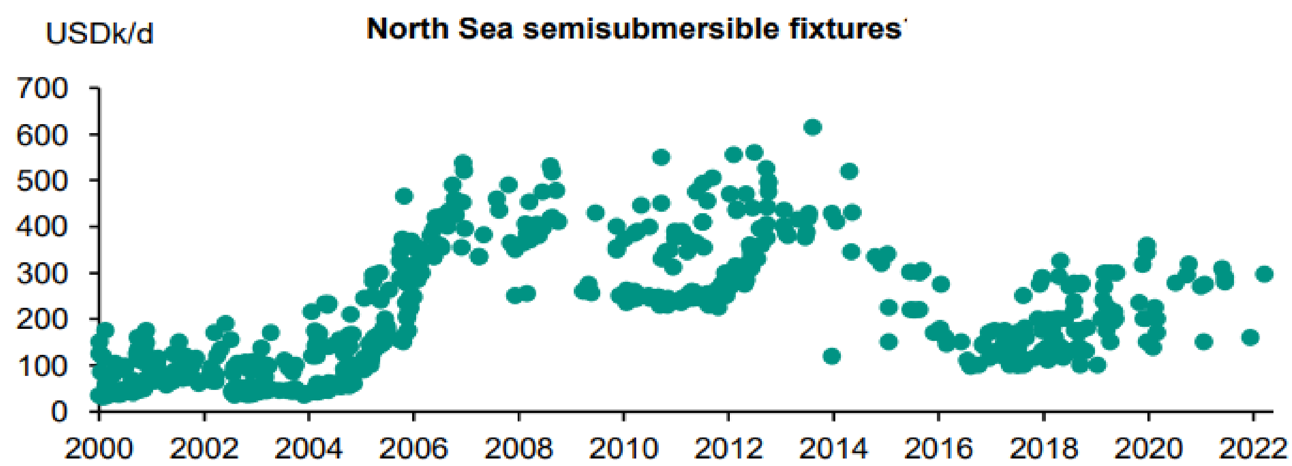
The market for floaters has experienced significant improvements in dayrates during 2021 and 2022, with a more stable outlook in the North Sea semi-submersible market with rates around USD 300k per day (Figure 5.2 and 5.3).

Figure 5.2: Significant improvement in the floater market



Source: IHS Markit, June 2022 (https://rigbase2.ods-petrodata.com/, behind payment walls). Only includes new mutual contracts and rigs with water depth >7,500 ft excluded

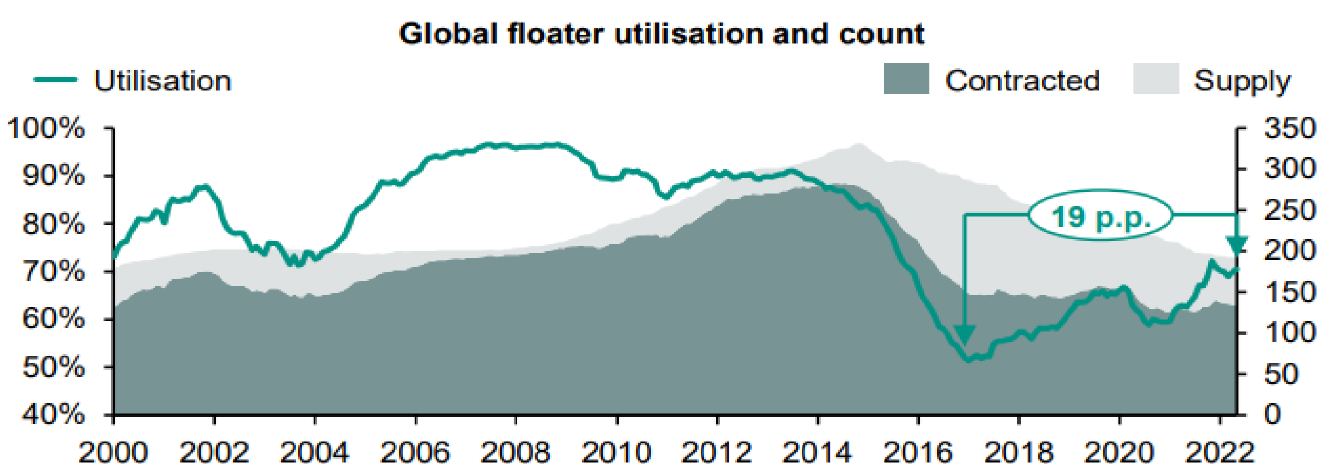
Figure 5.3: Strong harsh environment market for Semi-Submersibles



Source: IHS Markit, June 2022 (https://rigbase2.ods-petrodata.com/, behind payment walls). Only includes new mutual contracts

The market experienced a steep fall in rig count 2014 to 2017 following the downturn in the oil and gas market, and the difference in supply and demand was at its largest since 2000. The utilization dropped down to approximately 50% leading to fall in dayrates and many rigs were taken out of the market and stacked. Since 2017, the utilization rate for global floaters has increased with close to 20%, providing material improvement in rig economics for the contractors. The supply and demand balance has improved over the same period, leading to a tighter rig market. There are currently around 200 floaters in the global market, of which approximately 140 is contracted[10]. The utilization in the harsh environment semi-submersible market has increased over the last years and is currently around 75%[11]. It is expected to remain around these levels for the rest of 2022, with an improvement anticipated in 2023 and onwards, especially for harsh environment rigs operating in the North Sea area (figure 5.5).

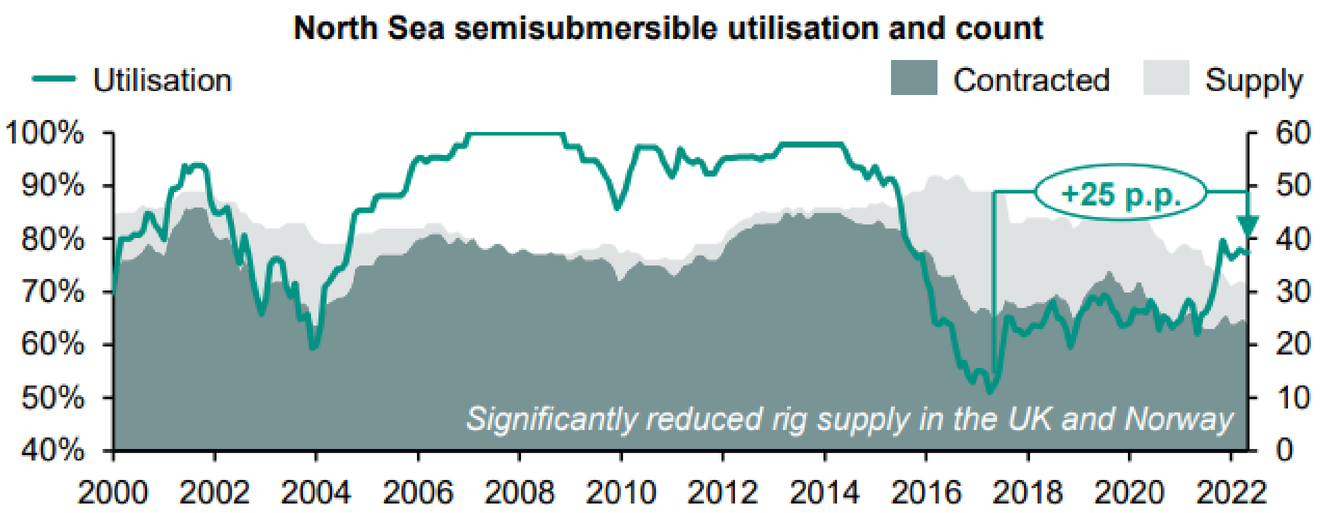
Figure 5.4: Significant improvement in global floater utilization



Source: IHS Markit, June 2022 (https://rigbase2.ods-petrodata.com/, behind payment walls)

[10] IHS Markit (June, 2022) (https://rigbase2.ods-petrodata.com/, behind payment walls)
[11] IHS Markit (June, 2022) (https://rigbase2.ods-petrodata.com/, behind payment walls)

Figure 5.5: North Sea utilization for semi-submersibles currently close to 80%



Source: IHS Markit, June 2022 (https://rigbase2.ods-petrodata.com/, behind payment walls)

5.4. Competition

The offshore drilling industry is highly competitive, with a wide range of participants ranging from large multinational companies to smaller privately held companies. Over the last years, there have been several mergers, divestures, and restructurings in the sector. The industry has consolidated through active M&A approaches by several companies and the debt levels has been significantly reduced with many companies focusing on having a strong financial position to take advantage of the increased market activity.

The main market which the Group currently competes in is the semi-submersible market. The Group has competitors ranging from smaller private companies to large international companies that cover multiple segments and geographies across the segments and geographies the Group operates in. In the harsh environment segment, primarily the North Sea, Odfjell Drilling, Transocean, Valaris and Noble / Maersk Drilling, Borr Drilling are some of the key competitors. In the benign market (including geographies such as Brazil, West Africa and Gulf of Mexico) Valaris, Transocean and Noble / Maersk Drilling are some of the Group's key competitors.

The competitive nature of the industry is leading to modern, rebuilt high-specification and/or fit-for-purpose rigs continue to have an advantageous competitive position relative to older, low specification, and/or less suitable rigs. The Group owns three totally rebuilt Aker H-3 semi-submersible rigs that are upgraded to 5th and 6th generation status, with two rigs being highly fit for harsh environment operations. The Group's owned rigs are moored semi-submersible rigs, meaning they do not have dynamic positioning (DP) systems and needs to be moored under operation. The rigs are as such operating in a niche market, where number of rigs has declined with 101 rigs since the peak in 2008[12] and there are very few competitors remaining.

On 27 October 2021, the Group announced that it had secured a marketing agreement with Keppel FELS Limited for two CS60 semi-submersible newbuilds, that are expected by the Group to further improve its competitive position in the market. It is noted that these marketing agreements do not secure unconditional legal right to market and/or acquire these rigs. It is further noted that there is risk related to the completion, contracting and mobilization of the newbuilds, including but not limited to the financing thereof.

[12] IHS Markit, June 2022 (https://rigbase2.ods-petrodata.com/, behind payment walls)

6. BUSINESS OF THE GROUP

6.1. Introduction to the Group

The Group owns and operates offshore drilling rigs. The Group has more than 55 years of experience focusing on the offshore harsh environment, international midwater and deepwater markets. The Group is considered one of the pioneers within the drilling industry, having its legacy from Aker Drilling which was established in 1965. Aker Drilling subsequently became Fred Olsen Energy ("**FOE**") and operated more than 10 assets around the globe for a number of years. Like many others in the industry, the FOE group suffered significant financial distress following the impact of the 2014 oil price crash, cancellation of several contracts, and lack of follow-on work. FOE updated its name to Dolphin Drilling ASA shortly before a restructuring exercise was completed in June 2019, during which the assets and employees were transferred into a new holding company, Dolphin Drilling Holdings Limited, with Strategic Value Partners (SVP) as the new majority owner. The restructuring saw all of the offshore assets, two onshore properties, the entire management system and all employees directly involved in the operation of the offshore assets, transferred into Dolphin Drilling Holdings Limited and subsidiaries. Dolphin Drilling Holdings Limited and subsidiaries thereafter went on to scrap assets deemed as uneconomical and retained the 3 mobile offshore drilling units noted below. During 2022, Dolphin Drilling Holdings Limited attracted a new investment from S.D. Standard ETC PLC. In September 2022, the Company became the new holding company of Dolphin Drilling Holdings Limited and subsidiaries through the Share-Swap (as defined below). As of the end of August 2022, the Group had 258 employees working out of offices in Norway, UK and Mexico. The Group's clients are primarily major oil and gas companies.

The operating drilling rigs in the Group's fleet are 3 mobile offshore drilling units (MODU). The MODUs are rebuilt 4th and 5th Generation Enhanced Aker H3 drilling rigs units, which provide their robustness by having a high technical standard, broad operational track record, positive air gap and a passive mooring system giving best in-class energy efficiency. The MODU rigs are 3 harsh environment semi-submersible drilling rigs:

- Bideford Dolphin;
- Borgland Dolphin;
- Blackford Dolphin;

Bideford Dolphin and Borgland Dolphin had their columns and topsides rebuilt in 1999 and are categorized as 4th-generation harsh environment semi-submersible drilling rigs. Both rigs are equipped for work in the North Sea including Norway and UK, as well as most other international offshore basins. Blackford Dolphin had its columns and topsides rebuilt in 2008, and is categorized as a 5th-generation harsh environment semi-submersible drilling rig. Blackford Dolphin is equipped for work in the UK part of the North Sea and most other international offshore basins. The three rigs have all been continually upgraded and maintained in conditions satisfying regulatory requirements and client demand.

In addition to the rigs, the Group's main asset is a highly skilled and dedicated organization. The Group's employees know the rigs, and they have an excellent track record in terms of delivering both operational quality and a solid safety performance. An experienced lay-up team is deployed to the unit for the regular maintenance and testing campaigns. The team consists of highly qualified personnel from all rig disciplines and is set up to be able to operate the rig in lay-up in line with the requirements of the Dolphin Drilling Management System. The lay-up team will become an integrated part of the team operating the unit when re-entering operations.

6.2. Strategy and objectives

<u>An experienced and safe drilling service provider</u>

The Group is a drilling services provider, building on experience and expertise developed by more than 55 years of delivering a portfolio of complementary drilling services to clients on a world-wide basis. During the years of operating the Group has serviced its clients around the world in more than 15 countries in Africa, Asia, Europe, North America, South America, and in Australia.

The Group has extensive experience in harsh environment drilling. In particular, the Group has a strong footprint on the Norwegian Continental Shelf and in the UK region of the North Sea, which are considered the most demanding offshore markets with high barriers to entry due to stringent regulatory and technical requirements. The Group has a long-standing and strong relationship with existing oil and gas companies in the region. Dolphin Drilling's strong operational track record is further evidenced by the Group's ability to maintain relationships with other major oil and gas clients servicing their offshore drilling requirements around the world.

The Group works systematically to improve health, safety, and environment ("**HSE**") and to maintain a high HSE standard within all its activities. The Group has an overall zero fault philosophy related to incidents and failures, which also includes prevention of pollution of the environment. The Group has managed to maintain a high level of safety within all its activities and works continually to maintain the highest safety standards and to protect the health of its employees and others involved in its operations. The lost time incident frequency, total recordable incident frequency rate and dropped object parameters have remained on a steady low frequency over time and new continuous improvement measures are initiated through safety step-up initiatives in all business areas. Safety is a cornerstone in Dolphin Drilling and safety consciousness is one of its core values. Leadership, good risk understanding and continuous focus on safety is essential. The Group considers a safe operation to also be an efficient one and considers it to be important and necessary to work with safety as an integrated part of its operations.

6.3. History and important events

The table below provides an overview of key events in the history of the Group:

Year	Event
1965	Aker Drilling established (Dolphin Drilling predecessor company)
1967	Contracted the first drillship in the North Sea, drilling for Amoco Norway
1979	Operated nine drilling rigs
1980	Commenced prodcution drilling in the North Sea at the Valhall field
1982	Contracted two rigs with Petrobras for operations in Brazil
1984	A Dolphin rig drilled the major Troll discovery in the North Sea
1999	Bideford and Borgland completed major rig upgrades and rebuild projects
2001	Dolphin entered the ultra deepwater segment as one of the first contractors
2008	Blackford Dolphin completed a major rig upgrade and rebuild project
2013	Bideford selected rig of the year for Statoil (Equinor)
2014	Bideford selected rig of the year for Statoil (Equinor)
2015	Bideford selected rig of the year for Statoil (Equinor)
2017	Dolphin completed a Hyper Deep Water study at 14,000 ft of water depth
2018	Blackford reactived after a 1-year period of idle time, contracted to BP in the UK
2019	Completed a capitalization exercise and got new main owners
2020	Blackford contracted to Pemex for a minimum 12 month contract offshore Mexico
2021	Borgland Dolphin reactivated and completes 11 consecutive months of drilling for multiple clients on the Norwegian Continent Shelf
2022	S.D. Standard ETC PLC became minority shareholder acquiring 25% of DDHL
2022	Private placement of approx. USD 45 million completed
2022	Completion of the Share-Swap

6.4. Property, plant and equipment

All Group offices are leased. The Group's three drilling rigs and equipment carries a book value of USD 56 million following accounting impairments and as at year end 2021. The Group obtained independent broker evaluations from Pareto Offshore as at 31 August 2022 indicating a low side combined valuation of USD 220 million for all three drilling rigs, and a high side valuation of $320 million.

6.5. Legal proceedings

Following several years of enquiry by HMRC a tax dispute was referred to the First-tier Tax Tribunal (the "FTT") in the UK. In November 2020, the FTT found in favour of Dolphin Drilling Limited ("**DDL**") (a subsidiary company of the Group). HMRC appealed the FTT's decision to the Upper Tribunal ("**UT**") and in August 2022 the UT, again, found in favour of DDL and dismissed HMRC's appeal. On 6 September 2022, the Company was informed that HMRC had filed an application for permission to appeal to the Court of Appeal ("COA"). HMRC's application for permission to appeal to the COA was refused by the UT on 28 September 2022. The UT had considered each ground of appeal and refused permission on all grounds, including strong reasons why permission has been refused in each instance. HMRC will now have one final opportunity in which to make an application for permission to appeal directly to the COA. Such application must be made within 28 days from the decision by UT. The potential impact of this case for the Group is approximately £9.9million plus interest and ongoing costs. The ongoing defense costs of this case amount to some £400,000 per year. If HMRC is denied permission to appeal directly to the COA, the uncertainty will be removed. The Group estimates that this will be known within the next 1 to 3 months. If permission to appeal is granted, it may be a further 2 or 3 years of uncertainty for DDL. In any event, until a determination has been made by the final court, the liability will not crystalise. In the event that DDL is ultimately successful, no tax will be due at all, and expenses incurred in the defense of the trial will be partially recoverable.

Further, the Company has a wholly owned subsidiary in Brazil which is subject to over 30 individual tax and legal disputes related to the legacy business of the Group and operations prior to 2016. Many of the claims against the subsidiary are deemed as frivolous, while several claims for the benefit of the subsidiary have to date been mainly successful and resulted in recovery of cash. The Group views the aforementioned claims as subsidiary specific issues, and not items that can have a negative impact on the Group as a whole, in particular as there are no material assets at the subsidiary level.

Other than set out above, neither the Company nor any member of the Group is, or has been during the course of the preceding 12 months, involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

6.6. Material contracts outside the ordinary course of business

Neither the Company nor any member of the Group has (i) entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Information Document; or (ii) entered into any contract outside the ordinary course of business that contains provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Information Document.

7. SELECTED FINANCIAL AND OTHER INFORMATION

7.1. Introduction

The following selected financial information has been extracted from DDHL's audited financial statements for the financial years ended 31 December 2021 and 2020, DDHL's unaudited interim financial statements for the six month period ended 30 June 2022, and the Company's audited interim stand-alone financial statements for the period from its incorporation on 1 April 2022 and until 31 August 2022.

7.2. Income statement

The table below sets out selected data from DDHL's consolidated income statement for the years ended 31 December 2021 and 2020, DDHL's income statement for the six months period ended 30 June 2022, and the Company's income statement for the period from its incorporation on 1 April 2022 and until 31 August 2022.

Dolphin Drilling Holdings Limited	**2020** *(Audited)*	**2021** *(Audited)*	**H1 2022**[1] *(Unaudited)*
	USD '000	*USD '000*	*USD '000*
Revenue	53,051	120,972	21,031
Cost of sales	-103,673	-173,283	-34,107
Gross loss	**-50,622**	**-52,311**	**-13,076**
Administrative expenses	-21,880	-22,965	-12,198
Other operating income	–	3,626	112
Operating loss	**-72,502**	**-71,650**	**-25,162**
Operating loss is analysed between			
Operating loss before separately disclosed items	-72,502	-21,789	-24,341
Separately disclosed items	–	-49,861	-821
	-72,502	**-71,650**	**-25,162**
Interest payable and similar expenses	-3,308	-5,180	-1,876
Interest receivable and similar income	2,438	341	33
Loss before taxation	**-73,372**	**-76,489**	**-27,005**
Taxation	-320	-1,411	-158
Loss for the financial year	**-73,692**	**-77,900**	**-27,163**

Dolphin Drilling AS	**01.04.2022-31.08.2022** *(Audited)*
	NOK '000
Revenue	–
Cost of sales	–
Gross loss	**–**
Administrative expenses	–
Other operating income	–
Operating loss	**–**
Operating loss is analysed between	
Operating loss before separately disclosed items	–
Separately disclosed items	–
	–
Interest payable and similar expenses	–
Interest receivable and similar income	–
Loss before taxation	**–**
Taxation	–
Loss for the financial year	**–**

7.3. Statement of financial position

The table below sets out selected data from DDHL's consolidated statement of financial position as of the years ended 31 December 2021 and 2020, DDHL's statement of financial position for the six months period ended 30 June 2022, and the Company's statement of financial position for the period from its incorporation on 1 April 2022 and until 31 August 2022.

Dolphin Drilling Holdings Limited	2020 *(Audited)*	2021 *(Audited)*	H1 2022[1] *(Unaudited)*
	USD '000	*USD '000*	*USD '000*
Non-current assets			
Intangible assets	–	2,822	2,226
Tangible assets	91,765	55,613	52,276
Deferred tax asset	506	59	34
Total non-current assets	**92,271**	**58,494**	**54,536**
Current assets			
Inventories	38,260	20,004	20,491
Trade and other receivables	41,004	44,861	33,837
Income taxes receivable	3,144	2,932	3,488
Cash and cash equivalents	30,018	23,263	18,604
Total current assets	**112,426**	**91,060**	**76,420**
Assets held for sale	2,063	1,363	1,363
Total assets	**206,760**	**150,917**	**132,319**
Capital and reserves			
Called up share capital	13	16	426
Share premium	229,460	239,457	318,072
Reserves	-142,833	-220,769	-246,320
Total capital and reserves	**86,640**	**18,704**	**72,178**
Current liabilities			
Trade and other payables	39,753	39,468	30,406
Financial liabilities – loans and borrowings	433	20,071	25,805
Total current liabilities	**40,186**	**59,539**	**56,211**
Non-current liabilities			
Employee benefits	3,832	3,856	3,413
Financial liabilities – loans and borrowings	76,102	68,818	517
Total non-current liabilities	**79,934**	**72,674**	**3,930**
Total liabilities	**120,120**	**132,213**	**60,141**
Total equity and liabilities	**206,760**	**150,917**	**132,319**

Dolphin Drilling AS	01.04.2022-31.08.2022 *(Audited)*
	NOK '000
Non-current assets	
Intangible assets	–
Tangible assets	–
Deferred tax asset	–
Total non-current assets	**–**
Current assets	
Inventories	–
Trade and other receivables	30
Income taxes receivable	–
Cash and cash equivalents	–
Total current assets	**30**
Assets held for sale	-
Total assets	**-**
Capital and reserves	
Called up share capital	30
Share premium	–
Reserves	–
Total capital and reserves	**30**
Current liabilities	
Trade and other payables	–
Financial liabilities – loans and borrowings	–
Total current liabilities	**–**

Non-current liabilities	
Employee benefits	–
Financial liabilities – loans and borrowings	–
Total non-current liabilities	**–**
Total liabilities	**–**
Total equity and liabilities	**30**

7.4. Statement of cash flows

The table below sets out selected data from DDHL's consolidated statement of cash flows for the years ended 31 December 2021 and 2020, DDHL's statement of cash flows for the six months period ended 30 June 2022, and the Company's statement of cash flows for the period from its incorporation on 1 April 2022 and until 31 August 2022.

Dolphin Drilling Holdings Limited	**2020** *(Audited)*	**2021** *(Audited)*	**H1 2022**[1] *(Unaudited)*
	USD '000	*USD '000*	*USD '000*
Cash generated from operating activities			
Loss before taxation	-73,372	-76,489	-27,005
Adjustments for:			
Depreciation, amortisation and impairment of assets	26,648	46,898	4,467
Impairment of asset held for sale	-	700	-
Net finance costs	870	4,839	1,843
Gain on disposal of fixed assets	-2,026	-3,500	-
Changes in working capital:			
(Increase) in inventories and work in progress	-525	18,372	-892
(Increase) in trade and other receivables	-14,584	-4,069	9,283
(Decrease) / increase in trade and other payables	17,699	-3,839	-8,533
	-45,290	**-17,088**	**-20,837**
Tax (paid) / refund	1,921	-268	-441
Net cash used in operating activities	**-43,369**	**-17,356**	**-21,278**
Cash flows from investing activities			
Purchases of property, plant and equipment	-8,399	-11,130	-1,022
Purchases of intangible assets	-	-2,160	-
Proceeds from sale of property, plant and equipment	5,328	3,510	-
Net cash used in investing activities	**-3,071**	**-9,780**	**-1,022**
Cash flows from financing activities			
Issue of new share capital	-	10,000	10,000
(Repayment) / draw of borrowings	24,000	-6,943	-
Liabilities from increase in receivables factoring arrangements	-	19,650	5,733
Payment of liabilities from long term leases	-506	-422	-151
Net interest received / (paid)	-619	-2,382	748
Net cash generated from financing activities	**22,875**	**19,903**	**16,330**
Net change in cash and bank	**-23,565**	**-7,233**	**-5,970**
Effect of changes in exchange rates	-1,691	478	1311
Cash and cash equivalents opening balance	55,274	30,018	23,263
Cash and cash equivalents at 31 December	**30,018**	**23,263**	**18,604**

Dolphin Drilling AS	**01.04.2022-31.08.2022** *(Audited)*
	NOK '000
Cash generated from operating activities	
Loss before taxation	-
Adjustments for:	
Depreciation, amortisation and impairment of assets	-
Impairment of asset held for sale	-
Net finance costs	-
Gain on disposal of fixed assets	-
Changes in working capital:	
(Increase) in inventories and work in progress	-
(Increase) in trade and other receivables	-
(Decrease) / increase in trade and other payables	-
	-
Tax (paid) / refund	-
Net cash used in operating activities	**-**

Cash flows from investing activities	
Purchases of property, plant and equipment	-
Purchases of intangible assets	-
Proceeds from sale of property, plant and equipment	-
Net cash used in investing activities	**-**
Cash flows from financing activities	
Issue of new share capital	-
(Repayment) / draw of borrowings	-
Liabilities from increase in receivables factoring arrangements	-
Payment of liabilities from long term leases	-
Net interest paid	-
Net cash generated from financing activities	**-**
Net change in cash and bank	**-**
Effect of changes in exchange rates	-
Cash and cash equivalents opening balance	-
Cash and cash equivalents at 31 August	**-**

7.5. Working capital statement

As of the date of this Information Document, the Company is of the opinion that the working capital available to the Group is sufficient for its present requirements.

