Preliminary earnings release

Q2 and half year 2025

DOLPHIN DRILLING AS

Preliminary Results for the First Half of 2025

Oslo, Norway, 29 August 2025.

Dolphin Drilling AS (OSE: DDRIL) announced today its preliminary financial results for the first half (H1) of 2025.

Q2 2025, H1 and Subsequent Events

- Revenue Growth: Revenues of USD 47.4 million for the second quarter, compared to USD 19.9 million in Q2 2024. H1 revenues were USD 93.0 million, up from USD 30.0 million reported for H1 2024
- EBITDA Improvement: EBITDA of USD 5.5 million for the second quarter, a significant improvement from an EBITDA loss of USD 6.3 million in Q2 2024. For the half year, EBITDA was USD 10.4 million compared to a loss of USD 23.2 million in 2024
- Net Earnings: The company reported a net Loss of USD 26.2 million or USD 0.09 per share in the second quarter primarily of 2025, due to recording a tax loss of USD 19.2 million, compared to a loss of USD 14.1 million or USD 0.06 per share in Q2 2024. H1 year earnings per share were a loss of USD 0.12, in comparison to a loss of USD 0.11 in the previous year.
- Rig Utilization: Paul B. Loyd, Jr ("PBLJ") and Blackford Dolphin both on contract for the full quarter, PBLJ at an average uptime of 96.8% and Blackford Dolphin at 89.8%. Utilization for the first half of 2025 was 97.6% and 86.3% respectively.
- Leadership Change: During H1, Jon Oliver Bryce was appointed CEO, Ingolf Gillesdal appointed CFO; and Ronny Bjornådal appointed as Chairman.
- Major long-term investors: Svelland Capital became the company's largest shareholder group, controlling funds accounting for 49% of shareholding.
- Financing update: A group refinancing was completed in July 2025, including an Equity raise of USD 29 million, a new secured bond of USD 21.5 million, upsize loan of USD 7.2 million as well as certain amendment to terms and debt repayments related to the existing USD 65 million loan facility, and repayment of a USD 15 million shareholder loan.
- In June 2025, the UK Supreme Court handed down a ruling in favour of HMRC regarding the legacy tax case. The value of the tax claim is GBP 9.9 million, plus interest and costs. The tax and interest liability has been recorded in the reported results. The company is in discussion with HMRC in relation to the final settlement of this liability
- In late July 2025 the PBLJ commenced its tow to the Westcon yard to complete her 5-year Special Periodic Survey.

Financial Results Q2

The company reported total revenues of USD 47.4 million in the second quarter of 2025, versus USD 45.6 million in revenues earned in quarter one 2025. PBLJ achieved 93% earnings efficiency in the quarter, whereas the Blackford recorded 92% earnings efficiency for the same period. The Blackford's earnings efficiency was reduced due to periods of operational downtime, most notably relating to anchor chain issues during a rig move. The earnings efficiency reduction was despite some non-recurring revenue upsides, including USD 2.7 million in deferred mobilisation fees, USD 8.2 million in recharges to Oil India for vessels and 0.7m of equipment sales.

Operating expenses in the second quarter 2025 were of USD 22.1 million (USD 20.9 million in the first quarter of 2025). Blackford totalled USD 14.1 million which is higher versus planned and caused by a multiple of factors including extra cost associated with the downtime events and rig move as well as unfavourable movement in FX. PBLJ second quarter operating cost of USD 8.0 million, in line with budget. In project cost the other services represent USD 9.1 million related to the Blackford contract. Amortizing of mobilization cost represent the remaining USD 2.7 million of project costs. Lay-up cost for Borgland totalled USD 2.4 million for the second quarter, marginally reduced from the USD 2.7 million in the first quarter of 2025.

As PBLJ and Blackford rigs completed and subsequently moved wells in the quarter, there was an increase in repairs and maintenance costs for both rigs due to essential end of well requirements, while equipment and personnel rentals costs also increased to support the rig during the well moves.

In the G&A cost of USD 5.6 million for the second quarter of 2025 are USD 0.9 million in professional fees linked to refinancing of the company in addition to cost related to enforcement of the arbitration award against General Hydrocarbons Limited, and other legal fees associated with the defence of the Borgsten case versus HMRC.