In its present business plan, the Company expects to turn cash flow positive in the second half of 2023 based on the timing of contract awards and the completion of rig reactivation programs. Up until that time, the Company expects to be mainly funded by equity.

7.6. Operating and Financial Overview

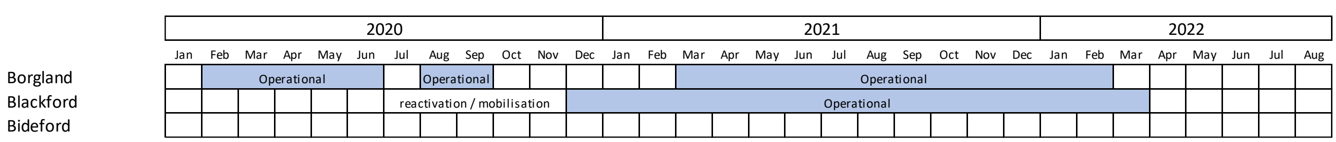
7.6.1. The Company

The Company was incorporated on 1 April 2022. For the purpose of becoming the holding company of the Group, and for the purpose of the Admission, the Company carried out the Share-Swap which was completed on 14 September 2022 under which it, directly and indirectly, acquired all the shares in Dolphin Drilling Holdings Limited, as further described in section 9.2 "The Share-Swap". Prior to the Share Swap, the Company had no operations. For financial information on the Company for the period from its incorporation on 1 April 2022 and until 31 August 2022, please see the Parent Financial Statements attached to this Information Document as Appendix E.

7.6.2. The Group

This section 7.6.2 "The Group" includes the Company's own discussion and analysis of the Group's results of operations and financial condition based on the DDHL Financial Statements and the Parent Financial Statements.

The Group (through Dolphin Drilling Holdings Limited and its subsidiaries) has delivered drilling services for a range of clients during the years 2020, 2021 and 2022, as illustrated by the below timeline:



Borgland was reactivated in 2019 and Blackford in 2020, utilising liquidity as originally planned following the June 2019 balance sheet restructuring. The Borgland executed contacts for Shell, Wellesley, DNO and Pignig, and the Blackford executed a contract for Pemex. The Bideford remained in stacked status through the entire period shown above, and remains in a condition which would permit a rapid reactivation.

Due to the short term nature of the contracts awarded for the Borgland, in particular periods of idle time were experienced which drove significant variability into the liquidity and profitability position of the Group. In addition to this, the Group experienced severe payment disruption related to the execution of the Blackford contract in Mexico which resulted in dispute and eventually the cessation of the contract (despite a protracted extension discussion).

Following the operating events described above, the Group entered a period of negotiation with its creditor group and successfully completed the full equitization of all outstanding bank debt during the first half of 2022. Shortly thereafter S.D. Standard ETC PLC acquired a 25% ownership in the Group with an option to invest further through a warrant instrument.

Throughout 2022, the Group has required additional funding with all three assets being idle and delays in various awards including largely progressed management contracts. In April 2022 the Group entered into negotiation with a prospective client in Nigeria for the Blackford Dolphin. This subsequently progressed to an LOA. Work commenced to move the Blackford from Mexico to Nigeria in September 2022 with a final full contract signed on 30 September 2022. The client has made a USD 12 million mobilization payment to the Group under the aforementioned contract. The Group continues to market and entertain active rig tenders for its two other idle units.

Specific analysis of the DDHL Financial Statements and subsequent events

Set out below is a discussion of the DDHL Financial Statements for the financial years ended 31 December 2020 and 31 December 2021, as well as subsequent events.

Financial year ended 31 December 2020

Income statement

- Approximately 6 months of drilling revenues achieved on the Borgland, the initial month of drilling for Pemex in Mexico for the Blackford, and management fees received in relation to the management of the Deep Value Driller.
- Cost of sales include all costs for these operations, plus the lay-up costs connected to the idle periods of the rigs, and the Bideford which remained idle through that period. These also include depreciation costs.
- Administrative expenses represent the cost of the onshore organisation including legal and administrative costs relating to the setup in Mexico to execute the Blackford contract.

Balance sheet

- Tangible assets of the Group are predominantly the 3 drilling units.
- Inventories are the spares associated with the drilling units, stored both on the units themselves and in various onshore locations.
- Trade and other receivables included contract receivables, a recoverable deposit related to a performance bond placed for the execution of the Pemex contract, and deferred project costs related to the same contract.
- The tax receivable relates to various jurisdictions where the Group is in the progress of recovering with held or over paid taxes.
- Cash and equivalents includes amounts restricted by the senior facilities agreement (now extinguished) and cash balances held in a bank account in order to satisfy personnel tax liabilities toward the Spanish authorities
- Assets held for sale represent the book value of the Aberdeen property (sold in 2022).
- Trade and Other Payables include vendor payables, both in the form of invoices received and accrued but not yet invoiced expenses, tax liabilities, payroll taxes and social payments due, and various other group liabilities.
- Current Financial liabilities are accrued interest payments.
- Non-current employee benefits are pension liabilities to former executive employees.
- Non-current financial liabilities is the Group's former debt governed by a senior financing agreement which was extinguished in 2022.

Cash flows

- Significant increase in Trade AR due to the commencement of the Pemex contract and mobilisation payments outstanding at year end.
- Offset by significant increase in Trade Payables also in relation to costs incurred on the Blackford reactivation and mobilization.
- A cash inflow of taxes representing recovered historical overpaid taxes from various jurisdictions.
- Proceeds from sale of the Tanager facility as the company sold owned buildings and relocated to a rental office.
- Drawndown of Revolving Credit Facility to fund the reactivation of Blackford.

Financial year ended 31 December 2021

Income statement

- Activity levels more than double into 2021 with continuous operations on the Borgland and Blackford for the majority of 2021.
- Associated cost of sales increased as the company hired further crew and incurred the costs of reactivating the Borgland in Q1.
- Administrative expenses increased slightly in 2021 mainly driven by the additional burden of Mexico operations and various legal expenses associated with various business development opportunities.
- The Group received other operating income from Deep Value Driller related to the sale of a maintenance system.
- Separately disclosed items of $50M are related to impairments recorded on the asset values of the 3 rigs and associated inventory, with both the Borgland and Bideford written down to residual value.
- Interest costs increased in the business with the use of a factoring facility.
- Taxation also increased slightly driven by operations in Mexico.

Balance Sheet

- Tangible asset values were reduced by depreciation and by impairment in the period.
- Inventory values were also reduced by the same impairment requirement.
- Trade and other receivables remained at a similar level however were supported by a factoring facility which shows as current liabilities – financial liabilities, this was driven by late customer payments from Pemex.
- Cash and equivalents reduced with utilisation in working capital and operating expense.
- Group reserves were eroded by on going operating loss and the impairments recorded.
- Trade and other payable remained at a similar level albeit a larger proportion of payables were in the form of invoice past due to vendors (this position has since been resolved).
- Financial liabilities were the aforementioned advances from the factoring facility.
- Long term borrowings were reduced by repayments made to senior lenders.

Cash Flows

- Increased impairment costs as the Bideford and Borgland asset values were considered impaired without any firm backlog.
- Cash flow shows a large gain in inventory which is offset by a P&L charge (included in loss before taxation) of the impairment of the equivalent value of inventory.
- Purchase of intangible assets which represents 31apitalized costs in respect of the implementation of a new ERP system across the Group.
- Proceeds from sale of various assets (excess equipment).
- A MUSD 10 equity injection made by SVP to support working capital needs of the Pemex contract.
- A MUSD 7 repayment of borrowings in relation to a restricted cash account from the June 2019 restructuring
- A MUSD 20 increase in the usage of factoring in relation to the Pemex contract.

Subsequent events

As further described above, all of the debt in the Group was extinguished in exchange for equity, and new investments were made by SD Standard ETC PLC during the first half of 2022. In September 2022, the Company completed the Share-Swap (see section 9.2 "The Share-Swap") and the Private Placement (see section 9.5 "The Private Placement").

7.6.3. Performance

While Dolphin Drilling has experienced changes in ownership structure and shareholders throughout its long history, the internal management system and operating track record of the Group remains intact. The Group uses typical KPIs to measure performance including Financial Uptime as a measure of its revenue generating ability, and Total Recordable Incidents (TRI) as a measure of safety performance. Despite the significant changes and challenges the industry has faced, including the 2014 downturn in oil & gas prices and the COVID-19 pandemic and global travel restrictions, the Group has performed consistently well in these areas. Financial Uptime has averaged >96% in 6 of the past 8 years, and was 96% in 2015, 91% in 2016, 97% in 2017 and 2018, 99% in 2019, 73% in 2020 and 98% in 2021. The figure for Total Recordable Incidents (TRI) was 2 in 2015, 1 in 2016, 2017, 2018 and 2021, and 0 in 2019 and 2020.

7.7. Investments

Set out below is an overview of the Group's material investments from 1 January 2020 and up to the date of this Information Document:

- Blackford Reactivation $12,000,000 (total cost and investments associated with reactivation of rig between Norway and Mexico in 2H 2020

Set out below is an overview of material investments of the Group which are in progress at the date of this Information Document:

- Blackford Operational Capital spend on anchor chain, HVAC upgrades and Engines as well as other maintenance capex items totalling approximately $4,800,000 and 5 year SPS spend mainly focused on Subsea equipment (BOP) totalling approximately $6,500,000

For further information on the Share-Swap which was completed on 14 September 2022, please see section 9.2 "The Share-Swap" below.

7.8. Related party transactions

Receivables in an amount of USD 17.0 million were acquired by the Company's shareholder Strategic Value Partners Global (SVP) in June 2021, in order to support the Group's financial position. This transaction was carried out on an arms length basis and no continuing obligation with respect to the receivables remain as at the current date.

7.9. Significant changes

Since 31 December 2021, and other than the Private Placement (as defined below) and the Share-Swap, there has been no significant change in the financial or trading position of the Group. As of the date of this Information Document, the Blackford Dolphin is mobilizing for the Drilling Contract with General Hydrocarbons Limited, and the Group's other assets are being actively bid.

7.10. Factoring arrangement

In March 2021, the Group entered into a factoring agreement in order to provide the Group with the capability to accelerate cashflow in relation to customer invoices. The factoring line of up to USD 25 million under the agreement is secured by intra-Group guarantees, a bank account pledge and credit support arrangements. Pursuant to the factoring agreement, eligible invoices will be purchased by the factor at 90% of face value. The agreement contains financial covenants related to the Group's consolidated tangible net worth and net book value of tangible assets. Under the factoring agreement, the factor may seek recourse against the Group in the event that a customer invoice becomes default and the credit support arrangements fail. As of the date of this Information Document, no invoices are factored under the factoring agreement.

8. BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

8.1. Introduction

The General Meeting is the highest authority of the Company. All shareholders of the Company are entitled to attend and vote at General Meetings of the Company and to table draft resolutions for items to be included on the agenda for a General Meeting.

The overall management of the Group is vested in the Board of Directors and the Group's Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Group's business, ensuring proper organisation, preparing plans and budgets for its activities, ensuring that the Group's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

Management is responsible for the day-to-day management of the Group's operations in accordance with Norwegian law and instructions prepared by the Board of Directors. Among other responsibilities, the Group's chief executive officer (the "**CEO**") is responsible for keeping the Group's accounts in accordance with prevailing Norwegian legislation and regulations and for managing the Group's assets in a responsible manner.

8.2. The Board of Directors

8.2.1. Overview of the Board of Directors

The Articles of Association provide that the Board of Directors shall consist of a minimum of 3 and a maximum of 12 Board members elected by the Company's shareholders. The names and positions of the members of the Board of Directors at the date of this Information Document are set out below.

Name	Position	Served since	Term expires	No. of Shares held
Martin Nes	Chair	2022	2024	100,596[13]
Alf Ragnar Løvdal	Board member	2022	2024	75,600[14]
Øystein Stray Spetalen	Board member	2022	2024	2,572,116[15]
Paul Marchand	Board member	2022	2024	0
Julius Kling	Board member	2022	2024	0

The Company's registered office Vestre Svanholmen 12, 4313 Sandnes, Norway serves as business address for the members of the Board in relation to their directorship of the Company.

8.2.2. Brief biographies of the Board members

Set out below are brief biographies of the Board members. The biographies include each Board member's relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a Board member is or has been a member of the administrative management or supervisory bodies or partner in the previous five years.

Martin Nes, Chair

Martin Nes is Dolphin Drilling's Chair and brings a wealth of experience especially within the shipping and offshore industry where he has been involved in and led a number of projects. Martin is also the CEO and Partner of the investment firm Ferncliff TIH AS. He has a law degree from University of Oslo and also holds a Master of Laws degree from the University of Southampton, UK. Martin has previously worked several years for the Norwegian law firm Wikborg Rein, both in their Oslo and London offices and for the shipping firm Evensen & Co. Martin has extensive corporate experience and is the chairman and board member of several other listed companies.

Directorships and senior management positions	
Current directorships and senior management positions	Dolphin Drilling AS (chair), Ferncliff TIH AS (CEO). Tycoon Industrier AS (CEO), Hanekamb Invest AS (CEO), Lørenskog Kombibygg AS (chair), Standard Invest AS (chair), Fornebuveien Eiendomsinvest AS (chair),

[13] Shares held by Hanekamb Invest AS, which is wholly owned by Martin Nes.
[14] Shares held by ARL Invest AS, which is wholly owned by Alf Ragnar Løvdal.
[15] Shares held by Ferncliff TIH AS, which is indirectly wholly owned by Spetalen. Further, S.D. Standard ETC PLC holds 31,596,400 Shares in the Company. Ferncliff TIH AS indirectly owns 29.73% of the shares in S.D. Standard ETC PLC through Ferncliff Listed DAI AS.

	Wanax AS (chair), Ayfie Group AS (board member), Standard Viking AS (chair), Standard Princess AS (chair), Standard Supplier AS (chair), Jerikoveien 20 AS (chair), Fabrikkveien 6 Stavanger AS (chair), Lørenveien Eiendomsinvest AS (chair), Grønnegata 10 AS (chair), Northern Supply AS (chair), Terminalgata 10 AS (chair), Feut AS (chair), Holtet 45 Holding AS (chair), Second Space AS (chair), Second Space Eiendom AS (chair), Second Space Drift AS (chair), Ferncliff Opportunities AS (chair), Standard Supply AS (chair), Arribatec Group ASA (chair), Hvalstad Forretningsbygg AS (chair), Bygdøynesveien 33-37 AS (deputy board member), Ferncliff Property AS (deputy board member), Lørenveien Kontorbygg AS (chair), Holtet 45 AS (chair), Hanekamb Invest AS (chair), Saga Pure ASA (chair), Løxa AS (chair), S.D. Standard ETC Plc. (chair)
Previous directorships and senior management positions – last five years	S.D. Standard ETC Plc. (CEO), AEO Eiendom Kristiansund AS (chair), Allum Holding AS (board member), AS Simask (board member), Breivollveien 25C AS (chair), City Self-Storage Norge AS (board member), City Self-Storage Norge AS (chair), Cron Gruppen AS (chair), Cron Invest AS (chair), Etterstadsletta 3 AS (board member), Eurobox Billingstad AS (chair), Eurobox Minilager AS (chair), Fellesgården AS (chair), Feok AS (chair), Ferenewable AS (chair), Halden Lagerbygg AS (chair), Hatcher Norge AS (chair), Hovfaret 11 Eiendom AS (chair), Hovfaret 11 Hjemmel AS (chair), Hyme AS (chair), Meierigaten Eiendom AS (chair), Minilager Moss AS (chair), Minilager Norge AS (chair). Minilageret AS (chair), NEL ASA (chair), NEL Fuel AS (chair), Nordic Construction Barges I AS (deputy board member), Nordic Construction Barges II AS (deputy board member), Northern PSV AS (chair), Nyvegen 7 Eiendom AS (chair), OK Minilager AS (board member), OK Minilager AS (chair), OK Property AS (chair), PSV Opportunity I AS (chair), PSV Opportunity II AS (chair), PSV Opportunity III AS (chair), Saga Agnes AS (deputy board member), Saga Chelsea AS (deputy board member), Saga Julie AS (deputy board member), Saga Unity AS (board member), Self Storage Group ASA (chair), Selvaag Self-Storage AS (chair), Solheimsveien 32 AS (chair), Standard Olympus AS (chair), Standard Provider AS (chair), Standard Supporter AS (chair), Vinkelhuset V AS (chair), Vteto AS (chair), Wallemslien 18 AS (board member), JAP Drilling 1 Ltd (chair), Halling Offshore Ltd (chair), Ferncliff Investment Funds Plc. (board member), Offshore Driller 2 Ltd. (board member), Offshore Driller 3 Ltd. (board member), Offshore Driller 4 Ltd. (board member), Offshore Driller 5 Ltd. (board member), Aqualis Offshore Ltd. (board member)

Alf Ragnar Løvdal, Board member

Alf Ragnar Løvdal is educated as a Mechanical Engineer and joined the oil and gas industry in 1980. His work experience started with offshore field operations for Schlumberger followed by a number of managerial positions within Smedvig Drilling AS, CEO of Seawell AS (Now Archer Limited), Senior vice president Asia Pacific for Seadrill Limited and as CEO of North Atlantic Management AS, a subsidiary of Seadrill Limited.

Directorships and senior management positions	
Current directorships and senior management positions	Dolphin Drilling AS (board member), Jacktel AS (board member), ARL Invest AS (owner and chair)
Previous directorships and senior management positions – last five years	Dolphin Drilling Holdings Limited and Dolphin Drilling Fleetco Limited (board member)

Øystein Stray Spetalen, Board member

Øystein Stray Spetalen is a member of the Board of Directors of Dolphin Drilling and is Chairman and owner of the investment firm Ferncliff TIH AS. He is an independent investor. Øystein has worked in the Kistefos Group as an Investment Manager, as Corporate Advisor in different investment banks and as a Portfolio Manager in Gjensidige Forsikring. Mr. Spetalen is a chartered petroleum engineer from NTNU.

Directorships and senior management positions	
Current directorships and senior management positions	Dolphin Drilling AS (board member), Ferncliff TIH AS (chair), Visitfonna AS (board member, Ferncliff Listed Dai AS (chair), Ferncliff Holding AS (chair), Ferncliff TIH AS (chair), Vistin Pharma ASA (board member), Ayfie Group

	AS (board member), FIRI AS (board member), Horisont Energi AS (board member), P76 Holding AS (board member), SSS Capital Management AS (chair), Tycoon Industrier AS (chair), Sjølyst Kontorfellesskap AS (board member), Arribatec Group ASA (board member), Unified AS (chair), Saga Pure ASA (board member), Oscars gate 37 AS (chair), Thorvald Erichsensvei Eiendom AS (deputy board member)
Previous directorships and senior management positions – last five years	Allum Holding AS (chair), AS Ferncliff (chair), AS Simask (chair), Berganodden Båtservice AS (chair), Berganodden Invest AS (chair), Ferncliff Invest AS (deputy board member), Gardermoen Media AS (CEO and board member), Hæhre & Isachsen Gruppen AS (board member), Hæhre & Isachsen Holding AS (board member), Krøs AS (chair), NEL ASA (board member), Nel Hydrogen (board member), Trymar AS (chair), Vallhall Fotballhall AS (board member), Vallhall Fotballhall Drift AS (board member), Vallhall Fotballhall KS (board member)

Paul Marchand, Board member

Paul Marchand is a member of the Board of Directors of Dolphin Drilling. He joined SVP Global as a Managing Director focusing on portfolio operations in February 2020. Prior to SVP, Paul spent 11 years at Bain Capital where he was a senior professional in the Portfolio/Operations Group. While at Bain Capital, Paul drove operational transformation at portfolio companies across a number of industries including industrials, software, business services and retail. Paul started his career at Bain & Company strategy consulting where he worked in London/Johannesburg across private equity, mining, chemicals, oil & gas, luxury goods and telecoms. Paul has a MEng from St. Catharine's College, Cambridge University where he studied Manufacturing Engineering.

Directorships and senior management positions	
Current directorships and senior management positions	AEDL - Auto-Estradas do Douro Litoral, S.A. (board member), Dolphin Drilling Fleetco Limited (board member), Dolphin Drilling Holdings Limited (audit committee), Dolphin Drilling Holdings Limited (board member), Dolphin Drilling Holdings Limited (chair of remuneration committee), Kleopatra Holdings GP S.A. (board member), Kleopatra Senior Holdings GP S.à r.l. (board member), KP Holding GmbH & Co. KG Germany (remuneration & audit committee), KP Holding GmbH & Co. KG Germany (supervisory board), Swissport International AG (audit committee), Swissport International AG (board member), Swissport International AG (ESG Committee), Swissport International AG (chair of finance & strategy committee), Swissport International AG (chair of nomination & remuneration committee), Vallourec S.A. (board observer)
Previous directorships and senior management positions – last five years	-

Julius Kling, Board member

Julius Kling is a member of the Board of Directors of Dolphin Drilling. Julius is working closely with the Board and the Management to further build and strengthen the business. Julius is a Director in the European Investment Team at SVP Global. Prior to joining SVP Global, Julius worked at King Street Capital Management where he focused on investments in the chemicals, consumer, energy, as well as power and utilities sectors. Julius also worked at Oaktree Capital Management and started his career with Morgan Stanley in London. He received a B.Sc. in General Management and Economics from EBS Universität für Wirtschaft und Recht, Oestrich-Winkel in Germany.

Directorships and senior management positions	
Current directorships and senior management positions	Dolphin Drilling AS (board member), Artemis MIP 1 Sarl & Co. KG (board member), Artemis MIP 2 Sarl & Co. KG (board member), Artemis MIP 3 Sarl & Co. KG (board member, PFL MIP GP S.à r.l (board member), PFL MIP LP S.à r.l. (board member) and Pfleiderer Group B.V. & Co. KG (member of advisory board)
Previous directorships and senior management positions – last five years	Football Club des Girondins de Bordeaux SA (board member)

8.3. Management

8.3.1. Overview

The Group's Management team consists of 6 individuals. The names of the members of Management and their respective positions, are presented in the table below.

Name	Position	Employed with the Group since	No. of Shares held
Bjørnar Iversen	Chief Executive Officer and President	2019	477,048*
Stephen Cox	Chief Financial Officer	2019	342,472
Per Vangsgaard	Chief Technical Officer	2021	124,800
Johan Finnestad	Chief Operating Officer	1984	226,600
Steen E. Damgaard	Chief Commercial Officer	2019	61,464
Ylva C. Axelsen	General Counsel	2021	80,600**

*Including shares held through his wholly owned investment vehicle Veiholmen Brygge AS.

**Including shares held through her wholly owned company MYKA AS.

The Company's registered office Vestre Svanholmen 12, 4313 Sandnes, Norway serves as business address for the members of the Management in relation to their employment with the Group.

8.3.2. Brief biographies of the members of the Management

Set out below are brief biographies of the members of the Management. The biographies include the members of Management's relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years.

Bjørnar Iversen, Chief Executive Officer and President

Bjørnar Iversen is the Chief Executive Officer and President of the Group, a position he has held since July 2019. Previously he held the position as CEO of Songa Offshore and he has also held various senior management positions at Oddfjell Drilling, where he was in charge of operations, business development and projects. Iversen has over 25 years of experience in the global offshore drilling business. He holds a master of Science in Business Administration, Strategy, Business Development and Innovation from the Norwegian School of Economics (NHH).

Directorships and senior management positions	
Current directorships and senior management positions	Dolphin Drilling AS (CEO and President), Nansen Polar Expeditions AS (Chair), Ferdocean AS (Chair) and Melodypipe AS (Chair), various subsidiary companies of Dolphin Drilling AS
Previous directorships and senior management positions – last five years	Songa Offshore ASA (CEO and President), Antigrade AS (Chair) and Alven AS (Chair)

Stephen Cox, Chief Financial Officer

Stephen Cox is the Chief Financial Officer of the Group. His 25 year career spands various finance and operational roles at Proserv, General Electric, Vetco Gray, Transocean and Sedco Forex. Cox oversaw the successful restructuring of Proserv in May 2018 and has over a decade of experience working with company Boards.

Directorships and senior management positions	
Current directorships and senior management positions	Dolphin Drilling AS (CFO) and various subsidiary companies of Dolphin Drilling AS
Previous directorships and senior management positions – last five years	Proserv Group (CFO and Board member of various subsidiaries), Fly Cup Catering Ltd

Per Vangsgaard, Chief Technical Officer

Per Vangsgaard is the Chief Technical Officer of the Group, a position he has held since January 2021. He previously held the position as Vice President Technical for Awilco Drilling and has held various senior operational and technical management positions globally in Seadrill. Vangsgaard has over 25 years of experience in the global offshore drilling industry.

Directorships and senior management positions	
Current directorships and senior management positions	Dolphin Drilling AS (Chief Technical Officer)
Previous directorships and senior management positions – last five years	Awilco Drilling Norge (Vice President – Technical)

Johan Finnestad, Chief Operating Officer

Johan Finnestad is the Chief Operating Officer of the Group. He joined the Group in 1984 working offshore and has since held several positions, including offshore and onshore management roles. Finnestad has 37 years of experience in the global drilling business and has been part of the Group's management team since 1996. Finnestad is educated at the Stavanger Technical College Petroleum.

Directorships and senior management positions	
Current directorships and senior management positions	Dolphin Drilling AS (Chief Operating Officer), Dolphin Drilling Operations AS (CEO) and Dolphin Drilling Offshore AS (board member)
Previous directorships and senior management positions – last five years	-

Steen E. Damgaard, Chief Commercial Officer

Steen E. Damgaard is the Chief Commercial Officer of the Group, a position he has held since October 2019. He previously held the position as Vice President Marketing at Seadrill, and has held various senior management positions for A.P. Moller-Maersk, North Atlantic Drilling and Ocean Rig. Damsgaard has over 30 years of experience in the global offshore drilling and maritime industries.

Directorships and senior management positions	
Current directorships and senior management positions	Dolphin Drilling AS (Chief Commercial Officer)
Previous directorships and senior management positions – last five years	Seadrill Management (VP Marketing)

Ylva Cornelia Axelsen, General Counsel

Ylva C. Axelsen is the General Counsel of the Group, a position she has held since May 2021. She was previously a partner at SANDS law firm in Norway, and has held positions for Nordea Bank as Head of Transaction Management and First Vice President, Syndicated Loans. Axelsen has more than 15 years of experience as a legal adviser, specialising in financings, restructurings and global maritime industries.

Directorships and senior management positions	
Current directorships and senior management positions	Dolphin Drilling AS (General Counsel), Bank2 ASA (board member), EDGE Navigation AS (board member)
Previous directorships and senior management positions – last five years	-

8.4. Benefits upon termination

The CEO, Bjørnar Iversen, is entitled to severance pay for a period of six months (after expiry of a notice period of six months) in the event that his employment is terminated by the Group. Other than this, none of the members of the Board or Management have entered into service contracts with the Group which provide for benefits upon termination of employment.

8.5. Employees

On the date of this Information Document, the Group has a total of 258 employees. The table below shows the development in the number of employees for the years ended 31 December 2021 and 2020.

	As of 31 December 2021	As of 31 December 2020
Total	347	227

8.6. Corporate governance

Although the Company is not subject to the Norwegian Code of Practice for Corporate Governance, dated 14 October 2021 (the "**Corporate Governance Code**"), the Company has implemented what it considers to be a robust set of management systems and routines for governance. As part of this, the Company has established the following committees:

- Remuneration committee (consisting of Martin Nes, Alf Ragnar Løvdal and Paul Marchand)
- ESG committee (consisting of Martin Nes, Alf Ragnar Løvdal and Paul Marchand)
- Audit committee (consisting of Martin Nes, Alf Ragnar Løvdal and Julius Kling)

8.7. Other information

Johan Finnestad (Chief Operating Officer) has previously held a senior management position, in an operational capacity, with the predecessor of the Group, Dolphin Drilling ASA (formerly known as Fred Olsen Energy). Dolphin Drilling ASA filed for bankruptcy in 2019 following a restructuring exercise.

Other than set out above, during the last five years preceding the date of this Information Document, none of the Board members or the members of the Management has, or had, as applicable:

- any convictions in relation to fraudulent offences;
- been associated with any bankruptcies, receiverships or liquidations in his or her capacity as a member of the management or board of directors of a company; or
- received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor been disqualified by a court from acting as a member of the board of directors, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

To the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Management or the Board of Directors, including any family relationships between such persons.

9. CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

9.1. Company corporate information

The Company's legal and commercial name is Dolphin Drilling AS. The Company is a private limited liability company organised and registered under the laws of Norway pursuant to the Norwegian Private Companies Act. The Company was incorporated in Norway on 1 April 2022. The Company's registration number in the Norwegian Register of Business Enterprises is 929 255 038 and its Legal Entity Identifier (LEI) is 636700KVRNQYY153LO45.

The Shares are registered in book-entry form with the VPS under ISIN NO 001 2595950. The Company's register of shareholders in the VPS is administrated by the VPS Registrar.

The Company's registered office is Vestre Svanholmen 12, 4313 Sandnes, Norway. The Group's main telephone number is +44 1224 411411, and its website can be found at www.dolphindrilling.com.

The shares of the Company have previously been traded at Euronext NOTC, but were deregistered from Euronext NOTC immediately prior to the Admission.

9.2. The Share-Swap

On 12 September 2022, the Company entered into an agreement (the "**Share-Swap Agreement**") to acquire, directly and indirectly, all shares in Dolphin Drilling Holdings Limited, a private company registered in Jersey (DDHL) from the former shareholders of DDHL (the "**DDHL Shareholders**"), and as such became the new holding company of DDHL and its subsidiaries (the Share-Swap). As consideration, the former DDHL Shareholders received credit notes in a total amount of USD 100,000,000.0796 (equivalent to NOK 996,630,000.7932 based on the exchange rate provided by Norges Bank on 6 September 2022, where USD 1 equals NOK 9.9663 (the "**Exchange Rate**")), which were subsequently converted into new shares of the Company. As such, the former DDHL Shareholders became shareholders of the Company through the Share-Swap. The 85,734,200 new shares in the Company pertaining to the Share-Swap were resolved issued to the former DDHL Shareholders at an extraordinary general meeting of the Company held on 12 September 2022, and the new shares were delivered in the VPS on 14 September 2022. The subscription price for the new Shares issued in connection with the Share-Swap was set to NOK 11.62464921575287 per Share (based on the Exchange Rate). The share capital increase in the Company pertaining to the issuance of new shares in the Share-Swap amounted to NOK 857,342,000 (approx. 69% of the Company's current share capital of NOK 1,243,188,990). As the new shares issued in the Share-Swap were settled through the conversion of credit notes, more than 10% of the Company's share capital has been paid with assets other than cash.

The Share-Swap Agreement was entered into between the Company, DDHL, Dolphin Drilling Midco Limited and the former DDHL Shareholders (as set out in the below table) on 12 September 2022, and was consummated through the delivery of new Shares in the Company to the former DDHL Shareholders on 14 September 2022.

The following table sets out information on the former DDHL Shareholders that received new Shares in the Company in connection with the Share-Swap:

Name of former DDHL Shareholder	Number of new Shares in the Company received in connection with the Share-Swap
Strategic Value Master Fund, Ltd*	7,142,000
Strategic Value Special Situations Master Fund IV, LP*	22,005,000
Strategic Value Opportunities Fund, LP*	14,068,400
Luxor Capital Partners, LP	1,994,200
Luxor Capital Partners Offshore Master Fund, LP	1,307,000
Thebes Offshore Master Fund, LP	289,200
Cowell & Lee Asia Credit Opportunities Fund	1,742,200
S.D. Standard ETC PLC	34,511,000
Bjørnar Iversen	750,200
Stephen Cox	658,600
Johan Finnestad	226,600

Per Vangsgaard	124,800
Steen Damgaard	118,200
Michelle Crawford	42,800
Ingolf Gillesdaal	42,800
Ylva Axelsen	42,800
Stephanie Freeman	42,800
Michael Boyd	42,800
ARL INVEST AS	75,600
El Capitan AS	264,400
Veiholmen Brygge AS	167,200
GolfNYC AS	37,800
Myka AS	37,800

*Investment funds managed, directly or indirectly by Strategic Value Partners LLC and its affiliates

The purpose of the Share-Swap was to facilitate the admission to trading of the business carried out by DDHL and its subsidiaries on Euronext Growth Oslo. Among other things, it was not considered feasible to have the shares of DDHL (being a private company registered in Jersey) registered with the VPS, which is a criterion for listing on Euronext Growth Oslo. Therefore, it was decided to use the Company, being a Norwegian private limited liability company which can have its shares registered with the VPS, as vehicle for the listing of the business carried out by DDHL and its subsidiaries on Euronext Growth Oslo. Prior to the Share-Swap, the Company had no operations. For financial information on DDHL and its subsidiaries prior to the completion of the Share-Swap, please see section 7 "Selected financial and other information", and the DDHL Financial Statements attached as Appendix B to D to this Information Document.

For a description of the current legal structure of the Group and an overview of the largest shareholders of the Company, see section 9.3 "Legal structure" and section 9.6 "Ownership structure", respectively.

9.3. Legal structure

Dolphin Drilling AS is the ultimate parent company of the Group. The following table sets out information about the Company's directly and indirectly owned subsidiaries:

Company	Country of incorporation	Holding (%)
Dolphin Drilling Holdings Limited	Jersey	100%*
Dolphin Drilling Fleetco Limited	Jersey	100%
Dolphin Drilling Midco Limited	Jersey	100%
Dolphin Drilling Offshore AS	Norway	100%
Dolphin Drilling ManCo AS	Norway	100%
Dolphin Drilling Limited	UK	100%
Blackford Personnel Mexico S. de R.L. de C.V.	Mexico	100%**
Dolphin Drilling Offshore Limited	UK	100%
Dolphin Drilling Perfuração Brasil Ltda	Brazil	100%
Dolphin Drilling Operations AS	Norway	100%
Dolphin Drilling Personnel Pte Ltd	Singapore	100%
Bollsta Dolphin Pte Ltd	Singapore	100%***
Bredford Dolphin Pte Ltd	Singapore	100%***
Borgholm Dolphin Pte Ltd	Singapore	100%***
Bideford Dolphin Pte Ltd	Singapore	100%***
Borgland Dolphin Pte Ltd	Singapore	100%***
Blackford Dolphin Pte Ltd	Singapore	100%
Bolette Dolphin Pte Ltd	Singapore	100%
Dolphin Drilling Pte Ltd (Belford)	Singapore	100%

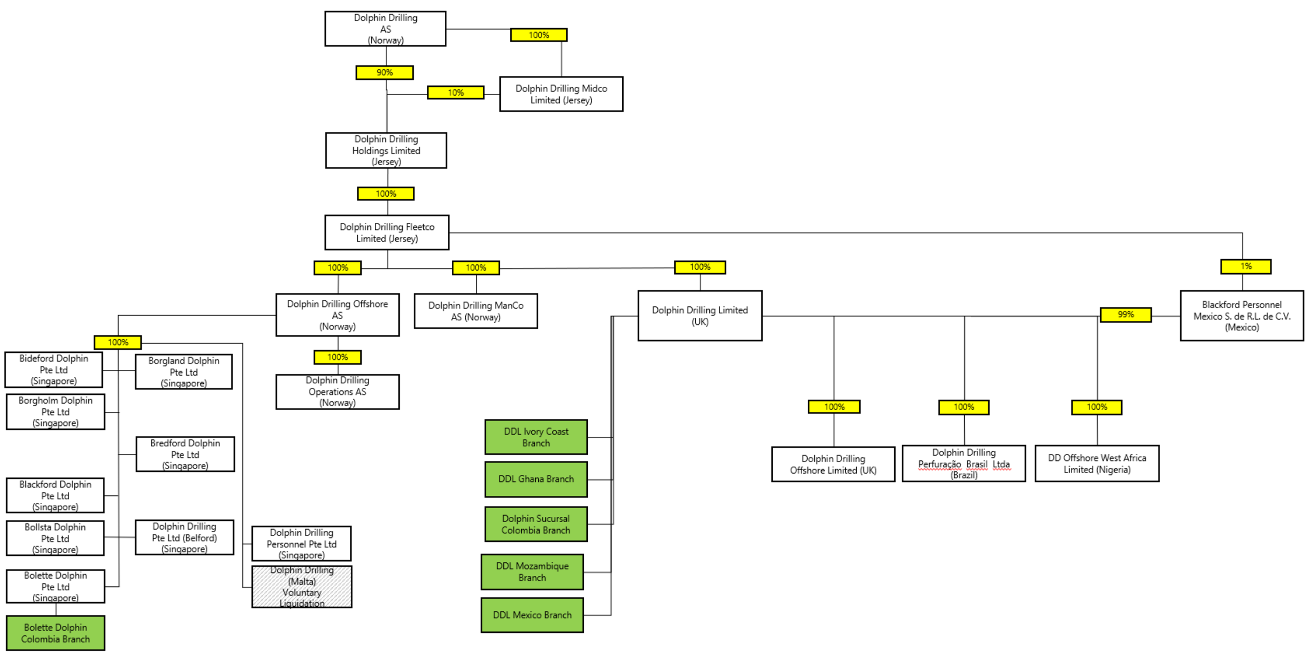
Company	Country of incorporation	Holding (%)
Dolphin Drilling (Malta)***	Malta	100%
DD Offshore West Africa Limited	Nigeria	100%

*The Company owns 90% of the shares in Dolphin Drilling Holdings Limited directly, and the remaining 10% through its wholly owned subsidiary Dolphin Drilling Midco Limited.

**The Company owns 1% of the shares in Blackford Personnel Mexico S. de R.L. de C.V. through Dolphin Drilling FleetCo Limited, and the remaining 99% through Dolphin Drilling Limited.

***in process of winding down and striking off

The below chart further illustrates the legal structure of the Group as at the date of this Information Document, and also shows the branches of certain of the Group's indirect subsidiaries:



9.4. Share capital and share capital history

As at the date of this Information Document, the Company's share capital is NOK 1,243,188,990 divided on 124,318,899 Shares. The Company has one class of shares in issue. All of the Shares are ordinary shares of the Company, issued under the Norwegian Private Companies Act and carry full shareholder rights, including rights to dividends. All Shares rank *pari passu* with each other and are freely transferable.

As at the date of this Information Document, the Company does not own any Shares as treasury shares.

The table below shows the development in the Company's share capital from the date of its incorporation on 1 April 2022 and up to the date of this Information Document:

Date of registration	Type of change	Change in share capital (NOK)	Subscription price (NOK)	Nominal value (NOK)	New number of Shares	New share capital (NOK)
24 May 2022	Incorporation	30,000	10.00	10.00	3,000	30,000

13 September 2022	Issuance of new shares in the Share-Swap	857,342,000	11.624649215 75287	10.00	85,737,200	857,372,000
27 September 2022	Issuance of new shares in the Private Placement	385,816,990	Approx. 11.6242424	10.00	124,318,899	1,243,188,990

9.5. The Private Placement

9.5.1. Details of the Private Placement

The Company has recently carried out a private placement (the "**Private Placement**"), as announced on 5 September 2022. The Company raised gross proceeds of approximately USD 45 million in the Private Placement (increased from USD 40 million at launch on 1 September 2022), through the issuance of 38,581,699 new shares at a subscription price of approx. NOK 11.62 per share.

The bookbuilding period for the Private Placement commenced on 1 September 2022 at 16:30 (CEST), and was completed on 2 September 2022. Notifications of allocation were issued on 5 September 2022. The offer shares in the Private Placement were settled through the delivery of existing shares to investors (on a DVP basis) on 14 September 2022, based on a share lending agreement entered into between large shareholders of the Company (the "**Share Lenders**"), the Company and DNB Markets, a part of DNB Bank ASA. The 38,581,699 new shares pertaining to the Private Placement were resolved issued by the extraordinary general meeting of the Company held on 12 September 2022, and were re-delivered to the Share Lenders on 30 September 2022. A total of 106 investors were allocated shares in the Private Placement.

Completion of the Private Placement resulted in an immediate dilution of approximately 31% for shareholders of the Company who did not participate in the Private Placement.

9.5.2. Shareholdings following the Private Placement

The share capital increase pertaining to the Private Placement was registered in the Norwegian Register of Business Enterprises on 27 September 2022. On 26 October 2022, the major shareholders of the Company were as set out in section 9.6 "Ownership structure".

9.5.3. Use of proceeds

The net proceeds from the Private Placement will be used to finance the special periodic survey ("**SPS**") and mobilization of Blackford and reactivation of Borgland as well as for general corporate purposes and working capital.

9.5.4. Lock-up

In connection with the Private Placement, Strategic Value Master Fund, Ltd, Strategic Value Special Situations Master Fund IV, LP, Strategic Value Opportunities Fund, LP and S.D. Standard ETC PLC have entered into customary lock-up agreements with respect to their shares for a period of 6 months from the Admission.

9.6. Ownership structure

As of 26 October 2022, the Company had a total of 198 registered shareholders in the VPS, and the 20 largest shareholders were as set out in the below.

#	Shareholders	Number of Shares	Percent
1	Barclays Capital Inc*	43,215,400	34.76173%
2	S.D. Standard ETC Plc	31,596,400	25.41560%
3	Clearstream Banking S.A.	10,064,406	8.09564%
4	Euroclear Bank S.A./N.V.	3,642,773	2.93018%
5	Goldman, Sachs & Co. LLC – Equity	3,590,400	2.88806%
6	Songa Capital AS	2,839,488	2.28404%
7	Ferncliff TIH AS	2,572,116	2.06897%
8	Kistefos AS	1,886,218	1.51724%
9	Carbon Transition Investment AS	1,714,568	1.37917%
10	Mosjarl AS	1,671,875	1.34483%
11	Capital Maritime & Trading Corp	1,500,401	1.20690%

12	Danske Invest Norge Vekst	1,457,532	1.17241%
13	The Bank of New York Mellon SA/NV	1,421,972	1.14381%
14	Skandinaviska Enskilda Banken AB	1,414,663	1.13793%
15	Mustang Capital AS	1,134,646	0.91269%
16	Vicama Capital AS	1,028,846	0.82759%
17	Titan Venture AS	857,372	0.68966%
18	Næringslivets Hovedorganisasjon	564,343	0.45395%
19	Arepo AS	553,686	0.44538%
20	Borg Capital Partners AS	494,000	0.39737%

*Strategic Value Master Fund, Ltd, Strategic Value Special Situations Master Fund IV, LP and Strategic Value Opportunities Fund, LP are funds managed by Strategic Value Partners LLC, ("SVP"). Taken together, these funds hold approx. 34.76% of the shares in the Company (through the nominee Barclays Capital Inc).

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

9.7. Board authorisations

The board is authorized to increase the share capital by a maximum amount of NOK 621,594,495 in one or more share capital increases through issuance of new shares. The subscription price per share shall be fixed by the board in connection with each issuance. The authorization is valid until the annual general meeting in 2024, however no longer than until 30 June 2024. Existing shareholders' pre-emptive rights to subscribe for and to be allocated shares may be derogated from, cf. the Norwegian Private Companies Act sections 10-4 and 10-5.

The authorization may be used in connection with (a) capital raise for the financing of the Company's business, (b) acquisitions and mergers, and (c) other purposes that are deemed to be in the Company's interest.

The authorization covers share capital increases against contribution in cash, as well as share capital increases against contribution in kind and with special subscription terms, cf. section 10-2 of the Norwegian Private Companies Act. The authorization also covers issuance of consideration shares in a merger.

The board shall resolve the necessary amendments to the articles in accordance with capital increases resolved pursuant to the authorization.

9.8. Financial instruments

The Company has not issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company.

9.9. Shareholder rights

The Company has one class of shares in issue and all Shares provide equal rights in the Company, including the rights to any dividends. Each of the Company's shares carries one vote. The rights attached to the Shares are further described in Section 9.10 "The Articles of Association" and in Section 9.11 "Certain aspects of Norwegian corporate law".

9.10. The Articles of Association

The Company's Articles of Association are set out in Appendix A to this Information Document. Below is a summary of certain of the provisions and aspects of the Articles of Association.

Company name

Pursuant to section Section 1 of the Articles of Association, the Company's name is Dolphin Drilling AS.

Objective of the Company

Pursuant to section Section 2 of the Articles of Association, the Company's objective is to conduct business related to drilling rigs and other offshore related business, including to own, lease and operate drilling rigs, as well as to invest in other companies or develop other businesses, and all that is related to the aforementioned.

Share capital and nominal value

Pursuant to section Section 3 of the Articles of Association, the Company's share capital is NOK 1,243,188,990 divided into 124,318,899 shares, each with a nominal value of NOK 10.00.

Board of Directors

Pursuant to section Section 6 of the Articles of Association, the Company's Board of Directors shall consist of between 3 and 12 shareholder elected Board members.

Restrictions on transfer of Shares

The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company's shareholders. Share transfers are not subject to approval by the Board of Directors.

Change of control

There are no provisions in the Articles of Association that would have an effect of delaying, deferring or preventing a change in control of the Company.

General meetings

Pursuant to section Section 7 of the Articles of Association, the ordinary general meeting shall consider and decide the following matters:

- Approval of the annual accounts and the annual report, including distribution of dividends.
- Determination of remuneration to the Board of Directors and approval of remuneration to the auditor.
- Other matters which according to law or the articles of association pertain to the general meeting.

When documents pertaining to matters which shall be handled at the general meeting have been made available for shareholders on the company's website, the statutory requirement that the documents shall be distributed to shareholders does not apply, pursuant to Section 7 of the Articles of Association. This is also applicable to documents which according to law shall be included in or attached to the notice of the general meeting. A shareholder may nonetheless demand to be sent such documents. The Company's communication with its shareholders can always take place electronically.

9.11. Certain aspects of Norwegian corporate law

9.11.1. General meetings

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held on or prior to 30 June of each year. Norwegian law requires that written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting be sent to all shareholders with a known address no later than seven days before the annual general meeting of a Norwegian private limited liability company shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. All of the Company's shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the general meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at general meetings.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 10% of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings.

9.11.2. Voting rights

Each of the Company's Shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or the Articles of Association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast is elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Articles of Association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants by the Company or to authorize the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the Articles of Association.

In general, only a shareholder registered in the VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees.

There are no quorum requirements that apply to the general meetings.

9.11.3. Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Articles of Association must be amended, which requires the same vote as other amendments to the Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a general meeting passed by the same vote required to amend the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the Articles of Association, authorize the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorization may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered nominal share capital when the authorization is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new shares, the value of their subscription rights will be lost and such shareholders' proportional ownership interests in the Company will be reduced.

9.11.4. Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 10% or more of the Company's share capital have a right to demand in writing that the Board of Directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

9.11.5. Rights of redemption and repurchase of Shares

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorization to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not lead to the share capital with deduction of the aggregate nominal of the holding of own shares is less than the minimum allowed share capital of NOK 30,000, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the General Meeting of the Company cannot be granted for a period exceeding 24 months.

9.11.6. Shareholder vote on certain reorganisations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting of the shareholders passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

9.11.7. Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

9.11.8. Takeover bids and forced transfer of shares

The Company is not subject to the takeover regulations set out in the Norwegian Securities Trading Act, or otherwise.

The Shares are, however, subject to the provisions on compulsory transfer of shares as set out in the Norwegian Private Companies Act. If a private limited liability company alone, or through subsidiaries, owns 9/10 or more of the shares in the subsidiary, and may exercise a corresponding part of the votes that may be cast in the general meeting, the board of directors of the parent company may resolve that the parent company shall take over the remaining shares in the company. Each of the other shareholders in the subsidiary have the right to require the parent company to take over the shares. The parent company shall give the shareholders a redemption offer pursuant to the provisions of the Norwegian Private Companies Act. The redemption amount will in the absence of agreement or acceptance of the offer be fixed by a discretionary valuation.

10. NORWEGIAN TAXATION

*The following is a brief summary of certain Norwegian tax considerations relevant to the acquisition, ownership and disposition of Shares by holders that are residents of Norway for purposes of Norwegian taxation ("**resident or Norwegian shareholders**") and holders that are not residents of Norway for such purposes ("**non-resident or foreign shareholders**").*

The summary is based on applicable Norwegian laws, rules and regulations as at the date of this Information Document. Such laws, rules and regulations may be subject to changes after this date, possibly on a retroactive basis for the same tax year. The summary is of a general nature and does not purport to be a comprehensive description of all tax considerations that may be relevant and does not address taxation in any other jurisdiction than Norway.

The summary does not concern tax issues for the Company and the summary only focuses on the shareholder categories explicitly mentioned below. Special rules may apply to shareholders who are considered transparent entities for tax purposes, for shareholders holding shares through a Norwegian permanent establishment and for shareholders that have ceased or cease to be resident in Norway for tax purposes.

Each shareholder, and specifically non-resident shareholders, should consult with and rely upon their own tax advisers to determine their particular tax consequences.

10.1. Taxation of dividends

10.1.1. Resident corporate shareholders

Dividends distributed from the Company to Norwegian corporate shareholders (i.e. limited liability companies and certain similar entities) are generally exempt from tax pursuant to the participation exemption method (Norwegian: *"Fritaksmetoden").* However, 3% of such dividends are taxable as general income at a current rate of 22%, implying that dividends distributed from the Company to resident corporate shareholders are effectively taxed at a rate of 0.66%.

10.1.2. Resident personal shareholders

Dividends distributed from the Company to Norwegian personal shareholders are taxed as ordinary income at a current rate of 22% to the extent the dividends exceed a statutory tax-exempt allowance (Norwegian: *"Skjermingsfradrag"*). The tax basis is upward adjusted with a factor of 1.72 before taxation, implying that dividends exceeding the tax free allowance are effectively taxed at a rate of 37.84%.

The tax-exempt allowance is calculated and applied on a share-by-share basis. The allowance for each share equals the cost price of the share multiplied by a risk-free interest rate determined based on the interest rate on Norwegian treasury bills with three months maturity plus 0.5 percentage point, and adjusted downwards with the tax rate. The allowance one year is allocated to the shareholder owning the share on 31 December. Norwegian personal shareholders who transfer Shares during an income year will thus not be entitled to deduct any calculated allowance related to the transaction year. The Directorate of Taxes announces the risk free-interest rate in January the year after the income year.

Any part of the calculated allowance one year exceeding distributed dividend on a Share (excess allowance) can be carried forward and set off against future dividends (or capital gains) on the same Share (but may not be set off against taxable dividends / capital gains on other Shares). Furthermore, for the purpose of calculating the allowance the following years, any excess allowance is added to the cost price of the share and thereby included in the basis for the calculation of allowance the following years.

10.1.3. Non-resident shareholders

Dividends distributed from the Company to non-resident shareholders are in general subject to Norwegian withholding tax at a rate of currently 25%, unless otherwise provided for in an applicable tax treaty or the recipient is corporate shareholder tax resident within the European Economic Area (the "**EEA**") (ref. Section 10.1.4 below for more information on the EEA exemption). Norway has entered into tax treaties with approximate 80 countries. In most tax treaties the withholding tax rate is reduced to 15% or lower.

Shareholders, who have been subject to a higher withholding tax than applicable, may apply to the Central Office for Foreign Tax Affairs for a refund of the excess withholding tax.

If foreign shareholders are engaged in business activities in Norway, and their Shares are effectively connected with such business activities, dividends distributed on their Shares will generally be subject to the same taxation as that of Norwegian shareholders.

Foreign shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming refund of withholding tax.