The UK supreme court handed down a ruling in favour of HMRC regarding the legacy tax case. The tax and associated interest liability has been recorded in the second quarter of 2025 totalling USD 19.2 million (USD 13.5 million excluding interest).

Net finance costs in the second quarter of 2025 totalled USD 10.8 million inclusive of a loss on FX of USD 2.6 million, USD 5.6 million the legacy tax case, and debt interest and fees of USD 2.6 million.

The company reported a Net Loss of USD 26.2 million for the second quarter of 2025, materially impacted by the booking of the legacy tax claim (a loss of USD 8.2 million for the first quarter of 2025).

Financial results 1H

The company reported total revenues of USD 93.0 million for the first half of 2025. PBLJ has achieved 94% earnings efficiency for the first half. Reduced uptime was caused by waiting on weather periods in January and planned rig moves in April and May. Blackford recorded 89%

earnings efficiency for the first half of 2025. In January the rig had downtime due to failure on the lower marine riser package (LMRP), and in May a loss of chain during a rig move resulted in 6 days at zero rate and another 7 days at 90% repair rate. Other Revenue includes USD 5.1 million in deferred mobilisation fees and USD 16.9 million in recharges to Oil India for vessels, while sales of equipment totalling USD 0.7 million contributed to revenue increase.

Operating expenses in the first half of 2025 were of USD 43.1 million. Blackford totalled USD 27.7 million. PBLJ ended the first half with operating cost of USD 15.4 million. In project cost the other services represent USD 18.4 million related to the Blackford contract, netting a USD 1.5 million loss for the period. Amortizing of mobilization cost represent the remaining USD 5.1 million of project costs. Lay-up cost for Borgland totalled USD 5.0 million for the first half of 2025.

Costs particularly on the Blackford Dolphin, remain high so far in 2025. The company continues to monitor and implement cost saving measures in efforts to reduce OPEX and in country costs.

G&A cost of USD 10.9 million include USD 1.7 million legal cost and professional fees linked the arbitration award against General Hydrocarbons Limited, support in the HMRC case and group refinancing.

Net finance costs in the first half of 2025 totalled USD 17.0 million inclusive of a loss on FX of USD 6.2 million, USD 5.7 million the legacy tax case, and debt interest and fees of USD 5.1 million.

The company reported a Net Loss of USD 34.4 million for the first half of 2025, materially impacted by the booking of the legacy tax claim (a loss of USD 26.2 million for the second quarter of 2025).

Rig operational update

In the second quarter Dolphin Drilling had two rigs on contract and one rig stacked pending contract.

The PBLJ semisubmersible drilling rig continued throughout the period for Harbour Energy in the UK. Post quarter end PBLJ has been off contract since 23 July for her planned five-year Special Periodic Survey (SPS). We expect the rig to return to work on its long-term contract in the UK early September.

The Blackford Dolphin has been on contract for Oil India throughout the first half of 2025. The firm drilling program comprises of three exploration wells, and an option for one further well. The rig is currently drilling the second of the firm wells.

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

Balance sheet 1H

Non-Current Assets

During the year the company has spent approximately USD 5.4 million on capex and incurred depreciation and amortisation charges of USD 11.5 million. The total capital spend for 2025 is currently estimated at approximately USD 39 million. The majority of capex forecast is to be invested in the PBLJ. This is a combination of Special Periodic Survey ("SPS") renewal work plus ongoing maintenance. Capex spend related the PBLJ SPS is budgeted at USD30m. Blackford Dolphin capex for 2025 is estimated at USD 5.5 million in line with earlier guidance.

Current Assets

As of 30 June 2025, the company had approximately USD 17.8 million of cash and cash equivalents, excluding restricted cash amounts of approximately USD 4.0 million relating to outstanding bid and performance bonds that support ongoing contracts.

Accounts receivable of USD 16.2 million represents 30 days payment terms from invoicing on both the PBLJ and Blackford contracts. An additional 30 days revenue of USD 8.2 million, the majority of which is for the Blackford contract has been accrued and reported in other current assets. In comparison, at the end of the prior year the outstanding accounts receivable balance was USD 22.3 million which represented 30 days and 60 days payment terms for PBLJ and Blackford contract respectively with minimal revenue accrued.