10.1.4. Shareholders tax resident within the EEA

Dividends distributed from the Company to personal shareholders tax-resident within the EEA are upon request entitled to a deductible allowance. The shareholder shall pay the lesser amount of (i) withholding tax according to the rate in the applicable tax treaty or (ii) withholding tax at 25% after deduction of the tax-free allowance. Any excess allowance may be carried forward.

Dividends distributed from the Company to corporate shareholders tax resident within the EEA are exempt from Norwegian withholding tax, provided the shareholder is the beneficial owner of the Shares and genuinely established and performs genuine economic business activities within the EEA.

10.2. Taxation upon realization of shares

10.2.1. Resident corporate shareholders

For Norwegian corporate shareholders capital gains upon realization of Shares are generally exempt from tax. Losses are not deductible.

10.2.2. Resident personal Shareholders

For Norwegian personal shareholders capital gains upon realization of Shares are taxable as general income in the year of realization, and have a corresponding right to deduct losses that arise upon such realization. The tax liability applies irrespective of time of ownership and the number of Shares realized. The tax rate for general income is currently 22%. The tax basis is adjusted upward with a factor of 1.72 before taxation/deduction, implying an effective taxation at a rate of 37.84%.

The taxable gain or loss is calculated per Share as the difference between the consideration received and the cost price of the Share, including any costs incurred upon acquisition or realization of the Share. Any unused allowance on a Share (see above) may be set off against capital gains on the same Share, but will not lead to or increase a deductible loss. I.e. any unused allowance exceeding the capital gain upon realization of the Share will be annulled. Any unused allowance on one Share may not be set of against gains on other Shares.

If a shareholder disposes of Shares acquired at different times, the Shares that were first acquired will be deemed as first disposed (the FIFO-principle) when calculating a taxable gain or loss.

Special exit tax rules apply for resident personal shareholders that cease to be tax resident in Norway.

10.2.3. Non-resident shareholders

Gains from realization of Shares by non-resident shareholders will not be subject to taxation in Norway unless (i) the Shares are effectively connected with business activities carried out or managed in Norway, or (ii) the Shares are held by an individual who has been a resident of Norway for tax purposes with unsettled/postponed exit tax.

10.3. Net wealth tax

Norwegian corporate shareholders are not subject to net wealth tax.

Norwegian personal shareholders are generally subject to net wealth taxation at a current rate of 0.95% (1% from 2023) on net wealth exceeding NOK 1,700,000 and up to NOK 19,999,999, and a current rate of 1.1% on net wealth of NOK 20,000,000 and above. The general rule is that the Shares will be included in the net wealth with 75% (80% from 2023) of their proportionate share of the Company's calculated wealth tax value as of 1 January in the income year.

Non-resident shareholders are generally not subject to Norwegian net wealth tax, unless the Shares are held in connection with business activities carried out or managed from Norway.

10.4. Stamp duty / transfer tax

Norway does not impose any stamp duty or transfer tax on the transfer or issuance of Shares.

Norway does not impose any inheritance tax. However, the heir continues the giver's tax positions, including the input values, based on principles of continuity.

10.5. The Company's responsibility for the withholding of taxes

The Company is responsible for and shall deduct, report and pay any applicable withholding tax to the Norwegian tax authorities.

11. ADDITIONAL INFORMATION

11.1. Admission to Euronext Growth

On 26 October 2022, Oslo Børs approved the Company's application for Admission to Euronext Growth. The first day of trading of the Company's Shares on Euronext Growth will be on 28 October 2022. The Company's Shares are not listed on any other marketplace or on any regulated market, and no such listing has been applied for.

11.2. Independent auditors

The Company's independent auditor is KPMG AS with registered business address Sørkedalsveien 6, N-0369 Oslo, Norway. The partners of KPMG AS are members of the Norwegian Institute of Public Accountants. KPMG AS has audited the Parent Financial Statements prepared by the Company for the period from 1 April 2022 until 31 August 2022. The DDHL Financial Statements prepared by DDHL for the financial years ended 31 December 2021 and 2020 have been audited by KPMG LLP, Chartered Accountants with address 1 Marischal Square, Aberdeen, AB10 1DD.

11.3. Advisors

DNB Markets, a part of DNB Bank ASA, Arctic Securities AS and Pareto Securities AS acted as managers in connection with the Private Placement. DNB Markets has acted as Euronext Growth Advisor in connection with the Admission.

Advokatfirmaet Schjødt AS has acted as Norwegian legal counsel to the Company.

Advokatfirmaet Wiersholm AS has acted as Norwegian legal counsel to the managers.

12. DEFINITIONS AND GLOSSARY

In the Information Document, the following defined terms have the following meanings:

Admission	The admission to trading of the Company's Shares on Euronext Growth
Articles of Association	The Company's articles of association
Board of Directors or Board	The board of directors of the Company
CEO	The Group's chief executive officer
CEST	Central European Summer Time
Company or Dolphin Drilling	Dolphin Drilling AS
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance, dated 14 October 2021
Data Protection Laws	Laws and regulations regarding data protection and privacy
DDL	Dolphin Drilling Limited
DDHL	Dolphin Drilling Holdings Limited
E&P	Exploration and production
EEA	The European Economic Area
EU	The European Union
Euronext Growth	Euronext Growth Oslo
Euronext Growth Advisor	DNB Markets, a part of DNB Bank ASA
FOE	Fred Olsen Energy
DDHL Financial Statements	The audited consolidated financial statements for DDHL as of and for the financial years ended 31 December 2021 and 31 December 2020, as well as DDHL's unaudited interim financial statements for the six months period ended 30 June 2022
General Meeting	The Company's general meeting of shareholders
Group	The Company together with its consolidated subsidiaries
HMRC	Her Majesty's Revenue & Customs
IEA	International Energy Agency
IFRS	International Financial Reporting Standards, as adopted by the EU
Information Document	This information document dated 28 October 2022
KPIs	Key performance indicators
Management	The senior executive management team of the Group
Manager	DNB Markets, a part of DNB Bank ASA
NOK	Norwegian Kroner, the lawful currency of Norway.
Non-resident or foreign shareholders	Shareholders that are not residents of Norway for purposes of Norwegian taxation
Norwegian Private Companies Act	Norwegian Private Limited Liability Companies Act of 13 June 1997 no. 44
OPEC	The Organisation of Petroleum Exporting Countries
Parent Financial Statements	The interim stand-alone financial statements for the Company for the period from its incorporation on 1 April 2022 and until 31 August 2022
Private Placement	The private placement completed by the Company, as announced on 1 September 2022 and 5 September 2022
Resident or Norwegian shareholders	Shareholders that are residents of Norway for purposes of Norwegian taxation
Share-Swap	The transaction carried out by the Company for the purpose of becoming the holding company of the Group and for the purpose of the Admission, as further described in section 9.2 "The Share-Swap".
Shares	The shares of the Company
U.S. or United States	The United States of America
U.S. Securities Act	The U.S. Securities Act of 1933
USD	United States Dollars, the lawful currency of the United States
VPS	The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen*).
VPS Registrar	DNB Bank ASA

APPENDIX A:

ARTICLES OF ASSOCIATION OF THE COMPANY

VEDTEKTER

FOR

DOLPHIN DRILLING AS

(org.nr. 929 255 038)

(sist endret 12. september 2022)

§ 1

Selskapets navn er Dolphin Drilling AS.

§ 2

Selskapets formål skal være å drive virksomhet knyttet til borerigger og annen offshorerelatert virksomhet, herunder å eie, leie ut og drifte borerigger, samt investere i andre selskaper eller utvikle annen virksomhet, og alt som står i forbindelse med det forannevnte.

§ 3

Selskapets aksjekapital er NOK 1 243 188 990 fordelt på 124 318 899 aksjer, hver pålydende NOK 10,00.

§ 4

Selskapets aksjer er fritt omsettelige. Erverv av aksjer er ikke betinget av selskapets samtykke, og aksjonærer har ikke forkjøpsrett til aksjer som skifter eier.

§ 5

Selskapets aksjer skal være registrert i VPS.

§ 6

Selskapets styre skal bestå av mellom 3 og 12 aksjonærvalgte styremedlemmer. Styrets leder alene eller to styremedlemmer i fellesskap signerer på vegne av selskapet. Styret kan meddele prokura.

§ 7

UNOFFICIAL OFFICE TRANSLATION – IN CASE OF DISCREPANCY THE NORWEGIAN VERSION SHALL PREVAIL:

ARTICLES OF ASSOCIATION

FOR

DOLPHIN DRILLING AS

(reg. no. 929 255 038)

(last amended on 12 September 2022)

Section 1

The company's name is Dolphin Drilling AS.

Section 2

The purpose of the company shall be to conduct business related to drilling rigs and other offshore related business, including to own, lease and operate drilling rigs, as well as to invest in other companies or develop other businesses, and all that is related to the aforementioned.

Section 3

The company's share capital is NOK 1,243,188,990 divided on 124,318,899 shares, each with a par value of NOK 10.00.

Section 4

The shares of the company are freely transferable. The acquisition of shares is not subject to consent from the company, and shareholders do not have pre-emptive rights upon the transfer of shares.

Section 5

The company's shares shall be registered in the VPS.

Section 6

The company's Board of Directors shall consist of between 3 and 12 shareholder elected board members. The chairman of the board alone or two board members jointly sign on behalf of the company. The Board of Directors may grant power of procuration.

Section 7

Selskapets ordinære generalforsamling skal behandle og avgjøre følgende saker:

(i) Godkjennelse av årsregnskapet og årsberetningen, herunder utdeling av utbytte.

(ii) Fastsettelse av godtgjørelse til styret og godkjenning av godtgjørelse til revisor.

(iii) Andre saker som i henhold til lov eller vedtektene hører inn under generalforsamlingen.

Når dokumenter som gjelder saker som skal behandles på generalforsamlingen er gjort tilgjengelige for aksjeeierne på selskapets internettsider, gjelder ikke lovens krav om at dokumentene skal sendes til aksjeeierne. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel kreve å få tilsendt slike dokumenter. Selskapets kommunikasjon med aksjeeiere kan alltid finne sted elektronisk.

The company's ordinary general meeting shall consider and decide the following matters:

(i) Approval of the annual accounts and the annual report, including distribution of dividends.

(ii) Determination of remuneration to the Board of Directors and approval of remuneration to the auditor.

(iii) Other matters which according to law or the articles of association pertain to the general meeting.

When documents pertaining to matters which shall be handled at the general meeting have been made available for shareholders on the company's website, the statutory requirement that the documents shall be distributed to shareholders does not apply. This is also applicable to documents which according to law shall be included in or attached to the notice of the general meeting. A shareholder may nonetheless demand to be sent such documents. The company's communication with its shareholders can always take place electronically.

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APPENDIX B:

AUDITED FINANCIAL STATEMENTS FOR DDHL FOR THE YEAR ENDED 31 DECEMBER 2021

Dolphin Drilling Holdings Limited

Financial statements for the year ended 31 December 2021

Registered Number: 128483

Contents

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and UK-adopted International Financial Reporting Standards.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Dolphin Drilling Holdings Limited

Opinion

We have audited the group financial statements of Dolphin Drilling Holdings Limited ("the company") for the year ended 31 December 2021 which comprise the Group Income Statement; the Group Statement of Comprehensive Loss; the Group Statement of Financial Position; Group Statement of Changes in Equity; the Group Statement of Cash Flows; and the related notes, including the accounting policies in note 3.

In our opinion the group financial statements:

- give a true and fair view, in accordance with UK-adopted International Financial Reporting Standards, of the state of the group's affairs as at 31 December 2021 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1 to the financial statements which indicates that in order to achieve the group's strategy, customer contracts for two of the three rigs owned by the group need to be secured, and then additional funding to reactivate those rigs need to be obtained from new and existing shareholders. The timing and outcome of obtaining new customer contracts and new financing is not certain. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and the Board, and inspection of policy documentation as to the group's high-level policies and procedures to prevent and detect fraud, including the group's channel for whistleblowing, as well as whether they have knowledge of any actual, suspected or alleged fraud.

Independent auditor's report to the members of Dolphin Drilling Holdings Limited (continued)

Fraud and breaches of laws and regulations – ability to detect *(continued)*

- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to full scope component audit teams of relevant fraud risks identified at the group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular that the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as tangible fixed asset impairment assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because of the number and size of revenue contracts in the year that span the year end.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journals posted to unexpected accounts and journal descriptions which may indicate high risk.
- Using our knowledge of the group and its industry, to assess at group level, the key assumptions in the cash flow forecasts used to determine the recoverable amount of the tangible fixed assets.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to all in-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for all in-scope component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the UK corporation tax contingent liability discussed in note 9 to the financial statements, we assessed the disclosure against reports from the related regulatory hearings referred to.

Independent auditor's report to the members of Dolphin Drilling Holdings Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the company's accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 1, the directors are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor’s report to the members of Dolphin Drilling Holdings Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company’s members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

David Derbyshire
for and on behalf of KPMG LLP
Chartered Accountants
1 Marischal Square
Aberdeen
AB10 1DD

12 September 2022

Group Income Statement
for the year 1 January 2021 to 31 December 2021

	Note	***31 December 2021***	*31 December 2020*
		$000	$000
Revenue	*4*	**120,972**	53,051
Cost of sales		**(173,283)**	(103,673)
Gross loss		**(52,311)**	(50,622)
Administrative expenses	*5*	**(22,965)**	(21,880)
Other operating income	*5*	**3,626**	–
Operating loss		**(71,650)**	(72,502)
Operating loss is analysed between			
Operating loss before separately disclosed items		**(21,789)**	(72,502)
Separately disclosed items	*5*	**(49,861)**	–
		(71,650)	(72,502)
Interest payable and similar expenses	*8*	**(5,180)**	(3,308)
Interest receivable and similar income	*8*	**341**	2,438
Loss before taxation		**(76,489)**	(73,372)
Taxation	*9*	**(1,411)**	(320)
Loss for the financial year		**(77,900)**	(73,692)

Group Statement of Comprehensive Loss
for the year ended 31 December 2021

	31 December 2021	*31 December 2020*
	$000	$000
Loss for the year	**(77,900)**	(73,692)
Other comprehensive loss		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on foreign operations	**211**	(2,277)
Items that will not be reclassified to profit or loss:		
Remeasurement defined benefit pension plan	**(247)**	53
Other comprehensive loss for the year, net of income tax	**(36)**	(2,224)
Total comprehensive loss for the year	**(77,936)**	(75,916)

Group Statement of Financial Position

at 31 December 2021

	Note	*2021* $000	*2020* $000
Non-current assets			
Intangible assets	*10*	**2,822**	–
Tangible assets	*11*	**55,613**	91,765
Deferred tax asset	*17*	**59**	506
		58,494	92,271
Current assets			
Inventories	*12*	**20,004**	38,260
Trade and other receivables	*13*	**44,861**	41,004
Income taxes receivable		**2,932**	3,144
Cash and cash equivalents	*14*	**23,263**	30,018
		91,060	112,426
Assets held for sale	*21*	**1,363**	2,063
Total assets		**150,917**	206,760
Capital and reserves			
Called up share capital	*19*	**16**	13
Share premium	*19*	**239,457**	229,460
Reserves		**(220,769)**	(142,833)
		18,704	86,640
Current liabilities			
Trade and other payables	*15*	**39,468**	39,753
Financial liabilities – loans and borrowings	*16*	**20,071**	433
		59,539	40,186
Non-current liabilities			
Employee benefits	*18*	**3,856**	3,832
Financial liabilities – loans and borrowings	*16*	**68,818**	76,102
		72,674	79,934
Total liabilities		**132,213**	120,120
Total equity and liabilities		**150,917**	206,760

These financial statements were approved by the board of directors on 12 September 2022 and were signed on its behalf by:

Stephen Cox
Chief Financial Officer

Group Statement of Changes in Equity
for the year ended 31 December 2021

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
	$000	**$000**	**$000**	**$000**	**$000**
Balance at 31 December 2019	13	229,460	(1,220)	(65,697)	162,556
Total comprehensive loss for the year					
Loss for the year	–	–	–	(73,692)	(73,692)
Other comprehensive loss	–	–	(2,277)	53	(2,224)
	–	–	(2,277)	(73,639)	(75,916)
Balance at 31 December 2020	13	229,460	(3,497)	(139,336)	86,640
Transactions with owners, recorded directly into equity					
Issue of shares	3	9,997	–	–	10,000
	3	9,997	–	–	10,000
Total comprehensive loss for the year					
Loss for the year	–	–	–	(77,900)	(77,900)
Other comprehensive loss	–	–	211	(247)	(36)
	–	–	211	(78,147)	(77,936)
Balance at 31 December 2021	**16**	**239,457**	**(3,286)**	**(217,483)**	**18,704**

Group Statement of Cash Flows

for the year ended 31 December 2021

	Note	***For the year ended 31 December 2021*** **$000**	*For the year ended 31 December 2020* $000
Cash generated from operating activities			
Loss before taxation		**(76,489)**	(73,372)
Adjustments for:			
Depreciation, amortisation and impairment of assets	*5*	**46,898**	26,648
Impairment of asset held for sale		**700**	-
Net finance costs		**4,839**	870
Gain on disposal of fixed assets		**(3,500)**	(2,026)
Changes in working capital:			
(Increase) in inventories and work in progress		**18,372**	(525)
(Increase) in trade and other receivables		**(4,069)**	(14,584)
(Decrease) / increase in trade and other payables		**(3,839)**	17,699
		(17,088)	(45,290)
Tax (paid) / refund		**(268)**	1,921
Net cash used in operating activities		**(17,356)**	(43,369)
Cash flows from investing activities			
Purchases of property, plant and equipment	*11*	**(11,130)**	(8,399)
Purchases of intangible assets		**(2,160)**	-
Proceeds from sale of property, plant and equipment		**3,510**	5,328
Net cash used in investing activities		**(9,780)**	(3,071)
Cash flows from financing activities			
Issue of new share capital		**10,000**	-
(Repayment) / draw of borrowings	*16*	**(6,943)**	24,000
Liabilities from increase in receivables factoring arrangements		**19,650**	-
Payment of liabilities from long term leases		**(422)**	(506)
Net interest paid		**(2,382)**	(619)
Net cash generated from financing activities		**19,903**	22,875
Net change in cash and bank		**(7,233)**	(23,565)
Effect of changes in exchange rates		**478**	(1,691)
Cash and cash equivalents opening balance		**30,018**	55,274
Cash and cash equivalents at 31 December		**23,263**	30,018

Notes to the financial statements
at 31 December 2021

1 Basis of preparation

Dolphin Drilling Holdings Limited is a private company incorporated, domiciled and registered in Jersey, registration address 22 Grenville Street, St Helier, Jersey, JE48PX (registration number: 128483). The company was incorporated on 08 March 2019.

The financial statements are for the year ended 31 December 2021. The company and group presents comparative financial information for the period from 1 January 2020 to 31 December 2020.

These financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations. The financial statements have been prepared under the historical cost convention with the exception of certain financial instruments and balances required to be measured at fair value.

The group financial statements are presented in United States Dollars, which is also the parent company's functional currency. The dollar is the prevalent currency used within the oil industry and the group has a significant level of dollar cash flows, assets and liabilities. All amounts are presented to the nearest USD 1,000 ($000) except when otherwise indicated. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

The consolidated financial statements include the results, cash flows, assets and liabilities of Dolphin Drilling Holdings Limited, its subsidiaries and the group's share of any non-wholly owned subsidiary operations (note 24). The financial statements of subsidiaries are prepared for the same reporting year as the group using consistent accounting policies.

A subsidiary is an entity controlled, either directly or indirectly, by the group, where control is the power to direct relevant activities, exposure or rights to variable returns and the ability to use power to affect returns. The results of acquisitions are included in the group's results from the effective date on which control is transferred to the group. The results of a subsidiary sold during the year are included in the group's results up to the effective date on which control is transferred out of the group. All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not 100% owned by the group and are presented within equity in the Consolidated Balance Sheet, separately from the group shareholders' equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest, any resultant gain or loss is recognised as profit or loss.

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed in note 2.

Going concern
The financial statements for the group have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Directors have considered the future financial performance and liquidity of the group headed by Dolphin Drilling Holdings Limited (the "Group"). These financial statements have been prepared on a going concern basis notwithstanding the Group's loss for the year of $77.9 million after an impairment to rigs and inventory of $51.2 million.

Subsequent to the year end, the Group has undertaken a refinancing, in which the Group's $75 million debt facilities were converted to an equity shareholding. Further details of this transaction is disclosed in note 16, 25 and below.

Notes to the financial statements
at 31 December 2021

1. Basis of preparation (continued)

Going concern (continued)

The loss before tax for the year of $76.5 million includes non-cash items for depreciation and impairment of $65.3 million. Net cash used in operations was $13.9 million, reflecting income and costs from rig operations during the year and the cost of maintaining "smart stacking" operational status on one rig. Capital expenditure outflows were $13.3 million.

At the year end, the Group had cash at bank of $23.3 million including $10 million from the issue of new share capital. A further $20.0 million of funding has been received subsequent to the year end from an issue of share capital to fund operations. The Group's $45 million revolving credit facility and $30 million term loan, of which, $68.1 million was drawn at 31 December 2021, have been capitalised and converted to equity subsequent to the year end.

The Group's cash flows are earned from drilling rig charters and management contracts. The nature of the Group's business is such that there can be considerable, unpredictable variation in agreeing customer drilling contracts and the timing of cash inflows. The offshore drilling requirements of the Group's potential customers are impacted by volatility in energy prices. Whilst geo-political events and economic activity recovering post-COVID have increased oil and gas prices in 2021 and 2022 to date, and this in turn has increased demand and the level of expected charter rates for offshore oil and gas drilling, agreeing new contracts, and forecasting their timing, successful operation and duration, is not certain. At the date of approval of these financial statements, the Group has secured and agreed one contract for which the rig is currently mobilising and is scheduled to operate during 2023.

The Group's strategy is to achieve drilling contract work for all three of the Group's owned rigs in the context of increased oil and gas market activity in 2022 and evidence of the rebalancing of supply and demand for available rig capacity. This objective is principally subject to the risk of securing long term drilling contracts for two out of three rigs which are currently smart stacked and not operating. The Group's strategy also requires new funding for the reactivation costs of the two stacked rigs and a class survey for one of the rigs. New funding is also required to fund operating costs and working capital should new drilling contracts not be agreed in the forecast period.

Consequently, the directors are currently evaluating options for new customer contracts and for equity and debt funding from new and existing shareholders. The level of funding required for the Group to continue as a going concern will vary depending on how many of its three rigs it chooses to operate and on which it therefore incurs capital investment. The level of funding will also vary based on what new customer contracts are secured, if any, and their terms, including rate, cash flows and duration. The Group's majority shareholders has indicated in writing its intention to make available such funds as are needed by the Group whilst it seeks new financing, which is expected to be within three months. As with any company placing reliance on its shareholder for financial support, which is not a legally binding commitment, the directors acknowledge that there can be no certainty that this support will be received although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

No cash outflow is expected relating to the uncertain UK tax position disclosed in note 9.

Whilst being actively pursued, there is no certainty that the Group will secure new customer contracts or receive sufficient new funding from new or existing shareholders to operate as a going concern for the next twelve months. Based on their evaluation and inquiries, the directors believe that it is reasonable to expect that new customer contracts and sufficient new funding can be agreed and that the Group's cash flow forecast, including the additional funding from new and existing shareholders, will enable the Group to meet its liabilities for at least twelve months. On this basis, the directors believe that is appropriate to prepare the Group's financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

Notes to the financial statements
at 31 December 2021

2 Significant accounting estimates and judgements

2.1 Useful economic lives of tangible fixed assets

Tangible fixed assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

The useful lives of drilling rigs are inherently difficult to estimate due to a variety of factors, including technological advances that impact the methods or cost of oil and natural gas exploration and development, changes in market or economic conditions and changes in laws or regulations affecting the drilling industry. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

At the end of the prior financial year, the useful economic live of the Dolphin Blackford rig was extended to 10 years (previously five years). This longer useful economic life requires a further five year class renewal survey is completed during this period.

2.2 Impairment indicators and recoverable amount of rigs

The global market for floating oil and gas drilling units has been challenging in 2020 and 2021, the coronavirus Covid- 19 global pandemic and geopolitical events have had a significant and adverse impact on the macro-economic environment and global economy. These factors may continue to impact the recoverable amount of rigs in 2022 and an impairment indicator was identified at 31 December 2021 impacting stacked rigs (note 11).

Commodity prices and the impact to charter day rates and contract activity are therefore critical considering whether an impairment trigger exists.

An impairment of an asset's carrying value exists when the carrying value of a cash generating unit exceeds its recoverable amount, which is the higher of its value in use or fair value less costs to sell. When applicable, the group uses cash flows derived from the budget for the next five years with inflationary growth only for subsequent years.

The recoverable amount is most sensitive to the expected future cash-inflows arising from rig utilisation and day rates, the discount rate used and the growth rate used for extrapolation purposes.

2.3 Tax positions and deferred tax assets

The group operates in a number of territories worldwide with complex local and international tax legislation. The tax estimate is prepared prior to the tax return being filed with the relevant tax authority and significantly in advance of any position being agreed with the relevant authority. The estimation of tax liabilities and assets therefore involves both estimates and judgment, particularly in jurisdictions where the application of tax legislation is less established.

Details of contingent tax liabilities, including those determined in favour of the Group and subject to appeal, are disclosed in note 9.

Deferred tax is provided on temporary differences and tax assets to the extent it is probable that future taxable profits will be available against which the temporary difference or tax asset could be utilised. This requires management to make estimates and judgments on future profits. Deferred tax is disclosed in note 17.

Notes to the financial statements
at 31 December 2021

3 Accounting policies

3.1 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Income statements of entities whose functional currency is not the United States Dollar are translated into United States Dollars at average rates of exchange for the year and assets and liabilities are translated into United States Dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation of net assets in such entities held at the beginning of the year, together with those differences resulting from the restatement of profits and losses from average to year end rates are recognised in other comprehensive income.

3.2 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when originated. All other financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at:

Amortised cost;

Fair value through other comprehensive income (FVOCI);

Fair value through profit and loss (FVPL).

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

Notes to the financial statements
at 31 December 2021

3 Accounting policies (continued)

3.2 Financial instruments (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVPL. This includes all derivative financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(b) Subsequent measurement and gains and losses

Financial assets at FVPL – these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
(b) where the instrument will or may be settled in the group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group's own equity instruments or is a derivative that will be settled by the group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Impairment

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

Notes to the financial statements
at 31 December 2021

3 Accounting policies (continued)

3.2 Financial instruments (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

3.3 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings 20 years
- Fixtures and fittings 3 to 10 years
- Motor vehicles 3 years
- Accommodation vessel 3 to 5 years
- Drilling rigs 3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

3.4 Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Notes to the financial statements
at 31 December 2021

3 Accounting policies (continued)

3.5 Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

IT software (Enterprise Resource Planning) - 5 years

3.6 Impairment excluding stocks and deferred tax assets

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and typically includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses. Allowance is made for obsolete and slow-moving items, based upon annual usage.

3.8 Employee benefits

Defined contribution and defined benefit plans

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans are accounted for in accordance with International Accounting Standard (IAS) 19. Pension obligations are calculated by actuarial accounting based on earnings, economic and demographic assumptions. Pension assets are measured at fair value. Net pension liabilities consist of gross pensions liabilities less the fair value of pension funds. Net pension costs, which are gross pension costs less estimated return on pension assets, are classified as ordinary operating expenses and are presented together with salaries and other benefits.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the financial statements
at 31 December 2021

3 Accounting policies (continued)

3.9 Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

3.10 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is stated net of sales taxes (such as VAT) and discounts.

Revenue recognition is based on the existence of a valid contract, the determination and allocation of performance obligations and the transaction price of the services, and the satisfaction of the performance obligations contained in the contract Revenue is recognised when or as the performance obligations are satisfied.

Revenue from lease contracts

The group recognises revenue from lease arrangements on a systematic basis based on the benefits received from the leased assets. In the case of rigs the lease income is generally recognised on a straight line basis over the lease term. In cases where the consideration covers a general upgrade of a unit or equipment, which increases the value of the unit or equipment beyond the contract period, the consideration is recognised as revenue over the contract period, whereas the investment is depreciated over the remaining lifetime of the asset. In cases where the consideration covers specific upgrades or equipment specific to the contract, the consideration is recognised as revenue over the estimated contract period. The related investment is depreciated over the estimated contract period.

Revenue from rendering of services

The rendering of services in a contract are normally assessed to meet the series guidance and accounted for as a single performance obligation for which revenue is recognised over time. The rate per hour of service is specifically allocated to the distinct hour within the series. As there is a right to bill the customer for each hour of service, which correspond directly with the value to the customer for the performance completed to date, revenue is recognised in the amount to which the entity has a right to invoice.

In connection with some contracts, the group receives lump-sum fees or similar compensation for the mobilisation of equipment and personnel prior to the commencement of drilling services or the demobilisation of equipment and personnel upon contract completion. Fees received for the mobilisation or demobilisation of equipment and personnel are included in revenue. The costs incurred in connection with the mobilisation and demobilisation of equipment and personnel are included in contract drilling expense.

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. Demobilisation fees expected to be received upon contract completion are estimated at contract inception and recognised on a straight-line basis over the contract term. In some cases, demobilisation fees may be contingent upon the occurrence or non-occurrence of a future event. In such cases, this may result in adjustments upon changes of estimate during the contract term. Costs associated with the mobilisation of equipment and personnel to more promising market areas without contracts are expensed as incurred.

Revenue from reimbursable expenditure

Revenue for the purchases of certain supplies, personnel services and other services provided on behalf of and at the request of customers in accordance with a contract or agreement for which the group is principal are recognised as revenue under IFRS 15 and accounted for separately when enforceable rights and obligations arise. The list prices for these goods and services are representative of the standalone selling price.

Notes to the financial statements
at 31 December 2021

3 Accounting policies (continued)

3.11 Financial income and expense

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

3.12 Acquisitions

Business combinations are accounted for using the acquisition method when there is a change of control. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in administrative expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

The group uses the purchase method of accounting to account for acquisitions. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

3.13 Share capital

The company has one class of ordinary shares that are classified as equity with a par value of Great British Pound (GBP) 1.

3.14 Leases

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. A single model for all leases is employed with the exception of leases for low-value assets or for periods of twelve months or less which are expensed to the income statement. The single model requires lessees to recognise most leases within the Consolidated Balance Sheet as lease liabilities. A corresponding right-of-use asset is recognised which represents the contractual right to use the leased asset for a period of time.

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the financial statements
at 31 December 2021

3 Accounting policies (continued)

3.14 Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise,
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

The group applies the exemption for leases of ‘low-value’ assets and short-term leases, recognising a cost of rental in the income statement in the year it occurs.

3.15 Taxation

Tax on the profit or loss for the year comprises current and deferred corporate tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on tax assets and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are not discounted.

Notes to the financial statements
at 31 December 2021

3 Accounting policies (continued)

3.16 Non-current assets held for sale

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

3.17 Disclosure of impact of future accounting standards – New and amended standards and interpretations

All new and amended standards and interpretations not yet effective are not material or applicable to the group.

4 Turnover

	2021	2020
	$000	$000
By geographical market		
Europe	**57,856**	47,297
Rest of the World	**63,116**	5,754
Total Revenue	**120,972**	53,051

Turnover can be further analysed by timing of revenue recognition:		
Transferred over time:		
Services revenue	**120,972**	53,051
Total revenue from external customers	**120,972**	53,051

The following table provides information about receivables and contract assets from contracts with customers:

	2021	2020
	$000	$000
Receivables	**25,194**	10,356
Contract assets / accrued income	**5,036**	3,894
Contract liabilities / deferred income	**(848)**	(5,866)

The contract assets primarily relate to the group's rights to consideration for work completed but not billed at the reporting date for drilling services. The contract assets are transferred to receivables when the rights become unconditional. The performance obligations satisfied to 31 December 2021 associated with the asset position at the end of the year were $67,296k.

Contract liabilities primarily relate to rig demobilisation costs expected to be incurred upon contract conclusion (2020: $nil). A separate contract asset is recognised representing the revenue attributable to this. Prior year contract liabilities primarily relate to the advance consideration received from customers under the contract. A separate contract asset was recognised representing the deferred cost attributable to this advance.

Notes to the financial statements
at 31 December 2021

5 Operating loss

	2021	2020
	\$000	\$000
Operating loss is stated after charging / (crediting):		
Depreciation written off tangible fixed assets – owned	**13,440**	26,132
Depreciation written off tangible fixed assets – leased	**418**	516
Amortisation of intangible assets	**263**	–
Impairment of tangible assets	**32,777**	–
Provision for inventory	**18,375**	
Impairment of assets held for sale	**700**	–
Gain on disposal of intangible assets	**(3,626)**	(2,026)
Loss / (gain) on foreign exchange	**26**	(738)
Cost related to short term leases and low value assets	**151**	200

Separately disclosed items

The group separately discloses certain items which are considered ‘exceptional’. These are items which, in management’s judgement, need to be disclosed by virtue of their size or incidence in order to obtain a proper understanding of the financial information in the year.

This disclosure is based on management internal information and it is an additional non-IFRS disclosure. For the year ended 31 December 2021 and 2020, the following amounts were reported within loss before taxation from continuing operations:

	2021	2020
	\$000	\$000
Legal, professional and other one-off costs	**1,635**	–
Impairment of tangible assets and inventories provision	**51,152**	–
Impairment of assets held for sale	**700**	–
Gain on sale of intangible assets	**(3,626)**	–
	49,861	–

6 Auditor’s remuneration

Services provided by the group’s auditors and member firms:

	2021	2020
	\$000	\$000
Audit fee, including that of subsidiary undertakings	**397**	392
Tax advisory services	**31**	16
Other tax advisory services	**44**	2
	472	410

Notes to the financial statements
at 31 December 2021

7 Staff costs

The average number of persons employed by the group (including directors) during the year was as follows:

	2021	2020
Average number of people employed during the year	**299**	236

The aggregate payroll costs of these persons were as follows:

	2021	2020
	$000	$000
Wages and salaries	**44,272**	36,900
Social security costs	**5,233**	4,895
Retirement benefit expense	**3,734**	2,647
	53,239	44,442

8 Net finance expense

	2021	2020
	$000	$000
Interest payable and similar expenses		
Interest on loans and borrowings	**5,111**	3,235
Finance charges on lease	**69**	73
	5,180	3,308
Interest receivable and similar income		
Other net financial income	**(341)**	(2,438)
	4,839	870

9 Taxation

Recognised in the income statement

	2021	2020
	$000	$000
Current tax:		
UK tax on income for the year	**47**	153
Foreign tax on income for the year	**919**	345
Adjustment relating to prior year	**6**	(91)
Total current tax charge	**972**	407
Deferred tax:		
Origination and reversal of temporary differences	**439**	(87)
Total deferred income tax / (credit)	**439**	(87)
Total tax expense	**1,411**	320

Notes to the financial statements
at 31 December 2021

9 Taxation (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 19% (2020: 19%).

Factors affecting the tax credit for the year

The tax assessed for the year differs from the UK statutory rate of corporation tax. The differences are explained below:

	2021 $000	2020 $000
Loss for the year	**(76,489)**	(73,372)
Tax at statutory rate of corporation tax in the UK 19%	**(14,533)**	(13,940)
Effects of:		
Non-deductible expenses	**9,993**	535
Difference in foreign tax rates	**(756)**	(827)
Depreciation not qualifying	**-**	20
Foreign tax suffered	**919**	209
Tax exempt losses	**259**	9,768
Prior year adjustment	**6**	(91)
Deferred tax not recognised	**5,523**	4,646
Total tax expense	**1,411**	320

On the 3 March 2021 it was announced that the main rate of UK corporation tax would increase to 25% effective from 1 April 2023. This rate was substantially enacted on 24 May 2021 and therefore deferred tax has been calculated at this rate at the current year balance sheet date (2020: 19%).

Uncertain tax position

Dolphin Drilling Limited, one of the group's subsidiaries, has a tax related contingency due to a dispute with HMRC regarding the treatment of a vessel for the purposes of Part 8ZA CTA 2010 (being the oil contractor legislation). The estimated possible unprovided tax exposure arising from this issue is of the order of £9.9 million ($13.3 million). The Group successfully defended its position at the First Tier Tribunal in September 2020 and at a further appeal which was handed down subsequent to the year end in August 2022. HMRC have applied to seek a further appeal to this ruling. Based on professional advice it has received and the finding in its favour on both occasions to date, the group continue to believe that no further tax liability will arise.

The Group has a number of historic open tax inquires which are contingent liabilities and contingent claims held in the Group’s subsidiary in Brazil, Dolphin Drilling Perfuração Brasil Ltda. The Group’s operations and trading in Brazil ended in 2014. Tax inquiries and appeals relating to the period 2012 to 2014 continue to be in progress. No provision has been recorded in these financial statements or in prior periods on the basis that any economic outflow is either not considered probable or is not reliably estimable. Should any amounts become payable, this will be recorded as a charge to taxation in future periods. Dolphin Drilling Perfuração Brasil Ltda also has a number of separate claims in Brazil to recover taxes suffered in the same periods which are contingent and will not be recognised as assets unless they are received.

Notes to the financial statements
at 31 December 2021

10 Intangible assets

	ERP costs $000
Cost	
Additions	2,160
Reclassification from tangible assets	950
Exchange movement	(31)
Balance at 31 December 2021	3,079
Depreciation and impairment	
Depreciation charge for the year	263
Exchange movement	(6)
Balance at 31 December 2021	257
Net book value	
At 31 December 2021	**2,822**
At 1 January 2021	–

Intangibles assets relate to capitalisation of third party costs incurred in the implementation of a new enterprise resource planning (ERP) solution.

11 Tangible fixed assets

	Drilling rigs $000	Machinery & equipment $000	Motor vehicles $000	Total $000
Cost				
Balance at 1 January 2020	142,123	2,281	90	144,494
Additions	11,115	15	–	11,130
Disposals	–	(10)	(1)	(11)
Reclassification	–	(861)	(89)	(950)
Exchange movement	(104)	(302)	–	(406)
Balance at 31 December 2021	153,134	1,123	–	154,257
Depreciation and impairment				
Balance at 1 January 2020	51,906	805	18	52,729
Depreciation charge for the year	13,698	160	–	13,858
Impairment	32,777	–	–	32,777
Disposals	–	–	(1)	(1)
Reclassification	–	17	(17)	–
Exchange movement	(476)	(243)	–	(719)
Balance at 31 December 2021	97,905	739	–	98,644
Net book value				
At 31 December 2021	**55,229**	**384**	–	**55,613**
At 1 January 2021	90,217	1,476	72	91,765

Notes to the financial statements
at 31 December 2021

11 Tangible fixed assets (continued)

Fixed assets are assessed for impairment at least annually.

An impairment indicator was identified at 31 December 2021, as a result of the volatility of oil prices in the year, caused in part by the macro-economic impact of the Covid-19 pandemic and geo-political events. The directors assessed the recoverable amount of each of three rig cash generating units, including related inventory, using forecast pre-tax discounted cash flows for terms up to seven years. The cost of major overhauls necessary for rigs to operate during the forecast period have been included. A discount rate of 19% has been applied.

The recoverable amount of all rigs, as assessed by the Directors, is subject to significant estimation uncertainty. Critical assumptions subject to estimation, to the extent not reflective of secured contracts, are principally charter hire day rates, rig utilisation and operating costs, which vary depending on the jurisdiction of operation.

At 31 December 2021, the Group has recorded an impairment charge of $32.8 million relating to the Borgland and Bideford rig cash generating units. An inventory provision of $18.4 million has also been recorded relating to all rigs (note 12). The Group's strategy is to continue to seek charter opportunities for the Bideford and Borgland rigs, in the context of increased oil and gas activity post year end and rebalancing of supply and demand for available rig capacity. The commercial option to reactivate these rigs has been retained by continuing to smart stack them in 2022. For accounting purposes, the impairment charge is to write down both rigs to their residual value on the basis that the timing and duration of any future charters for each rig is uncertain and both rigs require significant new funding to be reactivated, which is being sought. Should new customer contracts be awarded, this may be an indicator to reverse the impairment charge, and, if arising, this will be monitored in future accounting periods. The residual value of the core rig vessels has been based on third party purchase estimates received by the Group. Estimation has also been required for the separate resale value of used rig components.

The value in use of the Blackford rig cash generating unit includes forecast revenues for 2023 which are currently being contracted, following a letter of award, which is dependent on market demand for such used items.

Tangible fixed assets includes right of use assets with a net book value of $1.4 million (2020: $1.8 million). These relate to land and buildings and lifeboats on drilling vessels. The cash flow statement includes total cash outflows of $422k (2020: $506k) relating to leases.

Notes to the financial statements
at 31 December 2021

12 Inventories

	2021	2020
	$000	$000
Consumables	**38,379**	38,260
Less: provision for impairment	**(18,375)**	–
	20,004	38,260

In 2021 a provision for impairment of inventories (note 11) of $18,375k (2020 – $nil) was recorded as an expense during the year and included in the income statement.

13 Trade and other receivables

	2021	2020
	$000	$000
Trade debtors	**25,194**	10,356
Less: expected credit loss allowance	**–**	–
Trade debtors (net)	**25,194**	10,356
Prepayments and other receivables	**14,631**	26,754
Contract assets	**5,036**	3,894
	44,861	41,004

At 31 December 2021 the allowance for credit impairment in respect of all trade and other receivables was estimated at $nil based on the ageing and risk profile of all debtors.

Prepayments and other receivables include contract costs relating to rig mobilisation of $nil (2020: $16,917k). Contract assets include revenue accrued related to recharges for rig demobilisation costs $840k (2020: nil)

14 Cash and cash equivalents

	2021	2020
	$000	$000
Cash at bank and in hand	**23,263**	30,018

The group's only short-term deposits are the cash at bank balances. Interest is received on these balances at different rates up to a maximum of 1.2%. Cash at bank and in hand includes $2.3 million which is not immediately available for general business use.

15 Trade and other payables

	2020	2020
	$000	$000
Trade creditors	**14,546**	9,057
Other taxes and social security	**1,839**	1,926
Accruals and deferred income	**23,083**	28,770
	39,468	39,753

Notes to the financial statements
at 31 December 2021

16 Loans and borrowings

	2021	2020
	$000	$000
Non-current borrowings (falling due within two to five years):		
Lease liabilities	**761**	1,102
Term loan facility	**23,057**	30,000
Revolving credit facility	**45,000**	45,000
Current borrowings:		
Receivables factoring liability	**19,650**	–
Lease liabilities	**422**	433
	88,890	76,535

a) Term loan facility and revolving credit facility

At the year end, the group had a debt agreement for a period of five years, consisting of a term loan of $23 million and a revolving credit facility of $45 million with interest rates at range of LIBOR plus 3% – 4%. This agreement has been extinguished in full post year end (note 25).

Bank borrowings were denominated in US Dollar.

The company and certain of its subsidiaries were guarantors for the group's debt facilities. Security has been granted by the company and certain of its subsidiaries for that debt in the form of fixed and floating charges over their assets, depending on the jurisdiction.

The financial covenant, which relates to minimum liquidity levels, was met at the balance sheet date.

The term loan and revolving credit facility maturity date at year end was June 2023. This agreement has been extinguished in full post year end (note 25).

b) Leases

The group have assessed that based on the terms of the leases, there is an immaterial difference between contractual and present value of the minimum future lease payments.

c) *Receivables factoring arrangements*
Certain of the group's subsidiaries, led by Dolphin Drilling Limited, entered into a facility to factor its various receivables.

17 Deferred tax assets and liabilities

The group has an unrecognised deferred tax asset in relation to accelerated capital allowances in the UK of $38,774k (2020: $43,840k), tax losses of $109,311k (2020: $68,405k) and interest restriction of $1,586k (2020: $1,273k).

The group also has a deferred tax asset in relation to Norwegian unused tax losses of $102,519k (2020: $99,130k), Norwegian interest restriction of $3,379k (2020: $3,512k) and deductible temporary differences of $173,480k (2020: $178,858k). The group has a deferred tax liability in relation to Norwegian accelerated capital allowances of $764k (2020: $1,007k).

These deferred tax assets have not been recognised, as, based on future profit projections, the directors believe that its recovery is uncertain in the foreseeable future. These assets will not expire.

The group recognises a deferred tax asset of $59k which arises as a result of the defined benefit pension plan.

	At 1 January 2021 in	**Recognised income statement**	**Recognised in equity**	**Acquired in business combination**	**Foreign exchange movement**	**At 31 December 2021**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Employee benefits	506	(439)	(8)	–	–	**59**

Notes to the financial statements
at 31 December 2021

18 Employee benefits

Defined contribution plans

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge for the year represents contributions payable by the group to the fund and amounted to $3,151k. There were no outstanding or prepaid contributions at either the end of the financial year.

Defined benefit plans

The group contributes to a number of post-employment defined benefit plans in Norway.

These defined benefit plans expose the group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The group expects to pay $188k in contributions to its defined benefit plans in 2022.

	2021 **$000**	2020 $000
Net defined benefit liability	**3,856**	3,832
Total employee benefit liability	**3,856**	3,832

The following table shows a reconciliation from the opening balances to the closing balances for the net benefit liability:

	Defined benefit obligation **$000**	**Fair value of plan assets** **$000**	**Net defined benefit liability** **$000**
Balance at 1 January 2021	**9,837**	**(6,005)**	**3,832**
Impact of foreign exchange rate revaluation	**(77)**	**(7)**	**(84)**
Included in the income statement:			
Current service cost	–	–	–
Interest cost / income	**59**	–	**59**
Included in other comprehensive loss:			
Actuarial gain / loss	**247**	–	**247**
Return on plan assets	–	–	–
Contributions paid by the employer	–	–	–
Benefits paid	**(205)**	–	**(205)**
Discontinued scheme	**(6,005)**	**6,012**	**7**
Balance at 31 December 2021	**3,856**	–	**3,856**

The following were the principal actuarial assumptions at the reporting date (expressed as averages):

Assumed salary growth	0%
Discount rate	1.9%
Interest rate	1.9%
Turnover	2.29%
Return on plan assets	1.5%
Social security costs on future payments	14.10%

Notes to the financial statements
at 31 December 2021

19 Share capital and share premium

	2021	2020
	$000	$000
Allotted, called up and fully paid of Dolphin Drilling Holdings Limited		
Issued: 12,742 ordinary shares of £1 each (2020: 10,000)	**16**	13
Share premium of Dolphin Drilling Holdings Limited		
Arising during the year	**239,457**	229,460

20 Financial instruments

Market risk

Foreign exchange risk – The group has a number of subsidiary companies whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through deposits denominated in the relevant foreign currencies.

The group's exposure to foreign currency risk within the consolidated USD balance sheet at 31 December 2021 is as follows. This is based on the carrying amount for significant monetary financial instruments:

	US Dollar	**Norwegian Kroner**	**Great British Pound**	**Other**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
31 December 2021					
Cash and bank in hand	15,230	5,979	283	1,771	**23,263**
Trade receivables	15,463	9,731	–	–	**25,194**
Contract assets / accrued income	4,917	119	–	–	**5,036**
Receivables factoring asset	6,409	-	-	-	**6,409**
Trade creditors	4,626	6,219	2,574	1,127	**14,546**
Loans	68,057	–	–	–	**68,057**
Lease liabilities	–	1,183	–	–	**1,183**
Receivables factoring liability	14,649	5,001			**19,650**
	129,351	**28,232**	**2,857**	**2,898**	**163,338**
31 December 2020					
Cash and bank in hand	16,544	10,704	1,998	772	30,018
Trade receivables	10,224	132	–	–	10,356
Contract assets / accrued income	3,894	–	–	–	3,894
Trade creditors	1,518	5,127	1,912	500	9,057
Loans	75,000	–	–	–	75,000
Receivables factoring liability	–	1,535	–	–	1,535
	107,180	17,498	3,910	1,272	129,860

At 31 December 2021, if the USD had strengthened by 5% against NOK, post tax loss of the group would have decreased by $1,230k. At 31 December 2021, if the USD had strengthened by 1% against NOK, post tax loss of the group would have decreased by $246k.

Interest rate risk – The group is exposed to interest rate risk on its interest-bearing borrowings. The group's policy is to protect itself against this risk where practical. This debt is denominated in USD, reflecting the magnitude of underlying cash flows of the business in this currency.

Price risk – The group is not exposed to any significant price risk in relation to its financial instruments.

Notes to the financial statements
at 31 December 2021

20 Financial instruments (continued)

Credit risk

The group's credit risk relates primarily to its trade debtors and other receivables. The group has a number of customers who are primarily either well established international or national companies, or joint ventures thereof. An evaluation is carried out of the credit risk of each new customer, and when appropriate, suitable protections put in place through the use of trade finance instruments. In addition to this, all customers are subject periodic review based on individual current trading circumstances.

On a continual basis, management review an aged debtor analysis and focus on debts which are overdue for payment. The assessment of the exposure to the group associated with the risk of default within financial assets is disclosed in note 13. Third party receivables out with terms were $10,349k at year end.

The group's policy is to deposit cash at institutions with an acceptable credit rating. All cash held on deposit at 31 December 2021 was held with such institutions.

The maximum exposure to credit risk at the balance sheet for financial instruments (by class) and contract assets was:

	2021 **$000**	2020 $000
Contract assets	**5,036**	3,894
Trade debtors	**25,194**	10,356
Cash and bank in hand	**23,263**	30,018

Liquidity risk

The group actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure that the group has sufficient available funds for operations. At 31 December 2021, all of the group's borrowing facilities were due to mature in more than one year. At the balance sheet date the group had no undrawn borrowing facilities.

Fluctuations in LIBOR will impact the interest cost charged on debt. If the LIBOR had increases by 0.5pts, post tax profit of the group would have decreased by $334k.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest contractual interest payments and exclude the effect of netting agreements. The term loan and revolving credit facility has been extinguished in full post year end (note 25), therefore contractual cashflows presented represent settlement within one year.

	Carrying amount **$000**	**Contractual cash flow** **$000**	**Less than one year** **$000**	**1 to 2 years** **$000**	**2 to 5 years** **$000**	**Greater than 5 years** **$000**
31 December 2021						
Trade payable and other payables	39,467	39,467	39,467	–	–	–
Loans	68,057	69,190	69,190	–	–	–
Lease liabilities	1,183	1,374	419	419	536	–
Receivables factoring liability*	19,650	20,190	20,190	–	–	–
	128,357	**130,221**	**129,266**	**419**	**536**	–
31 December 2020						
Trade payable and other payables	39,753	39,753	39,753	–	–	–
Loans	75,000	82,990	2,888	47,719	32,383	–
Lease liabilities	1,535	1,832	429	429	930	44
	116,288	124,575	43,070	48,148	33,313	44

*Reflects the net balance owed to the factor balance as at 31 December 2021 inclusive of amounts borrowed, amounts returned and outstanding interest

Notes to the financial statements
at 31 December 2021

20 Financial instruments (continued)

Capital risk

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of debt, of which includes the borrowings disclosed in note 16, cash at bank and in hand and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Fair value of non-derivative financial assets and financial liabilities

The fair value of short-term borrowings, trade and other payables, trade and other receivables and cash at bank and in hand approximates to the carrying amount because of the short maturity of interest rates in respect of these instruments.

The interest rate applied to borrowings will remain constant regardless of the group's leverage performance.

The fair value of the fixed rate element of the debt facility is considered to be the same as its book value.

As the current interest profile of the group has not significantly changed since the inception of the debt facilities, there is no material difference between the book value and fair value.