The Inventory we hold for our rigs has increased from USD 23.7 million to USD 25.3 million in the year. PBLJ inventories have increased in 2025 due to increase in consumable items required for the upcoming SPS, while we have also replenished stock items that were previously accounted at a low value upon the initial rig acquisition.

Including accrued revenue, other current assets total as at 30 June 2025 is USD 33.0 million. This is an increase from the end of the prior year balance USD 26.5 million. Other material items include prepayments total of USD 4.3 million; USD 5.4 million of Blackford mobilisation costs which are amortising over the duration of the Blackford contract (reduced from USD 10.6 million at 31st December 2024); a USD 6.5 million debt service coverage balance which is linked to our long-term loan; and an input tax receivable of USD 1.7 million which has accumulated during the year. The input tax is primarily related to Blackford operations in India and the requirement to pay reverse charge goods and services taxes in India.

Current Liabilities

Accounts payable have remained at a higher level versus normal, USD 30.0 million (at 31st December 2024: USD 30.3 million) which can be traced back to the extended exit from Nigeria and thereafter increased costs for the rig transit and mobilisation to the next contract commencement in India. The successful refinancing completed in July 2025 has strengthened the company's financial position, alleviated outstanding supplier obligations, and positioned the Company to undertake the necessary investments for the PBLJ SPS renewal.

Accrued expenses has reduced to USD 19.9 million, in comparison to the end of the prior year total of USD 22.5 million. Accruals required to account for our rig operating expenditure has reduced following an increase in supplier invoices being received and booked before the period end.

We have reported an increase in our other current liabilities as at 30th June 2025 to USD 28.1 million in comparison to 31st December 2024 USD 15.0 million. The increase is due to the loss of the HMRC tax case resulting in USD 19.2 million interest and costs liability being recorded in the reported results. Other significant items include deferred mobilisation fee of USD 5.4 million, which fee is amortised over the course of the Blackford contract, and an offset of mobilisation costs in current assets and a reduction from USD 10.6 million from the prior year.

A shareholder loan of USD 15.0 million plus accrued interest is included in the current portion of debt. Net accrued interest and other fees account for USD 4.0 million as of quarter end. The shareholder loan was repaid in July 2025 as part of the group refinancing.

Non-Current Liabilities

A USD 65.0 million loan is fully drawn. In the first quarter of 2025 the company repaid USD 5.0 million. The lender accepted to defer debt repayments totalling USD 20 million for the period up to second quarter of 2026. The loan has a maturity in September 2027. Outstanding debt as of first half is USD 66.5 million with USD 20.0 million included in the current portion of debt and USD 46.5 million as non-current. The facility includes a USD 6.5 million debt service coverage balance which is recorded as a current asset in the balance sheet.

The refinancing that concluded in July 2025 included certain amendments to terms in the existing USD 65 million loan facility, an upsize amount of USD 7.2 million, and a new secured bond of USD 21.5 million. All of the three rigs is pledged as security to the groups long term loans. As part of the group refinancing USD 29 million in new equity issue was issued.

Strategy and outlook

In 2025, Dolphin Drilling celebrates its 60th anniversary, reaffirming its status as one of the industry's earliest established offshore drilling companies. Over the past six decades, we have operated drilling in most offshore oil and gas basins around the world.

Our current fleet consists of three conventional, harsh-environment moored semisubmersible drilling rigs: Borgland Dolphin, Blackford Dolphin, and Paul B. Loyd Jr. These assets are equipped to operate across in midwater and deepwater in water depths ranging from 65 to 1,829 metres (213 to 6,000 feet). Our global footprint is further supported by onshore offices located in the UK, Norway, India, and Brazil.

Dolphin Drilling's experience and operational footprint allow us to maintain drilling licences in most of the key offshore basins. This competency enables us to deploy our own fleet as well as manage rigs on behalf of third-party owners, positioning the company as a flexible and reliable partner in the international offshore drilling market.

As of August 2025, industry sentiment regarding offshore floaters in the moored segment remains cautiously optimistic. The UK, Norway, India, and Southeast Asia continue to represent key regions of opportunity, supported by the number of active market inquiries and the absence of available rigs in the moored semisubmersible segment. We see this as supporting factors for a sustained upward trend in day rates for moored semisubmersible rigs. The moored segment is distinctly supply-driven, resulting in favourable market conditions for asset owners.