Net debt

The below is an analysis of changes in net debt from the beginning to the end of the current reporting year:

	Borrowings due within one year	Borrowings due after one year	Obligations under finance lease liabilities	Subtotal	Cash and cash equivalents	Net debt
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Net debt analysis						
Balance at 1 January 20201	–	(75,000)	(1,535)	**(76,535)**	30,018	**(46,517)**
Cash flows	(19,650)	6,943	422	**(12,285)**	(7,232)	**(19,517)**
Other non-cash changes	–	–	(69)	**(69)**	–	**(69)**
Recognition of movements in foreign exchange	–	–	–	–	477	**477**
Balance at 31 December 2021	**(19,650)**	**(68,057)**	**(1,183)**	**(88,890)**	**23,263**	**(65,626)**

21 Assets held for sale

In November 2020, management committed to a plan to sell a facility of one of the group subsidiaries. At 31 December 2021, the group held the following as held for sale:

	2021	2020
	$000	$000
Asset held for sale	**1,363**	2,063

The fair value of this asset has been obtained based on the market price of the asset offered since placing the facility up for sale. An impairment charge of $700k was charged in the year.

22 Commitments

At 31 December 2021, the group held capital commitments of $1.9 million (2020: $3.6 million).

Notes to the financial statements
at 31 December 2021

23 Related party transactions

Ultimate controlling party and affiliates

The ultimate controlling party is Strategic Value Partners Global (SVP) by virtue of it's majority shareholding in Dolphin Drilling Holdings Limited.

The Dolphin Drilling Holdings Limited group is the largest group in which the results of the company are consolidated.

Related party transactions

There were no sale of goods and services and related receivables arising from transactions with SVP in the year. Purchase of services, in respect of reimbursable expenses, were incurred and paid during the year to 31 December 2021 $nil (2020 of $nil).

At the balance sheet date SVP participated in the external debt agreement held by the group. The total movement in this facility is noted below:

	2021 $000	2020 $000
Opening / Advanced during the year – Term Loan	**30,000**	30,000
Opening / Advanced during the year – Revolving Credit Loan	**45,000**	45,000
Borrowings repaid	**(6,943)**	-
Interest charged	**2,600**	2,851
Interest paid	**(2,552)**	(2,600)
At 31 December 2021	**68,105**	75,251

By virtue of common control by SVP, the Dolphin Drilling Holdings Limited group has a related party relationship from trading transactions with Bolette Holdco Limited and subsidiaries. All transactions in the year are described below:

	2021 $000	2020 $000
Sale of services	**4,269**	15,847
Closing Accounts receivable balance	–	517

Key management

The group designates certain positions comprising directors and senior management as key management. The combined impact of their compensation during the year is as follows:

	2021 $000	2020 $000
Key management compensation		
Salaries and short-term employee benefits	**1,285**	1,889
Post-employment benefits	**39**	33
	1,324	1,922

Notes to the financial statements
at 31 December 2021

24 Principal subsidiary undertakings

	Location	Registered address	% of ordinary shares or equity held by the group (%)
Dolphin Drilling Fleetco Limited	Jersey	22 Grenville Street St Helier Jersey JE4 8PX	100
Dolphin Drilling AS	*Norway*	Vestre Svanholmen 12 Norway 4313	100
Dolphin Drilling Limited	*UK*	New Kings Court Tollgate Chandlers Ford Eastleigh, Hampshire England SO53 3LG	100
Bolette Dolphin PTE Limited	*Singapore*	1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632	100
Borgland Dolphin PTE Limited	*Singapore*	1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632	100
Bideford Dolphin PTE Limited	*Singapore*	1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632	100

Dolphin Drilling Holdings Limited owns, directly or indirectly, 100% of all entities within the group.

All subsidiaries provided drilling rig operations with the exception of Dolphin Drilling Fleetco Limited which is an intermediary investment and financing company.

25 Subsequent events

As referenced in note 1 and 16, in May 2022 the $75 million term loan and revolving credit facility of the group was extinguished by means of a debt for equity swap.

At the same time a new investor, S.D. Standard ETC PLC contributed $10 million equity to the parent company, representing 25% ownership. A further capital injection to the group of $10 million was made in August 2022. Strategic Value Partners Global remain the majority shareholder.

The outcome of the appeal of a tax claim against the group by HMRC was ruled successfully in Dolphin Drilling Limited's favour (note 9). HMRC have applied to seek a further appeal of this ruling, which is being considered. The group continues to believe that no further probable tax liability will arise.

A new 100% owned subsidiary, DD Offshore West Africa Ltd was created in July 2022 to support contract award for Blackford Dolphin.

Dolphin Drilling Limited entered into a lease for a new office facility in Aberdeen, UK in August 2022.

APPENDIX C:

AUDITED FINANCIAL STATEMENTS FOR DDHL FOR THE YEAR ENDED 31 DECEMBER 2020

Dolphin Drilling Holdings Limited

Financial statements for the year ended 31 December 2020

Registered Number: 128483

Contents

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the EU of the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Dolphin Drilling Holdings Limited

Opinion

We have audited the group financial statements of Dolphin Drilling Holdings Limited ("the company") for the year ended 31 December 2020 which comprise the Group Income Statement; the Group Statement of Comprehensive Loss; the Group Statement of Financial Position; Group Statement of Changes in Equity; the Group Statement of Cash Flows; and the related notes, including the accounting policies in note 3.

In our opinion the group financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the EU of the state of the group's affairs as at 31 December 2020 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or to cease its operations, and as they have concluded that the group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and the Board, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for whistleblowing, as well as whether they have knowledge of any actual, suspected or alleged fraud.

Independent auditor's report to the members of Dolphin Drilling Holdings Limited (continued)

Fraud and breaches of laws and regulations – ability to detect *(continued)*

- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group to full scope component audit teams of relevant fraud risks identified at the group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue recognised over time is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as tangible asset impairment assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because of the number and size of revenue contracts in the year that span the year end.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journals posted to unusual or unexpected accounts and journal entries posted to seldom used accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the corporation taxation contingent liability discussed in note 9 to the financial statements we assessed disclosures against our understanding from regulatory hearings and used our taxation specialists to help us further assess the matter.

Independent auditor's report to the members of Dolphin Drilling Holdings Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the company's accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 1, the directors are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Dolphin Drilling Holdings Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Derbyshire

David Derbyshire
for and on behalf of KPMG LLP
Chartered Accountants
1 Marischal Square
Aberdeen
AB10 1DD

27 April 2021

Group Income Statement
for the year 1 January 2020 to 31 December 2020

	Note	***For the year ended 31 December 2020*** **$000**	*For the period 8 March 2019 to 31 December 2019* $000
Revenue	*4*	**53,051**	28,378
Cost of sales		**(103,673)**	(64,210)
Gross loss		**(50,622)**	(35,832)
Administrative expenses	*5*	**(21,880)**	(29,797)
Operating loss		**(72,502)**	(65,629)
Operating loss is analysed between			
Operating loss before separately disclosed items		**(72,502)**	(49,208)
Separately disclosed items	*5*	**–**	(16,421)
		(72,502)	(65,629)
Interest payable and similar expenses	*8*	**(3,308)**	(1,430)
Interest receivable and similar income	*8*	**2,438**	331
Loss before taxation		**(73,372)**	(66,728)
Taxation	*9*	**(320)**	1,476
Loss for the financial year / period		**(73,692)**	(65,252)

Group Statement of Comprehensive Loss
for the year ended 31 December 2020

	For the year ended 31 December 2020 **\$000**	*For the period 8 March 2019 to 31 December 2019* \$000
Loss for the year / period	**(73,692)**	(65,252)
Other comprehensive (loss)		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on foreign operations	**(2,277)**	(1,220)
Items that will not be reclassified to profit or loss:		
Remeasurement defined benefit pension plan	**53**	(445)
Other comprehensive loss for the year / period, net of income tax	**(2,224)**	(1,665)
Total comprehensive loss for the year / period	**(75,916)**	(66,917)

Group Statement of Financial Position

at 31 December 2020

	Note	*2020* **$000**	*2019* $000
Non-current assets			
Tangible assets	*10*	**91,765**	111,894
Deferred tax asset	*16*	**506**	421
		92,271	112,315
Current assets			
Inventories	*11*	**38,260**	37,737
Trade and other receivables	*12*	**41,004**	29,894
Income taxes receivable		**3,144**	–
Cash and cash equivalents	*13*	**30,018**	55,274
		112,426	122,905
Assets held for sale	*20*	**2,063**	3,078
Total assets		**206,760**	238,298
Capital and reserves			
Called up share capital	*18*	**13**	13
Share premium	*18*	**229,460**	229,460
Reserves		**(142,833)**	(66,917)
		86,640	162,556
Current liabilities			
Trade and other payables	*14*	**39,753**	19,067
Income taxes payable		**–**	776
Financial liabilities – loans and borrowings	*15*	**433**	425
		40,186	20,268
Non-current liabilities			
Employee benefits	*17*	**3,832**	3,752
Financial liabilities – loans and borrowings	*15*	**76,102**	51,722
		79,934	55,474
Total liabilities		**120,120**	75,742
Total equity and liabilities		**206,760**	238,298

These financial statements were approved by the board of directors on 27 April 2021 and were signed on its behalf by:

Stephen Cox
Chief Financial Officer

Group Statement of Changes in Equity
for the year ended 31 December 2020

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
	\$000	**\$000**	**\$000**	**\$000**	**\$000**
On incorporation 8 March 2019	–	–	–	–	–
Transactions with owners, recorded directly into equity					
Issue of share capital on incorporation	–	–	–	–	–
Issue of shares in a business combination	13	229,460	–	–	229,473
	13	229,460	–	–	229,473
Total comprehensive loss for the period					
Loss for the period	–	–	–	(65,252)	(65,252)
Other comprehensive loss	–	–	(1,220)	(445)	(1,665)
	–	–	(1,220)	(65,697)	(66,917)
Balance at 31 December 2019	13	229,460	(1,220)	(65,697)	162,556
Total comprehensive loss for the year					
Loss for the year	–	–	–	(73,692)	(73,692)
Other comprehensive loss	–	–	(2,277)	53	(2,224)
	–	–	(2,277)	(73,639)	(75,916)
Balance at 31 December 2020	**13**	**229,460**	**(3,497)**	**(139,336)**	**86,640**

Group Statement of Cash Flows
for the year ended 31 December 2020

	Note	***For the year ended 31 December 2020*** **$000**	*For the period 8 March 2019 to 31 December 2019* $000
Cash generated from operating activities			
Loss before taxation		**(73,372)**	(66,728)
Adjustments for:			
Depreciation and amortisation	*5*	**26,648**	26,290
Net finance costs		**870**	1,099
Gain on disposal of fixed assets		**(2,026)**	(3,252)
Changes in working capital:			
(Increase) / Decrease in inventories and work in progress		**(525)**	33
(Increase) in trade and other receivables		**(14,584)**	(9,061)
Increase / (Decrease) in trade and other payables		**17,699**	(10,228)
		(45,290)	(61,847)
Tax refund		**1,921**	2,757
Net cash used in operating activities		**(43,369)**	(59,090)
Cash flows from investing activities			
Purchases of property, plant and equipment	*10*	**(8,399)**	(4,912)
Proceeds from sale of property, plant and equipment		**5,328**	6,338
Acquisition cash acquired		**–**	63,729
Net cash used in investing activities		**(3,071)**	65,155
Cash flows from financing activities			
Draw of borrowings	*15*	**24,000**	51,000
Liabilities from long term leases		**(506)**	–
Net interest paid		**(619)**	(1,151)
Net cash generated from financing activities		**22,875**	49,849
Net change in cash and bank		**(23,565)**	55,914
Effect of changes in exchange rates		**(1,691)**	(640)
Cash and cash equivalents opening balance / on incorporation		**55,274**	–
Cash and cash equivalents at 31 December		**30,018**	55,274

Notes to the financial statements
at 31 December 2020

1 Basis of preparation

Dolphin Drilling Holdings Limited is a private company incorporated, domiciled and registered in Jersey, registration address 22 Grenville Street, St Helier, Jersey, JE48PX (registration number: 128483). The company was incorporated on 08 March 2019 and therefore the company and group present it results from this date to 31 December 2020.

The financial statements are for the year ended 31 December 2020. The company was incorporated on 8 March 2019 and therefore the company and group presents comparative financial information for the period from this date to 31 December 2019.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted by the European Union ('EU'). The financial statements have been prepared under the historical cost convention with the exception of certain financial instruments and balances required to be measured at fair value.

The group financial statements are presented in United States Dollars, which is also the parent company's functional currency. The dollar is the prevalent currency used within the oil industry and the group has a significant level of dollar cash flows, assets and liabilities. All amounts are presented to the nearest USD 1,000 ($000) except when otherwise indicated. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The consolidated financial statements include the results, cash flows, assets and liabilities of Dolphin Drilling Holdings Limited, its subsidiaries and the group's share of its non-wholly owned subsidiary operations (note 24). The financial statements of subsidiaries are prepared for the same reporting period as the group using consistent accounting policies.

A subsidiary is an entity controlled, either directly or indirectly, by the group, where control is the power to direct relevant activities, exposure or rights to variable returns and the ability to use power to affect returns. The results of acquisitions are included in the group's results from the effective date on which control is transferred to the group. The results of a subsidiary sold during the year are included in the group's results up to the effective date on which control is transferred out of the group. All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that are not 100% owned by the group and are presented within equity in the Consolidated Balance Sheet, separately from the group shareholders' equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest, any resultant gain or loss is recognised as profit or loss.

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. These estimates are based on management's best knowledge of the amount, event or actions and actual results ultimately may differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed in note 2.

Notes to the financial statements
at 31 December 2020

1 Basis of preparation (continued)

Going concern
The financial statements for the group have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The loss before tax for the year of $73.4 million (2019: loss before tax for the period of $66.7 million) includes non-cash items for depreciation of $26.6 million (2019: depreciation for the period of $26.3 million) and separately disclosed items of $16.4 million in the prior period. Net cash used in operations was $43.4 million (2019: $59.0 million), reflecting income from multiple short term rig operations during the year, the costs of a significant reactivation and international mobilisation project for a campaign which commenced in December 2020 and maintaining "smart stacking" operational status on the entire fleet of assets when not in use.

At the year end, the group had cash at bank of $30.0 million. A further $10.0 million of funding has been received subsequent to the year end from an issue of share capital. The group's $45 million revolving credit facility has been fully drawn for its objective of reactivating rigs. The group's $30 million term loan is also fully drawn and is available for general use. Subsequent to the year end, the terms of both loans have been aligned to each mature in June 2023 and a partial repayment on the term loan has been made (note 25). Post year end short term working capital is also supported by a receivables factoring facility. This facility has a term to March 2022, though may be extended for a further twelve months at the discretion of the provider, if requested by the group.

The nature of the group's business as it grows is such that there can be considerable, unpredictable variation in the timing of cash inflows from drilling contracts. The group also continues to be subject to effects of the Covid-19 pandemic. There has been additional cost burden to manage logistics and personnel safely but this has not a material effect on the group's ability to operate. Covid-19's contribution, in conjunction with the geopolitical factors, to reduced demand and oil price has made the market challenging. In this environment, the group has made positive progress in securing new contracts in 2021 for its market proposition of fit for purpose rigs, able to operate at lower day rates.

The directors have prepared the cash flow forecast for the year ending twelve months from the date of their approval of these financial statements, reflecting a positive pipeline of contract work in 2021 and tender activity for 2022 and beyond. On the basis of this cash flow information the directors consider that the group will continue to operate within the bank facilities currently agreed and within the required minimum liquidity bank covenant. This forecast is subject to variability in the Group's forecast revenues from drilling contracts and other business factors. Consequently, a downside forecast has been prepared that reflects factors including no new customer contracts in the first quarter of 2022. The group forecasts sufficient liquidity and bank covenant compliance under this scenario. No cash outflow is expected relating to the uncertain UK tax position disclosed in note 9.

The directors continue to take action in light of the economic conditions including robust control of discretionary spending and investment appraisal, modelling the implications of down-side risk and reviewing funding resources.

The directors believe that the group will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements
at 31 December 2020

2 Significant accounting estimates and judgements

2.1 Useful economic lives of tangible fixed assets

Tangible fixed assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

The useful lives of drilling rigs are inherently difficult to estimate due to a variety of factors, including technological advances that impact the methods or cost of oil and natural gas exploration and development, changes in market or economic conditions and changes in laws or regulations affecting the drilling industry. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.2 Impairment indicators and recoverable amount of rigs

The global market for floating oil and gas drilling units have been weak in the recent years. There has been a large reduction in investments from the oil companies globally in combination with oversupply of new build ultradeep water units. This has created a weak market for offshore drilling units with low tender activity for new drilling contracts. The market has been challenging in 2020, the coronavirus Covid-19 global pandemic and geopolitical tensions in the Middle East are having a significant and adverse impact on the macro-economic environment and global economy. These factors may continue to impact the recoverable amount of rigs in 2021.

Commodity prices and the impact to charter day rates and contract activity are therefore critical considering whether an impairment trigger exists.

An impairment of an asset's carrying value exists when the carrying value of a cash generating unit exceeds its recoverable amount, which is the higher of its value in use or fair value less costs to sell. When applicable, the group uses cash flows derived from the budget for the next five years with inflationary growth only for subsequent years.

The recoverable amount is most sensitive to the expected future cash-inflows arising from rig utilisation and day rates, the discount rate used and the growth rate used for extrapolation purposes.

Specific estimation at 31 December 2020 relating to the Bideford rig is disclosed in note 10.

2.3 Tax positions and deferred tax assets

The group operates in a number of territories worldwide with complex local and international tax legislation. The tax estimate is prepared prior to the tax return being filed with the relevant tax authority and significantly in advance of any position being agreed with the relevant authority. The estimation of tax liabilities and assets therefore involves both estimates and judgment, particularly in jurisdictions where the application of tax legislation is less established.

Details of contingent tax liabilities are disclosed in note 9.

Deferred tax is provided on temporary differences and tax assets to the extent it is probable that future taxable profits will be available against which the temporary difference or tax asset could be utilised. This requires management to make estimates and judgments on future profits. Deferred tax is disclosed in note 16.

Notes to the financial statements
at 31 December 2020

3 Accounting policies

3.1 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Income statements of entities whose functional currency is not the United States Dollar are translated into United States Dollars at average rates of exchange for the year and assets and liabilities are translated into United States Dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation of net assets in such entities held at the beginning of the year, together with those differences resulting from the restatement of profits and losses from average to year end rates are recognised in other comprehensive income.

3.2 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when originated. All other financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at:

Amortised cost;

Fair value through other comprehensive income (FVOCI);

Fair value through profit and loss (FVPL).

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

Notes to the financial statements
at 31 December 2020

3 Accounting policies (continued)

3.2 Financial instruments (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVPL. This includes all derivative financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(b) Subsequent measurement and gains and losses

Financial assets at FVPL – these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
(b) where the instrument will or may be settled in the group’s own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group’s own equity instruments or is a derivative that will be settled by the group’s exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the group’s own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Impairment

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group’s historical experience and informed credit assessment and including forward-looking information.

Notes to the financial statements
at 31 December 2020

3 Accounting policies (continued)

3.2 Financial instruments (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

3.3 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings 20 years
- Fixtures and fittings 3 to 10 years
- Motor vehicles 3 years
- Accommodation vessel 3 to 5 years
- Drilling rigs 3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

3.4 Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Notes to the financial statements
at 31 December 2020

3 Accounting policies (continued)

3.5 Impairment excluding stocks and deferred tax assets

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and typically includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses. Allowance is made for obsolete and slow-moving items, based upon annual usage.

3.7 Employee benefits

Defined contribution and defined benefit plans

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans are accounted for in accordance with International Accounting Standard (IAS) 19. Pension obligations are calculated by actuarial accounting based on earnings, economic and demographic assumptions. Pension assets are measured at fair value. Net pension liabilities consist of gross pensions liabilities less the fair value of pension funds. Net pension costs, which are gross pension costs less estimated return on pension assets, are classified as ordinary operating expenses and are presented together with salaries and other benefits.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the financial statements
at 31 December 2020

3 Accounting policies (continued)

3.8 Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

3.9 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is stated net of sales taxes (such as VAT) and discounts.

Revenue recognition is based on the existence of a valid contract, the determination and allocation of performance obligations and the transaction price of the services, and the satisfaction of the performance obligations contained in the contract Revenue is recognised when or as the performance obligations are satisfied.

Revenue from lease contracts

The group recognises revenue from lease arrangements on a systematic basis based on the benefits received from the leased assets. In the case of rigs the lease income is generally recognised on a straight line basis over the lease term. In cases where the consideration covers a general upgrade of a unit or equipment, which increases the value of the unit or equipment beyond the contract period, the consideration is recognised as revenue over the contract period, whereas the investment is depreciated over the remaining lifetime of the asset. In cases where the consideration covers specific upgrades or equipment specific to the contract, the consideration is recognised as revenue over the estimated contract period. The related investment is depreciated over the estimated contract period.

Revenue from rendering of services

The rendering of services in a contract are normally assessed to meet the series guidance and accounted for as a single performance obligation for which revenue is recognised over time. The rate per hour of service is specifically allocated to the distinct hour within the series. As there is a right to bill the customer for each hour of service, which correspond directly with the value to the customer for the performance completed to date, revenue is recognised in the amount to which the entity has a right to invoice.

In connection with some contracts, the group receives lump-sum fees or similar compensation for the mobilisation of equipment and personnel prior to the commencement of drilling services or the demobilisation of equipment and personnel upon contract completion. Fees received for the mobilisation or demobilisation of equipment and personnel are included in revenue. The costs incurred in connection with the mobilisation and demobilisation of equipment and personnel are included in contract drilling expense.

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. Demobilisation fees expected to be received upon contract completion are estimated at contract inception and recognised on a straight-line basis over the contract term. In some cases, demobilisation fees may be contingent upon the occurrence or non-occurrence of a future event. In such cases, this may result in adjustments upon changes of estimate during the contract term. Costs associated with the mobilisation of equipment and personnel to more promising market areas without contracts are expensed as incurred.

Revenue from reimbursable expenditure

Revenue for the purchases of certain supplies, personnel services and other services provided on behalf of and at the request of customers in accordance with a contract or agreement for which the group is principal are recognised as revenue under IFRS 15 and accounted for separately when enforceable rights and obligations arise. The list prices for these goods and services are representative of the standalone selling price.

Notes to the financial statements

at 31 December 2020

3 Accounting policies (continued)

3.10 Financial income and expense

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

3.11 Acquisitions

Business combinations are accounted for using the acquisition method when there is a change of control. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in administrative expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

The group uses the purchase method of accounting to account for acquisitions. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

3.12 Share capital

The company has one class of ordinary shares that are classified as equity with a par value of Great British Pound (GBP) 1.

3.13 Leases

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. A single model for all leases is employed with the exception of leases for low-value assets or for periods of twelve months or less which are expensed to the income statement. The single model requires lessees to recognise most leases within the Consolidated Balance Sheet as lease liabilities. A corresponding right-of-use asset is recognised which represents the contractual right to use the leased asset for a period of time.

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the financial statements
at 31 December 2020

3 Accounting policies (continued)

3.13 Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise,
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

The group applies the exemption for leases of ‘low-value’ assets and short-term leases, recognising a cost of rental in the income statement in the year it occurs.

3.14 Taxation

Tax on the profit or loss for the year comprises current and deferred corporate tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on tax assets and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are not discounted.

Notes to the financial statements
at 31 December 2020

3 Accounting policies (continued)

3.15 Non-current assets held for sale

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

3.16 Disclosure of impact of future accounting standards – New and amended standards and interpretations

All new and amended standards and interpretations not yet effective are not material or applicable to the group.

4. Turnover

	2020	2019
	\$000	\$000
By geographical market		
Europe	**47,297**	28,378
Rest of the World	**5,754**	–
Total Revenue	**53,051**	28,378
Turnover can be further analysed by timing of revenue recognition:		
Transferred over time:		
Services revenue	**53,051**	28,378
Total revenue from external customers	**53,051**	28,378

The following table provides information about receivables and contract assets from contracts with customers:

	2020	2019
	\$000	\$000
Receivables	**10,356**	18,074
Contract assets / accrued income	**3,894**	1,783
Contract liabilities / deferred income	**(5,866)**	–

The contract assets primarily relate to the group's rights to consideration for work completed but not billed at the reporting date for drilling services. The contract assets are transferred to receivables when the rights become unconditional. The performance obligations satisfied to 31 December 2020 associated with the asset position at the end of the year were $25,203k.

Contract liabilities primarily relate to the advance consideration received from customers under the contract. A separate contract asset is recognised representing the deferred cost attributable to this advance.

Notes to the financial statements
at 31 December 2020

5. Operating Loss

	2020	2019
	$000	$000
Operating loss is stated after charging / (crediting):		
Depreciation written off tangible fixed assets – owned	**26,132**	26,083
Depreciation written off tangible fixed assets – leased	**516**	207
(Gain) on disposal of fixed assets	**(2,026)**	(3,252)
(Gain) on foreign exchange	**(738)**	(722)
Cost related to short term leases and low value assets	**200**	216

Separately disclosed items

The group separately discloses certain items which are considered 'exceptional'. These are items which, in management's judgement, need to be disclosed by virtue of their size or incidence in order to obtain a proper understanding of the financial information in the year.

This disclosure is based on management internal information and it is an additional non-IFRS disclosure. For the year ended 31 December 2020 and 2019, the following amounts were reported within loss before taxation from continuing operations:

	2020	2019
	$000	$000
Legal, professional and other restructuring costs	–	16,618
Rig disposal / scrap	–	(2,831)
Other one-off items	–	2,634
	–	16,421

Legal, professional and other restructuring costs in 2019 predominantly relate legal and advisor costs incurred with respect to restructuring and refinancing activities within the group's subsidiaries in pursuit of the transaction to form the new Dolphin Drilling Holdings Limited group. This amount includes the business combination expenses of $12.1 million (note 22).

Rig disposal and scrap relates to the net income achieved associated with sale or scrap of rig assets.

Other one-off items primarily cover other exceptional items, deemed by management to be unusual due to non-standard in nature.

6. Auditor's remuneration

Services provided by the group's auditors and member firms:

	2020	2019
	$000	$000
Audit fee, including that of subsidiary undertakings	**392**	454
Restructuring related advisory services	**2**	5
Tax services	**16**	–
	410	459

Notes to the financial statements
at 31 December 2020

7. Staff costs

The average number of persons employed by the group (including directors) during the year was as follows:

	2020	2019
Average number of people employed during the year / period	**236**	148

The aggregate payroll costs of these persons were as follows:	**2020**	2019
	\$000	\$000
Wages and salaries	**36,900**	18,685
Social security costs	**4,895**	2,120
Retirement benefit expense	**2,647**	2,559
	44,442	23,364

8. Net finance expense

	2020	2019
	\$000	\$000
Interest payable and similar expenses		
Interest on loans and borrowings	**3,235**	1,387
Finance charges on lease	**73**	43
	3,308	1,430
Interest receivable and similar income		
Other net financial income	**(2,438)**	(331)
	870	1,099

9. Taxation

Recognised in the income statement

	2020	2019
	\$000	\$000
Current tax:		
UK tax on income for the year / period	**153**	(972)
Foreign tax on income for the year / period	**345**	(495)
Adjustment relating to prior period	**(91)**	–
Total current tax (credit) / charge	**407**	(1,467)
Deferred tax:		
Origination and reversal of temporary differences	**(87)**	(9)
Total deferred income tax	**(87)**	(9)
Total tax expense / (credit)	**320**	(1,476)

Notes to the financial statements
at 31 December 2020

9 Taxation (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 19% (2019: 19%).

Factors affecting the tax credit for the year / period

The tax assessed for the year / period differs from the UK statutory rate of corporation tax. The differences are explained below:

	2020	2019
	$000	$000
Loss for the year / period	**(73,372)**	(66,728)
Tax at statutory rate of corporation tax in the UK 19%	**(13,940)**	(12,678)
Effects of:		
Non-deductible expenses	**535**	189
Difference in foreign tax rates	**(827)**	(2,038)
Depreciation not qualifying	**20**	(367)
Foreign tax suffered	**209**	(653)
Tax exempt losses / (revenues)	**9,768**	6,508
Prior year adjustment	**(91)**	–
Deferred tax not recognised	**4,646**	7,563
Total tax expense / (credit)	**320**	(1,476)

The reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) and substantively enacted on 6 September 2016 was reversed in the Budget on 11 March 2020 when it was announced that the UK tax rate would remain at 19%. On the 3 March 2021 it was announced that the main rate of UK corporation tax would increase to 25% effective from 1 April 2023. This rate was not enacted at the balance sheet date. These changes could have a consequential effect on the group's future tax charge in the UK.

Uncertain tax position

Dolphin Drilling Limited, one of the group's subsidiaries, has a tax related contingency due to a dispute with HMRC regarding the treatment of a vessel for the purposes of Part 8ZA CTA 2010 (being the oil contractor legislation). The estimated possible unprovided tax exposure arising from this issue is of the order of £9.9 million. The company successfully defended its position at the First Tier Tribunal in September 2020. HMRC was granted the right to appeal on 22 January 2021 It is expected that this appeal will progress during 2022, though this is subject to the timing of court proceedings. Based on professional advice it has received and the finding in its favour to date, the company continues to believe that no further tax liability will arise.

Dolphin Drilling Limited provided $129k in relation to Colombian tax. The provision relates to a tax credit claimed in the year ended 31 Dec 2016. The company had incomplete documentation, which means the claim made in 2016 could be challenged. This liability was identified in 2020. The company has also provided for the associated interest and penalties of $105k.

Notes to the financial statements
at 31 December 2020

10. Tangible fixed assets

	Drilling rigs $000	Land and buildings $000	Machinery & equipment $000	Motor vehicles $000	Total $000
Cost					
Balance at 31 December 2019	134,060	2,276	1,719	90	138,145
Reclassification to asset held for sale	–	(2,276)	–	–	(2,276)
Additions	8,154	–	1,159	–	9,313
Disposals	(93)	–	(801)	–	(894)
Exchange movement	2	–	204	–	206
Balance at 31 December 2020	142,123	–	2,281	90	144,494
Depreciation and impairment					
Balance at 31 December 2019	25,525	106	602	18	26,251
Depreciation charge for the year	25,986	107	554	–	26,648
Reclassification to asset held for sale	–	(213)	–	–	(213)
Disposals	(25)	–	(579)	–	(604)
Exchange movement	420	–	228	–	648
Balance at 31 December 2020	51,906	–	805	18	52,729
Net book value					
At 31 December 2020	**90,217**	**–**	**1,476**	**72**	**91,765**
At 1 January 2020	108,535	2,170	1,117	72	111,894

Fixed assets are assessed for impairment at least annually.

An impairment indicator was identified at 31 December 2020, as a result of the volatility of oil prices in the year, caused in part by the macro-economic impact of the Covid-19 pandemic. The directors assessed the recoverable amount of rig cash generating units, including related inventory, using forecast pre-tax discounted cash flows for terms up to seven years. The cost of major overhauls necessary for rigs to operate during the forecast period have been included. A discount rate of 14.98% has been applied.

Critical assumptions subject to estimation (to the extent not reflective of secured contracts) are principally charter hire day rates, rig utilisation and operating costs, which vary depending on the jurisdiction of operation.

An increase in the discount rate of 2% (all other factors remaining unchanged) would not result in an impairment charge at 31 December 2020.

The recoverable amount of the Bideford rig and inventory cash generating unit (a total net book value of $31.1 million of which $23.0 million relates to tangible fixed assets and $8.1 million relates to inventory) as at 31 December 2020, as assessed by the Directors, is subject to significant estimation uncertainty. The rig is currently warm stacked. The forecast earnings of the rig used to determine its recoverable amount are dependent upon securing a charter contract of sufficient duration and rate to make the rig's reactivation from warm stacking commercially viable. Whilst the directors consider it reasonable to forecast that the rig will be reactivated based on the current market outlook, should such a contract not be secured within the next twelve months, the rig is not expected to be reactivated and the rig would be impaired to its estimated residual value in the next financial period.

Tangible fixed assets includes right of use assets with a net book value of $1.8 million (2019: $1.5 million). These relate to land and buildings and lifeboats on drilling vessels. The cash flow statement includes total cash outflows of $506k (2019: $135k) relating to leases.

Notes to the financial statements
at 31 December 2020

11. Inventories

	2020	2019
	$000	$000
Consumables	**38,260**	37,737

In 2020 inventories of $3,019k (2019 - $917k) were recognised as an expense during the year included in the income statement.

12. Trade and other receivables

	2020	2019
	$000	$000
Trade debtors	**10,356**	18,074
Less: expected credit loss allowance	**–**	–
Prepayments and other receivables	**26,754**	10,037
Contract assets	**3,894**	1,783
	41,004	29,894

At 31 December 2020 the allowance for credit impairment in respect of all trade and other receivables was estimated at $nil based on the ageing and risk profile of all debtors.

Prepayments and other receivables include contract costs relating to rig mobilisation of $16,917k (2019: $nil). Contract costs are amortised when the related revenues are recognised. No material amortisation was charged in the year. Costs are expected to be recognised in 2021.

13. Cash and cash equivalents

	2020	2019
	$000	$000
Cash at bank and in hand	**30,018**	55,274

The group's only short-term deposits are the cash at bank balances. Interest is received on these balances at different rates up to a maximum of 0.66%.

Cash at bank and in hand includes $9.1 million which is not immediately available for general business use.

14. Trade and other payables

	2020	2019
	$000	$000
Trade creditors	**9,057**	4,050
Other taxes and social security	**1,926**	1,814
Accruals and deferred income	**28,770**	13,203
	39,753	19,067

Notes to the financial statements
at 31 December 2020

15. Loans and borrowings

	2020	2019
	$000	$000
Non-current borrowings (falling due within two to five years):		
Lease liabilities	**1,102**	722
Term loan facility	**30,000**	30,000
Revolving credit facility	**45,000**	21,000
Current borrowings:		
Lease liabilities	**433**	425
	76,535	52,147

a) Term loan facility and revolving credit facility

The group has a debt agreement for a period of five years, consisting of a term loan of $30 million and a revolving credit facility of $45 million with interest rates at range of LIBOR plus 3% – 7%. Certain conditions to this agreement have been amended post year end (note 25).

Bank borrowings are denominated in US Dollar.

The company and certain of its subsidiaries are guarantors for the group's debt facilities. Security has been granted by the company and certain of its subsidiaries for that debt in the form of fixed and floating charges over their assets, depending on the jurisdiction.

The financial covenant, which relates to minimum liquidity levels, has been met at the balance sheet date.

The term loan maturity date at year end was June 2024. The revolving credit facility was repayable at year end by June 2022. Both of these maturity dates have been amended subsequent to year end (note 25).

b) Leases

The group have assessed that based on the terms of the leases, there is an immaterial difference between contractual and present value of the minimum future lease payments.

16. Deferred tax assets and liabilities

The group has an unrecognised deferred tax asset in relation to accelerated capital allowances in the UK of $43,840k (2019: $91,954k), tax losses of $68,405k (2019: $6,036k) and interest restriction of $1,273k (2019: $1,133k).

The group also has a deferred tax asset in relation to Norwegian unused tax losses of $99,130k (2019: $122,126k), Norwegian accelerated capital allowances of $1,007k (2019: $903k) and Norwegian interest restriction of $3,512k (2019: $3,394k).

These deferred tax assets have not been recognised, as, based on future profit projections, the directors believe that its recovery is uncertain in the foreseeable future. These assets will not expire.

The group recognises a deferred tax asset of $505k which arises as a result of the defined benefit pension plan (note 17).

	At 1 January 2020	**in Recognised income statement**	**Recognised in equity**	**Acquired in business combination**	**Foreign exchange movement**	**At 31 December 2020**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Employee benefits	421	85	–	**–**	**–**	**506**

Notes to the financial statements
at 31 December 2020

17. Employee benefits

Defined contribution plans

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge for the year represents contributions payable by the group to the fund and amounted to $1,766k. There were no outstanding or prepaid contributions at either the end of the financial year.

Defined benefit plans

The group contributes to a number of post-employment defined benefit plans in Norway.

These defined benefit plans expose the group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The group expects to pay $430k in contributions to its defined benefit plans in 2021.

	2020 **$000**	2019 $000
Net defined benefit liability	**3,832**	3,752
Total employee benefit liability	**3,832**	3,752

The following table shows a reconciliation from the opening balances to the closing balances for the net benefit liability:

	Defined benefit obligation **$000**	**Fair value of plan assets** **$000**	**Net defined benefit liability** **$000**
Balance at 01 January 2020	**10,912**	**(7,160)**	**3,752**
Included in the income statement:			
Current service cost	**443**	**–**	**443**
Interest cost / income	**280**	**–**	**280**
Included in other comprehensive loss:			
Actuarial gain / loss	**(1,134)**	**1,121**	**(13)**
Return on plan assets	**–**	**(40)**	**(40)**
Contributions paid by the employer	**–**	**(243)**	**(243)**
Benefits paid	**(664)**	**317**	**(347)**
Balance at 31 December 2020	**9,837**	**(6,005)**	**3,832**

The following were the principal actuarial assumptions at the reporting date (expressed as averages):

Assumed salary growth	2.13%
Discount rate	1.5%
Interest rate	1.5%
Turnover	2.29%
Return on plan assets	1.5%
Social security costs on future payments	14.10%

Notes to the financial statements
at 31 December 2020

18. Share capital and share premium

	2020	2019
	$000	$000
Allotted, called up and fully paid of Dolphin Drilling Holdings Limited		
Issued during the prior period: 10,000 ordinary shares of £1 each	**13**	13
Share premium of Dolphin Drilling Holdings Limited		
Arising during the prior period	**229,460**	229,460

19. Financial instruments

Market risk

Foreign exchange risk – The group has a number of subsidiary companies whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through deposits denominated in the relevant foreign currencies.

The group's exposure to foreign currency risk within the consolidated USD balance sheet at 31 December 2020 is as follows. This is based on the carrying amount for significant monetary financial instruments:

	US Dollar	**Norwegian Kroner**	**Great British Pound**	**Other**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
31 December 2020					
Cash and bank in hand	16,544	10,704	1,998	772	**30,018**
Trade receivables	10,224	132	–	–	**10,356**
Contract assets / accrued income	3,894	–	–	–	**3,894**
Trade creditors	1,518	5,127	1,912	500	**9,057**
Loans	75,000	–	–	–	**75,000**
Lease liabilities	–	1,535	–	–	**1,535**
	107,180	**17,498**	**3,910**	**1,272**	**129,860**
31 December 2019					
Cash and bank in hand	42,868	10,037	1,293	1,076	55,274
Trade receivables	18,074	–	–	–	18,074
Contract assets / accrued income	1,783	–	–	–	1,783
Trade creditors	221	1,912	1,511	406	4,050
Loans	51,000	–	–	–	51,000
Lease liabilities	–	1,147	–	–	1,147
	113,946	13,096	2,804	1,482	131,328

At 31 December 2020, if the USD had strengthened by 5% against NOK, post tax loss of the group would have decreased by $1,886k. At 31 December 2020, if the USD had strengthened by 1% against NOK, post tax loss of the group would have decreased by $377k.

Interest rate risk – The group is exposed to interest rate risk on its interest-bearing borrowings. The group's policy is to protect itself against this risk where practical. This debt is denominated in USD, reflecting the magnitude of underlying cash flows of the business in this currency.

Price risk – The group is not exposed to any significant price risk in relation to its financial instruments.

Notes to the financial statements
at 31 December 2020

19 Financial instruments (continued)

Credit risk

The group's credit risk relates primarily to its trade debtors and other receivables. The group has a number of customers who are primarily either well established international or national companies, or joint ventures thereof. An evaluation is carried out of the credit risk of each new customer, and when appropriate, suitable protections put in place through the use of trade finance instruments. In addition to this, all customers are subject periodic review based on individual current trading circumstances.

On a continual basis, management review an aged debtor analysis and focus on debts which are overdue for payment. The assessment of the exposure to the group associated with the risk of default within financial assets is disclosed in note 12. Third party receivables out with terms were $nil at year end.

The group's policy is to deposit cash at institutions with an acceptable credit rating. All cash held on deposit at 31 December 2020 was held with such institutions.

The maximum exposure to credit risk at the balance sheet for financial instruments (by class) and contract assets was:

	2020 $000	2019 $000
Contract assets	**3,894**	1,783
Trade debtors	**10,356**	18,074
Cash and bank in hand	**30,018**	55,274

Liquidity risk

The group actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure that the group has sufficient available funds for operations. At 31 December 2020, all of the group's borrowing facilities were due to mature in more than one year. At the balance sheet date the group had no undrawn borrowing facilities.

Fluctuations in LIBOR will impact the interest cost charged on debt. If the LIBOR had increases by 0.5pts, post tax profit of the group would have decreased by $304k.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest contractual interest payments and exclude the effect of netting agreements. They are also show pre settlement of $7.0 million on the term loan and amendment to the facility agreement terms in January 2021 (note 25):

	Carrying amount $000	**Contractual cash flow $000**	**Less than one year $000**	**1 to 2 years $000**	**2 to 5 years $000**	**Greater than 5 years $000**
31 December 2020						
Trade payable and other payables	39,753	39,753	39,753	–	–	–
Loans	75,000	82,990	2,888	47,719	32,383	–
Lease liabilities	1,535	1,832	429	429	930	44
	116,288	**124,575**	**43,070**	**48,148**	**33,313**	**44**
31 December 2019						
Trade payable and other payables	19,067	19,067	19,067	–	–	–
Loans	51,000	63,832	2,800	2,800	58,232	–
Lease liabilities	1,147	1,147	425	270	452	–
	71,214	84,046	22,292	3,070	58,684	–

Notes to the financial statements
at 31 December 2020

19 Financial instruments (continued)

Capital risk

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of debt, of which includes the borrowings disclosed in note 15, cash at bank and in hand and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Fair value of non-derivative financial assets and financial liabilities

The fair value of short-term borrowings, trade and other payables, trade and other receivables and cash at bank and in hand approximates to the carrying amount because of the short maturity of interest rates in respect of these instruments.

The interest rate applied to borrowings will remain constant regardless of the group's leverage performance.

The fair value of the fixed rate element of the debt facility is considered to be the same as its book value.

As the current interest profile of the group has not significantly changed since the inception of the debt facilities, there is no material difference between the book value and fair value.

Net debt

The below is an analysis of changes in nebt debt from the beginning to the end of the current reporting year:

	Borrowings due within one year	Borrowings due after one year	Obligations under finance lease liabilities	Subtotal	Cash and cash equivalents	Net debt
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Net debt analysis						
Balance at 1 January 2020	–	(51,000)	(1,147)	**(52,147)**	55,274	**3,127**
Cash flows	–	(24,000)	506	**(23,494)**	(23,526)	**(47,020)**
Other non-cash changes	–	–	(894)	**(894)**	–	**(894)**
Recognition of movements in foreign exchange	–	–	–	–	(1,730)	**(1,730)**
Balance at 31 December 2020	–	**(75,000)**	**(1,535)**	**(76,535)**	**30,018**	**(46,517)**

20 Assets held for sale

In November 2020, management committed to a plan to sell a facility of one of the group subsidiaries. At 31 December 2020, the group held the following as held for sale:

	2020	2019
	$000	$000
Asset held for sale	**2,063**	3,078

The fair value of this asset has been obtained based on the market price of the asset offered since placing the facility up for sale. The asset held for sale has therefore been stated at cost.

21 Commitments

At 31 December 2020, the group held capital commitments of $3.6 million (2019: $1.0 million).

Notes to the financial statements
at 31 December 2020

22 Acquisition in prior period

On 26 June 2019, the group's subsidiary, Dolphin Drilling Fleetco Limited acquired 100% shareholding in certain subsidiaries of the group formerly owned by Dolphin Drilling ASA.

The fair value of assets and liabilities acquired in respect of this business combination was:

	2019
	$000
Tangible fixed assets	139,514
Assets held for sale	8,000
Disposal group held for sale:	
Tangible fixed assets	463,016
Net current assets	26,570
Cash at bank	2,694
Debt	(492,280)
	–
Deferred tax	420
Inventories	37,769
Trade and other receivables	14,135
Cash at bank	61,034
Trade and other payables	(23,103)
Employee benefits	(4,231)
Loans and borrowings – lease obligations	(239)
Total identifiable net assets	233,299
Consideration satisfied by:	
Equity	229,473
Net debt assumed	3,826
	233,299

As part of financial and capital restructuring, the group has applied IFRS3: Business combinations. No purchased goodwill has arisen.

There was no outflow of cash and cash equivalents on the acquisition.

The results of the group, if the above acquisition had been made at the beginning of period, is estimated to result in an increase in revenue of $nil and an increase in the loss for the period of $65 million.

The transaction costs in association with the acquisition were $12.1 million and have been included within the income statement (note 5).

The fair value of Property, Plant and Equipment at the date of acquisition was based on third party valuations for both drilling rigs and freehold property.

23 Related party transactions

Ultimate controlling party and affiliates

The ultimate controlling party is Strategic Value Partners Global (SVP) by virtue of it's majority shareholding in Dolphin Drilling Holdings Limited.

The Dolphin Drilling Holdings Limited group is the largest group in which the results of the company are consolidated.

Related party transactions

There were no sale of goods and services and related receivables arising from transactions with SVP in the year. Purchase of services, in respect of reimbursable expenses, were incurred and paid during the year to 31 December 2020 $nil (2019 of $231k).

Notes to the financial statements
at 31 December 2020

23. Related party transactions (continued)

At the balance sheet date SVP participated in the external debt agreement held by the group. The total movement in this facility is noted below:

	2020	2019
	$000	$000
Advanced during the year / period – Term Loan	**30,000**	30,000
Advanced during the year / period – Revolving Credit Loan	**45,000**	21,000
Interest charged	**2,851**	1,387
Interest paid	**(2,600)**	(1,387)
At 31 December 2020	**75,251**	51,000

By virtue of common control by SVP, the Dolphin Drilling Holdings Limited group has a related party relationship from trading transactions with Bolette Holdco Limited and subsidiaries. All transactions in the year are described below:

	2020	2019
	$000	$000
Sale of services	**15,847**	8,249
Closing Accounts receivable balance	**517**	5,859

Key management

The group designates certain positions comprising directors and senior management as key management. The combined impact of their compensation during the year is as follows:

	2020	2019
	$000	$000
Key management compensation		
Salaries and short-term employee benefits	**1,889**	510
Post-employment benefits	**33**	38
	1,922	548

Notes to the financial statements
at 31 December 2020

24. Principal subsidiary undertakings

	Location	Registered address	% of ordinary shares or equity held by the group (%)
Dolphin Drilling Fleetco Limited	Jersey	22 Grenville Street St Helier Jersey JE4 8PX	100
Dolphin Drilling AS	*Norway*	Plattformveien 5 Tananger Norway 4056	100
Dolphin Drilling Limited	*UK*	New Kings Court Tollgate Chandlers Ford Eastleigh, Hampshire England SO53 3LG	100
Bolette Dolphin PTE Limited	*Singapore*	1 Temasek Avenue #36-02 Millenia Tower Singapore 039192	100
Borgland Dolphin PTE Limited	*Singapore*	50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	100
Bideford Dolphin PTE Limited	*Singapore*	50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	100

Dolphin Drilling Holdings Limited owns, directly or indirectly, 100% of all entities within the group.

All subsidiaries provided drilling rig operations with the exception of Dolphin Drilling Fleetco Limited which is an intermediary investment and financing company.

25. Subsequent events

Post year end certain of the group’s subsidiaries, led by Dolphin Drilling Limited, entered into a facility to factor its various receivables. This is a short term facility to March 2022.

Amendments to the term loan and revolving credit facility were agreed, including alignment of the maturity for both elements at 30 June 2023 and revision to the periods for which different rates of interest apply. In connection with the above, $7.0 million was repaid on the term loan of $30.0 million triggered by the successful defence by the company position at the First Tier Tribunal (note 9).

Finally, the parent company received $10.0 million in capital injection by way of share capital issuance.

APPENDIX D:

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR DDHL FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

Dolphin Drilling Holdings Limited

Interim financial statements for the period ended 30 June 2022

Registered Number: 128483

Management Commentary

The loss before tax for 6 months of $27 million. Net cash used in operations was $21.2 million, reflecting income and costs from rig operations during the year and the cost of maintaining “smart stacking” operational status. Capital expenditure outflows were $1 million.

The Blackford rig was operational in Q1, a contract extension with the customer Pemex Exploration and Production (Pemex) was not sought due to delays in receiving payment. The contract ended in March 2022. Following the contract conclusion, the rig remained on location in Mexico. A debt recognition agreement was entered into with Pemex and payment was received in full for all outstanding invoices in July 2022.

The Group has secured a Letter of Award for the Blackford rig in Nigeria for which the rig is currently preparing to mobilise and is scheduled to commence operations during December 2022.

The Borgland rig was also operational in Q1 in the Norwegian sector with a short contract prior to entering smart stacked mode in Feda, Norway. The rig is now being marketed heavily with a strategic focus on bringing the rig to the UK sector of the North Sea.

In 2022, the $75 million term loan and revolving credit facility of the group was extinguished by means of a debt for equity swap. At the same time a new investor, S.D. Standard ETC PLC acquired a 25% ownership for $10 million. Following the period end, S.D. Standard ETC PLC injected further capital to the group of $10 million in August 2022. Strategic Value Partners remain the majority shareholder.

The Group has raised a total of $45 million of new share capital which has been received subsequent to the period end through a private placement of shares in September 2022.

The outcome of the appeal of a tax claim against the group by the UK tax authority HMRC, was ruled successfully in Dolphin Drilling Limited’s favour in July 2022. HMRC have applied to seek a further appeal of this ruling, which is being considered by the relevant courts. The group continues to believe that no further probable tax liability will arise.

The Group’s strategy is to achieve drilling contract work for all three of the Group’s owned rigs in the context of increased oil and gas market activity in 2022 and evidence of the rebalancing of supply and demand for available rig capacity. This objective is principally subject to the risk of securing long term drilling contracts for two out of three rigs which are currently smart stacked and not operating. The Group’s strategy requires new funding for the reactivation costs of the two stacked rigs and a class survey for one of the rigs. New funding is also required to fund operating costs and working capital should new drilling contracts not be agreed in the forecast period.

Statement of Directors’ Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards.

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2022 has been prepared in accordance with the accounting principles applied by the Company and gives a true and fair view of the Company’s assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the Report for the period 01 January 2022 to 30 June 2022 includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements.

Date 05 October 2022

Stephen Cox
Chief Financial Officer

Condensed Consolidated Income Statement
for the period 1 January 2022 to 30 June 2022

	Note	**Unaudited 30 June 2022**	Audited 31 December 2021
		$000	$000
Revenue	*3*	**21,031**	120,972
Cost of sales	*4*	**(34,107)**	(173,283)
Gross loss		**(13,076)**	(52,311)
Administrative expenses	*4*	**(12,198)**	(22,965)
Other operating income		**112**	3,626
Operating loss		**(25,162)**	(71,650)
Operating loss is analysed between:			
Operating loss before separately disclosed items		**(24,341)**	(21,789)
Separately disclosed items	*4*	**(821)**	(49,861)
		(25,162)	(71,650)
Interest payable and similar expenses	*5*	**(1,876)**	(5,180)
Interest receivable and similar income	*5*	**33**	341
Loss before taxation		**(27,005)**	(76,489)
Taxation		**(158)**	(1,411)
Loss for the financial period / year		**(27,163)**	(77,900)

Condensed Consolidated Statement of Comprehensive Loss
for the period ended 30 June 2022

	Unaudited 30 June 2022	Audited 31 December 2021
	$000	$000
Loss for the period / year	**(27,163)**	(77,900)
Other comprehensive loss		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on foreign operations	**1,632**	211
Items that will not be reclassified to profit or loss:		
Remeasurement defined benefit pension plan	**(20)**	(247)
Other comprehensive loss for the period / year, net of income tax	**1,612**	(36)
Total comprehensive loss for the period / year	**(25,551)**	(77,936)

Condensed Consolidated Statement of Financial Position
at 30 June 2022

	Note	**Unaudited 30 June 2022 $000**	Audited 31 December 2021 $000
Non-current assets			
Intangible assets	*7*	**2,226**	2,822
Tangible assets	*8*	**52,276**	55,613
Deferred tax asset		**34**	59
		54,536	58,494
Current assets			
Inventories	*9*	**20,491**	20,004
Trade and other receivables	*10*	**33,837**	44,861
Income taxes receivable		**3,488**	2,932
Cash and cash equivalents	*11*	**18,604**	23,263
		76,420	91,060
Assets held for sale	*15*	**1,363**	1,363
Total assets		**132,319**	150,917
Capital and reserves			
Called up share capital	*14*	**426**	16
Share premium	*14*	**318,072**	239,457
Reserves		**(246,320)**	(220,769)
		72,178	18,704
Current liabilities			
Trade and other payables	*12*	**30,406**	39,468
Financial liabilities – loans and borrowings	*13*	**25,805**	20,071
		56,211	59,539
Non-current liabilities			
Employee benefits		**3,413**	3,856
Financial liabilities – loans and borrowings	*13*	**517**	68,818
		3,930	72,674
Total liabilities		**60,141**	132,213
Total equity and liabilities		**132,319**	150,917

Condensed Consolidated Statement of Changes in Equity
for the period ended 30 June 2022

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total equity
	$000	**$000**	**$000**	**$000**	**$000**
Balance at 31 December 2020	13	229,460	(3,497)	(139,336)	86,640
Transactions with owners, recorded directly into equity					
Issue of shares	3	9,997	–	–	10,000
	3	9,997	–	–	10,000
Total comprehensive loss for the year					
Loss for the year	–	–	–	(77,900)	(77,900)
Other comprehensive loss	–	–	211	(247)	(36)
	–	–	211	(78,147)	(77,936)
Balance at 31 December 2021	**16**	**239,457**	**(3,286)**	**(217,483)**	**18,704**
Transactions with owners, recorded directly into equity					
Issue of shares – cash consideration	106	9,894	–	–	10,000
Issue of shares – debt for equity conversion	304	68,721	–	–	69,025
	410	78,615	–	–	79,025
Total comprehensive loss for the year					
Loss for the year	–	–	–	(27,163)	(27,163)
Other comprehensive loss	–	–	1,632	(20)	1,612
	–	–	1,632	(27,183)	(25,551)
Balance at 30 June 2022	**426**	**318,072**	**(1,654)**	**(244,666)**	**72,178**

The figures presented in the above tables are unaudited post 31 December 2021.

Condensed Consolidated Statement of Cash Flows
for the period ended 30 June 2022

	Unaudited for the period ended 30 June 2022 $000	Audited for the year ended 31 December 2021 $000
Cash generated from operating activities		
Loss before taxation	**(27,005)**	(76,489)
Adjustments for:		
Depreciation, amortisation and impairment of assets	**4,467**	46,898
Impairment of asset held for sale	–	700
Net finance costs	**1,843**	4,839
Gain on disposal of fixed assets	–	(3,500)
Changes in working capital:		
(Increase) / decrease in inventories and work in progress	**(892)**	18,372
Decrease / (increase) in trade and other receivables	**9,283**	(4,069)
(Decrease) in trade and other payables	**(8,533)**	(3,839)
	(20,837)	(17,088)
Tax (paid)	**(441)**	(268)
Net cash used in operating activities	**(21,278)**	(17,356)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(1,022)**	(11,130)
Purchases of intangible assets	–	(2,160)
Proceeds from sale of property, plant and equipment	–	3,510
Net cash used in investing activities	**(1,022)**	(9,780)
Cash flows from financing activities		
Issue of new share capital	**10,000**	10,000
Receipt / (repayment) of borrowings	–	(6,943)
Liabilities from increase in receivables factoring arrangements	**5,733**	19,650
Payment of liabilities from long term leases	**(151)**	(422)
Net interest received / (paid)	**748**	(2,382)
Net cash generated from financing activities	**16,330**	19,903
Net change in cash and bank	**(5,970)**	(7,233)
Effect of changes in exchange rates	**1,311**	478
Cash and cash equivalents opening balance	**23,263**	30,018
Cash and cash equivalents at period / year end	**18,604**	23,263

Non-cash transactions

During the period ended 30 June 2022, the Group converted $69 million of debt in exchange for the issue of $69 million of share capital and share premium.

Notes to the condensed consolidated financial statements
at 30 June 2022

1 Basis of preparation

Dolphin Drilling Holdings Limited is a private company incorporated, domiciled and registered in Jersey, registration address 22 Grenville Street, St Helier, Jersey, JE48PX (registration number: 128483). The company was incorporated on 08 March 2019.

The condensed consolidated financial statements are for the period ended 30 June 2022. The company and group presents comparative financial information for the year from 1 January 2021 to 31 December 2021.

These financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements for the year ended 31 December 2021. The financial statements have been prepared under the historical cost convention with the exception of certain financial instruments and balances required to be measured at fair value.

The group financial statements are presented in United States Dollars, which is also the parent company's functional currency. The dollar is the prevalent currency used within the oil industry and the group has a significant level of dollar cash flows, assets and liabilities. All amounts are presented to the nearest USD 1,000 ($000) except when otherwise indicated. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2 Going concern

The financial statements for the group have been prepared on a going concern basis.

The Directors have considered the future financial performance and liquidity of the group headed by Dolphin Drilling Holdings Limited (the "Group"). These financial statements have been prepared on a going concern basis notwithstanding the Group's loss for the period of $25.6 million

The Group has raised a total of $55 million of new share capital which has been received subsequent to period end, including $10 million injection from S.D. Standard ETC PLC, and $45 million raised in a private placement of shares in September 2022.

Notes to the condensed consolidated financial statements
at 30 June 2022

3 Revenue and segmental analysis

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
By geographical market		
Europe	**7,184**	57,856
Rest of the World	**13,847**	63,116
Total revenue	**21,031**	120,972

Revenue arising in the Rest of the World principally arose in Mexico in all periods reported upon. Revenue in Europe principally arose in the UK and Norway

Turnover can be further analysed by timing of revenue recognition:

Transferred over time:		
Services revenue	**21,031**	120,972
Total revenue from external customers	**21,031**	120,972

Reportable operating segment

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Drilling rig operations		
Revenue	**21,031**	120,972
Operating loss	**(25,162)**	(71,650)
Net assets	**72,178**	18,704

4 Operating loss

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Operating loss is stated after charging / (crediting):		
Depreciation written off tangible fixed assets – owned	**3,969**	13,440
Depreciation written off tangible fixed assets – leased	**203**	418
Amortisation of intangible assets	**295**	263
Impairment of tangible assets	–	32,777
Provision for inventory obsolescence	–	18,375
Impairment of assets held for sale	–	700
Gain on disposal of intangible assets	–	(3,626)
Loss on foreign exchange	**965**	26
Cost related to short term leases and low value assets	**48**	151

Separately disclosed items

The group separately discloses certain items which are considered 'exceptional'. These are items which, in management's judgement, need to be disclosed by virtue of their size or incidence in order to obtain a proper understanding of the financial information in the year.

This disclosure is based on management internal information and it is an additional non-IFRS disclosure. For the period ended 30 June 2022 and year ended 2021, the following amounts were reported within loss before taxation from continuing operations:

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Legal, professional and other one-off costs	**821**	1,635
Impairment of tangible assets and inventories provision	–	51,152
Impairment of assets held for sale	–	700
Gain on sale of intangible assets	–	(3,626)
	821	49,861

5 Net finance expense

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Interest payable and similar expenses		
Interest on loans and borrowings	**1,787**	5,111
Finance charges on lease	**89**	69
	1,876	5,180
Interest receivable and similar income		
Other net financial income	**(33)**	(341)
	1,843	4,839

Notes to the condensed consolidated financial statements
at 30 June 2022

6 Taxation

Recognised in the income statement

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Current tax:		
UK tax on income for the year	–	47
Foreign tax on income for the year	**158**	919
Adjustment relating to prior year	–	6
Total current tax charge	**159**	972
Deferred tax:		
Origination and reversal of temporary differences	–	439
Total deferred income tax / (credit)	–	439
Total tax expense	**158**	1,411

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 19% (2021: 19%).

Factors affecting the tax credit for the period

The tax assessed for the period differs from the UK statutory rate of corporation tax. The differences are explained below:

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Loss for the period / year	**(27,005)**	(76,489)
Tax at statutory rate of corporation tax in the UK 19%	**(5,131)**	(14,533)
Effects of:		
(Non-taxable income) / Non-deductible expenses	**(260)**	9,993
Difference in foreign tax rates	**(623)**	(756)
Depreciation not qualifying		–
Foreign tax suffered	**4**	919
Tax exempt losses	**1,013**	259
Prior year adjustment		6
Deferred tax not recognised	**5,155**	5,523
Total tax expense	**158**	1,411

6 Taxation (continued)

Deferred Tax

The group has an unrecognised deferred tax asset in relation to accelerated capital allowances in the UK of $38,774k (2021: $38,774k), tax losses of $84,198k (2021: $109,311k) and interest restriction of $1,719k (2021: $1,586k).

The group also has a deferred tax asset in relation to Norwegian unused tax losses of $95,521k (2021: $102,519k), Norwegian interest restriction of $2,991k (2021: $3,379k) and deductible temporary differences of $153,564k (2021: $173,480k). The group has a deferred tax liability in relation to Norwegian accelerated capital allowances of $676k (2021: $764k).

These deferred tax assets have not been recognised, as, based on future profit projections, the directors believe that its recovery is uncertain in the foreseeable future. These assets will not expire.

The group recognises a deferred tax asset of $34k (2021: $59k) which arises as a result of the defined benefit pension plan.

Uncertain tax position

Dolphin Drilling Limited, one of the group's subsidiaries, has a tax related contingency due to a dispute with HMRC regarding the treatment of a vessel for the purposes of Part 8ZA CTA 2010 (being the oil contractor legislation). The estimated possible unprovided tax exposure arising from this issue is of the order of £9.9 million. The Group successfully defended its position at the First Tier Tribunal in September 2020 and at a further appeal which was handed down subsequent to the period end in August 2022. HMRC have applied to seek a further appeal to this ruling. Based on professional advice received and the finding in its favour on both occasions to date, the group continue to believe that no further tax liability will arise.

The Group has a number of historic open tax inquires which are contingent liabilities and contingent claims held in the Group’s subsidiary in Brazil, Dolphin Drilling Perfuração Brasil Ltda. The Group’s operations and trading in Brazil ended in 2014. Tax inquiries and appeals relating to the period 2012 to 2014 continue to be in progress. No provision has been recorded in these financial statements or in prior periods on the basis that any economic outflow is either not considered probable or is not reliably estimable. Should any amounts become payable, this will be recorded as a charge to taxation in future periods. Dolphin Drilling Perfuração Brasil Ltda also has a number of separate claims in Brazil to recover taxes suffered in the same periods which are contingent and will not be recognised as assets unless they are received.

7 Intangible assets

	Software costs $000
Cost	
Audited balance at 1 January 2022	3,079
Additions	–
Exchange movement	(353)
Unaudited balance at 30 June 2022	2,726
Depreciation and impairment	
Audited balance at 1 January 2022	257
Depreciation charge for the year	295
Exchange movement	(52)
Unaudited balance at 30 June 2022	500
Net book value	
At 30 June 2022	**2,226**
At 1 January 2022	2,822

8 Tangible fixed assets

	Drilling rigs $000	Machinery & equipment $000	Total $000
Cost			
Audited balance at 1 January 2022	153,134	1,123	154,257
Additions	1,022	–	1,022
Exchange movement	(322)	–	(322)
Unaudited balance at 30 June 2022	153,834	1,123	154,957
Depreciation and impairment			
Audited balance at 1 January 2022	97,905	739	98,644
Depreciation charge for the year	4,130	42	4,172
Exchange movement	(135)	–	(135)
Unaudited balance at 30 June 2022	101,900	781	102,681
Net book value			
At 30 June 2022	**51,934**	**342**	**52,276**
At 1 January 2022	55,229	384	55,613

9 Inventories

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Consumables	**38,866**	38,379
Less: provision for impairment	**(18,375)**	(18,375)
	20,491	20,004

10 Trade and other receivables

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Trade debtors	**25,026**	25,194
Prepayments and other receivables	**7,856**	14,631
Contract assets	**956**	5,036
	33,837	44,861

No material expected credit loss arose at the balance sheet date.

Notes to the condensed consolidated financial statements
at 30 June 2022

11 Cash and cash equivalents

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Cash at bank and in hand	**18,604**	23,263

12 Trade and other payables

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Trade creditors	**13,298**	14,546
Other taxes and social security	**809**	1,839
Accruals and deferred income	**16,299**	23,083
	30,406	39,468

13 Loans and borrowings

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Non-current borrowings (falling due within two to five years):		
Lease liabilities	**517**	761
Term loan facility	–	23,057
Revolving credit facility	–	45,000
Current borrowings:		
Receivables factoring liability	**25,383**	19,650
Lease liabilities	**422**	422
	26,322	88,890

The receivables factoring liability relates to an account receivable factoring facility, which has been fully settled subsequent to the period end.

The term loan and revolving credit facilities were converted to equity during the period.

14 Share capital and share premium

	Unaudited 30 June 2022	Audited 31 December 2021
	$000	$000
Allotted, called up and fully paid of Dolphin Drilling Holdings Limited		
Issued, 339,787 (2021: 12,742) shares of GBP 1	**426**	16
Share premium of Dolphin Drilling Holdings Limited		
Arising during the period / year	**318,072**	239,457

15 Assets held for sale

In November 2020, management committed to a plan to sell a facility of one of the group subsidiaries. At 30 June 2022, the asset continued to be held and meeting the definition of an asset held for sale:

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Assets held for sale	**1,363**	1,363

16 Related party transactions

Ultimate controlling party and affiliates

The ultimate controlling party is Strategic Value Partners Global (SVP) by virtue of it's majority shareholding in Dolphin Drilling Holdings Limited. The Dolphin Drilling Holdings Limited group is the largest group in which the results of the company are consolidated.

Related party transactions

There were no sale of goods and services and related receivables arising from transactions with SVP in the period (year ended 31 December 2021: nil). There were no purchase of services, in respect of reimbursable expenses, incurred and paid during the period (year ended 31 December 2021: nil). At the 31 December 2021 SVP participated in the external debt agreement held by the group which was converted to equity in May 2022. The total movement in this facility is noted below:

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Opening / Advanced during the year – Term Loan	**23,057**	30,000
Opening / Advanced during the year – Revolving Credit Loan	**45,000**	45,000
Conversion to equity / borrowings repaid	**(68,057)**	(6,943)
Interest charged	–	2,600
Interest paid	–	(2,552)
At period / year end	–	68,105

16 Related party transactions (continued)

By virtue of common control by SVP, the Dolphin Drilling Holdings Limited group has a related party relationship from trading transactions with Bolette Holdco Limited and subsidiaries. The Bolette Holdco Limited group was dissolved in the period. All transactions in the year are described below:

	Unaudited 30 June 2022 $000	Audited 31 December 2021 $000
Sale of services	–	4,269
Closing Accounts receivable balance	–	–

17 Subsequent events

The Group has raised a total of $55 million of new share capital which has been received subsequent to period end, including $10 million injection from S.D. Standard ETC PLC, and $45 million raised in a private placement of shares in September 2022. Related to this a new parent company to the group was established Dolphin Drilling AS (registered in Norway, organisation number: 929 255 038).

The Group has secured a Letter of Award for the Blackford rig in Nigeria for which the rig is currently preparing to mobilise and is scheduled to commence operations during December 2022.

The outcome of the appeal of a tax claim against the group by the UK tax authority HMRC, was ruled successfully in Dolphin Drilling Limited's favour in August 2022. HMRC have applied to seek a further appeal of this ruling, which is being considered by the relevant courts. The group continues to believe that no further probable tax liability will arise.

A new 100% owned subsidiary, DD Offshore West Africa Ltd was created in July 2022 to support contract award for Blackford Dolphin.

APPENDIX E:

AUDITED INTERIM STAND-ALONE FINANCIAL STATEMENTS FOR THE COMPANY FOR THE PERIOD FROM 1 APRIL 2022 TO 31 AUGUST 2022

REGNSKAP

DOLPHIN DRILLING AS

01.04.2022 - 31.08.2022

Organisasjonsnummer
929 255 038

TOTALRESULTAT

DOLPHIN DRILLING AS

DRIFTSINNTEKTER OG DRIFTSKOSTNADER	Noter	01.04.2022 - 31.08.2022
Driftsinntekter		
Sum driftsinntekter		
Driftskostnader		
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer		
Endring i beholdning av egentilvirkede anleggsmidler		
Varekostnad		
Lønnskostnad		
Avskrivning på varige driftsmidler og immaterielle eiendeler		
Nedskrivning av varige driftsmidler og immaterielle eiendeler		
Annen driftskostnad		
Sum driftskostnader		
Driftsresultat		
FINANSPOSTER		
Finansinntekter		
Sum finansinntekter		
Finanskostnader		
Sum finanskostnader		
Sum netto finansposter		
Resultat før skattekostnad		
Skattekostnad		
Resultat		
TOTAL INNTEKT		
Resultat i perioden		
ANDRE TOTALINNTEKT		
Annen gevinst/tap		
Sum Total Inntekt		

BALANSE

DOLPHIN DRILLING AS

EIENDELER	**Noter**	**31.08.2022**
Anleggsmidler		
Immatrielle eiendeler		
Utsatt skattefordel		
Goodwill		
Sum immatrielle eiendeler		
Varige driftsmidler		
Tomter, bygninger og annen fast eiendom		
Maskiner og anlegg		
Skip, rigger, fly og lignende		
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		
Sum varige driftsmidler		
Finansielle anleggsmidler		
Investeringer i datterselskap		
Investeringer i aksjer og andeler		
Andre fordringer		
Sum finansielle anleggsmidler		
Sum anleggsmidler		
Omløpsmidler		
Varer		
Sum varer		
Fordringer		
Kundefordringer		
Andre fordringer	2	30 000
Sum fordringer	**2**	**30 000**
Investeringer		
Markedsbaserte aksjer		
Markedsbaserte obligasjoner		
Andre markedsbaserte finansielle instrumenter		
Andre finansielle instrumenter		
Sum investeringer		
Bankinnskudd, kontanter og lignende		
Sum bankinnskudd, kontanter og lignende		
Sum omløpsmidler		**30 000**
SUM EIENDELER		**30 000**

EGENKAPITAL OG GJELD	**Noter**	**31.08.2022**
Egenkapital		
Innskutt egenkapital		
Aksjekapital	3	30 000
Overkurs		
Annen innskutt egenkapital		
Sum bunden egenkapital		**30 000**
Opptjent egenkapital		
Annen egenkapital		
Udekket tap		
Sum annen egenkapital		
Sum egenkapital	**3**	**30 000**
Gjeld		
Avsetning for forpliktelser		
Pensjonsforpliktelser		
Utsatt skatt		
Andre avsetninger for forpliktelser		
Sum avsetning for forpliktelser		
Annen langsiktig gjeld		
Konvertible lån		
Obligasjonslån		
Gjeld til kredittinstitusjoner		
Øvrig langsiktig gjeld		
Sum annen langsiktig gjeld		
Sum langsiktig gjeld		
Kortsiktig gjeld		
Leverandørgjeld		
Betalbar skatt		
Skyldige offentlige avgifter		
Annen kortsiktig gjeld		
Sum kortsiktig gjeld		
Sum gjeld		
SUM EGENKAPITAL OG GJELD		**30 000**

Oslo, 04.10.2022

Martin Nes
Styrets leder

ENDRING I EGENKAPITAL

NOK	Aksjekapital	Overkurs	Annen EK	Total
Egenkapital 01.01.2022				0
Resultat for perioden				0
Annen gevinst/tap				0
Sum	0	0	0	0
Selskapet stiftet 01.04.2022	30 000			30 000
Transaksjoner med Eier	30 000	0	0	30 000
Egenkapital 31.08.2022	**30 000**	**0**	**0**	**30 000**

KONTANTSTRØMOPPSTILLING

DOLPHIN DRILLING AS

	Noter	01.04.2022 - 31.08.2022
Netto kontantstrøm fra operasjonelle aktiviteter		
Resultat før skattekostnad		0
Justeringer:		
Endringer i Arbeidskapital:		
Netto kontantstrøm fra operasjonelle aktiviteter		**0**
Netto kontantstrøm fra Investeringssaktiviteter		**0**
Netto kontantstrøm fra Finansieringssaktiviteter		**0**
Netto endring i kontanter og kontantekvivalenter		**0**
Beholdning av kontanter og kontantekvivalenter pr 01.01.		0
Beholdning av kontanter og kontantekvivalenter pr 31.08		**0**

NOTER

DOLPHIN DRILLING AS

Note 1 - Regnskapprinsipper

Regnskapet pr. 31.08.2022 for Dolphin Drilling AS er utarbeidet i forbindelse med søknad om opptak av selskapets aksjer til handel på Euronext Growth.

Dolphin Drilling AS ble stiftet 1 april 2022 og har kontoradresse Vestre Svanholmen 12, 4033 Forus. Etableringskostnader har blitt betalt av eier.

Selskapets formål skal være å drive virksomhet knyttet til borerigger og annen offshorerelatert virksomhet, herunder å eie, leie ut og drifte borerigger, samt investere i andre selskaper eller utvikle annen virksomhet, og alt som står i forbindelse med det forannevnte.

Delårsregnskapet er utarbeidet i samsvar med IFRS (International Financial Reporting Standards) som vedtatt av den Europeiske unionen (EU) og gjeldene regnskapsstandard IAS 34.

I perioden fra selskapet ble stiftet 1. april 2022 og frem til 31. august 2022 har det ikke vært noen aktivitet i selskapet.

Selskapet har lagt til grunn fortsatt drift ved utarbeidelsen av regnskapet. Ved vurdering av denne forutsetningen har ledelsen vurdert all tilgjengelig informasjon om fremtiden. Forutsetningen er basert på kapitaltilførsel fra aksjonærer. Selskapets ledelse vurderer at kapitalmarkedet gjør det mulig å hente inn egenkapital ved behov.

Kontantstrømoppstillingen er utarbeidet etter den indirekte metoden. Kontanter og kontantekvivalenter omfatter kontanter og bankinnskudd.
Det har ikke vært noen bevegelser i rapporteringperioden.

Note 2 - Fordringer
Fordringer er oppført til pålydende. Avsetning til tap anses ikke nødvendig.

Note 3 - Aksjekapital & Aksjonærer
Selskapet ble stiftet 1. April 2022.
På balansedagen består aksjekapitalen av 3 000 aksjer med et pålydende beløp på 10 per aksje
Alle aksjene er eid av Ferncliff TIH AS.
Adressen til Ferncliff TIH AS er Sjølyst plass 2, 0278 Oslo.

Note 4 - Hendelser etter balansedagen
Selskapet endret navn til Dolphin Drilling AS den 12 september 2022. Selskapet er et aksjeselskap organisert og registrert i henhold til norsk aksjelovgivning. Selskapet ble stiftet i Norge 1. april 2022, da med navnet NFH 220436 AS. Selskapets registreringsnummer i Foretaksregisteret er 929 255 038 og LEI-nummer er 636700KVRNQYY153LO45.

12. september 2022 inngikk selskapet en avtale ("Aksjebytteavtale") om å erverve, direkte og indirekte, alle aksjer i Dolphin Drilling Holdings Limited, et privat selskap registrert på Jersey (DDHL) fra de tidligere aksjonærene i DDHL, og som sådan ble det nye holdingselskapet til DDHL og datterselskaper («Aksjebyttet»). Som vederlag mottok de tidligere DDHL-aksjonærene kreditnotaer til sammen USD 100 000 000,0796 (tilsvarende NOK 996 630 000,7932 basert på valutakursen gitt av Norges Bank 6. september 2022, hvor USD 1 tilsvarer NOK 9,9663 ("Valutakursen")), som senere ble konvertert til nye aksjer i Selskapet. Som sådan ble de tidligere DDHL-aksjonærene aksjonærer i selskapet gjennom Aksjebyttet. De 85 734 200 nye aksjene i Selskapet knyttet til Aksjebyttet ble besluttet utstedt til de tidligere DDHL-aksjonærene på en ekstraordinær generalforsamling i Selskapet avholdt 12. september 2022, og de nye aksjene ble levert i VPS den 14. september 2022. Tegningskursen for de nye aksjene utstedt i forbindelse med aksjebyttet ble satt til NOK 11,62464921373287 per aksje (basert på Valutakursen).

Aksjebytteavtalen ble inngått mellom selskapet, DDHL, Dolphin Drilling Midco Limited og de tidligere DDHL-aksjonærene 12. september 2022, og ble gjennomført gjennom levering av nye aksjer i selskapet til de tidligere DDHL-aksjonærene 14. september 2022.

Selskapet har, i September 2022, hentet inn $45 (NOK 448.5) millioner i en rettet emisjon. Av tegningsbeløpet utgjør $38.7 (NOK 385.8) millioner aksjekapital og $6.3 (NOK 62.7) millioner overkurs.

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Til generalforsamlingen i Dolphin Drilling AS

Uavhengig revisors beretning

Konklusjon

Vi har revidert Dolphin Drilling AS' interim regnskap som består av balanse per 31. august 2022,oppstilling over totalresultat, oppstilling over endring i egenkapital og kontantstrømoppstilling for fem måneders perioden avsluttet per denne datoen og tilhørende noter.

Etter vår mening gir interim regnskapet et rettvisende bilde av selskapets finansielle stilling per 31. august 2022, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med International Financial Reporting Standards som fastsatt av EU og IAS 34 Delårsrapportering.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av regnskapet*. Vi er uavhengige av selskapet slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Styrets ansvar for regnskapet

Styret er ansvarlig for å utarbeide regnskapet og for at det gir et rettvisende bilde i samsvar med International Financial Reporting Standards som fastsatt av EU og IAS 34 Delårsrapportering. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et regnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av regnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for regnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller legge ned virksomheten, eller ikke har noe realistisk alternativ til dette.

Revisors oppgaver og plikter ved revisjonen av regnskapet

Vårt mål er å oppnå betryggende sikkerhet for at regnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på regnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet i regnskapet, inkludert tilleggsopplysningene, og hvorvidt regnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Stavanger, 5. oktober 2022
KPMG

Mads Hermansen
Statsautorisert revisor