Industry consolidation remains a central theme, as size and scale are important to strengthen resilience and address structural challenges in the sector. Such consolidation is expected to help counteract revised weak earnings guidance for 2025, as noted by several market participants.

At present, two of Dolphin Drilling's three rigs are under contract. The company continues to actively pursue new opportunities for the Borgland Dolphin in a range of offshore basins, while maintaining a disciplined approach to cost management. In addition, Dolphin Drilling is engaged in continuous evaluation of strategic growth initiatives, all aimed at enhancing long-term shareholder value in a competitive and evolving market environment.

Accounting items

Accounting for provisions v contingent liabilities

The outcome of the legal process with the UK Tax Authorities (HMRC) is no longer unknown. The result of the ruling has resulted in a liability for tax and estimated interest being recorded.

Accounting for project cost – mobilisation of Blackford Dolphin

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

Accounting for project cost – Special Periodic Survey Paul B Loyd Jr

Expenditure for major replacement and renewal that significantly increases the service life of an asset are capitalised. The capital expenditure incurred on the Paul B Loyd Jr represents investment towards future economic benefit over the five-year renewal life span.

Cautionary statement regarding forward looking statements

This Operating and Financial Review contains certain forward-looking statements that involve risks and uncertainties. Forward-looking statements are sometimes, but not always, identified by such phrases as "will", "expects", "is expected to", "should", "may", "is likely to", "intends" and "believes". These forward-looking statements reflect current views with respect to future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future.

These statements are based on various assumptions, many of which are based, in turn, upon further assumptions, including an examination of historical operating trends. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including the competitive nature of the offshore drilling industry, oil and gas prices, technological developments, government regulations, changes in economic conditions or political events, the inability of the Company to obtain financing on favourable terms, changes of the spending plan of our customers, changes in the Company's operating expenses including crew wages, insurance, dry-docking, repairs and maintenance, failure of shipyards to comply with delivery schedules on a timely basis and other important factors mentioned from time to time in our report.

DOLPHIN DRILLING AS Income Statement ($ in millions)	2025 2nd Qtr	2025 1st Qtr	2024 2nd Qtr	2025 Half year	2024 Half Year
Charter Revenue	**35.8**	34.2	19.5	**70.0**	26.4
Other Revenue	**11.6**	11.4	0.4	**23.0**	3.6
Total Revenue	**47.4**	45.6	19.9	**93.0**	30.0
Rig Operating Expenses	**(22.1)**	(20.9)	(14.2)	**(43.1)**	(27.3)
Project Costs	**(11.7)**	(11.8)	(4.0)	**(23.5)**	(7.0)
Lay-up Expense	**(2.4)**	(2.7)	(2.7)	**(5.1)**	(6.7)
Total Operating Expense	**(36.2)**	(35.5)	(20.9)	**(71.7)**	(41.0)
G&A	**(5.6)**	(5.2)	(5.3)	**(10.9)**	(10.8)
Other	**-**	-	-	**-**	(1.4)
EBITDA	**5.5**	4.9	(6.3)	**10.4**	(23.2)
D&A	**(5.9)**	(5.6)	(3.7)	**(11.5)**	(6.9)
EBIT	**(0.4)**	(0.7)	(10.0)	**(1.1)**	(30.2)
Net finance (cost) / income	**(10.8)**	(6.2)	(3.7)	**(17.0)**	(0.3)
EBT	**(11.3)**	(6.8)	(13.7)	**(18.1)**	(30.4)
Taxes	**(14.9)**	(1.4)	(0.4)	**(16.3)**	(0.5)
Net Income (Loss)	**(26.2)**	(8.2)	(14.1)	**(34.4)**	(30.9)

Balance Sheet ($ in Millions)	2025 Jun	2024 Dec
Cash	**21.8**	34.4
Accounts Receivable	**16.2**	22.3
Inventory	**25.3**	23.7
Other Current Assets	**33.0**	26.5
Total Current Assets	**96.3**	107.0
Tangible	**66.4**	68.7
Intangible	**16.8**	20.6
Total Non Current Assets	**83.2**	89.3
Total Assets	**179.5**	196.3
Accounts Payables	**30.0**	30.3
Accrued Interest	**4.0**	2.7
Accrued Expenses	**19.9**	22.5
Current Portion of Debt	**35.0**	35.0
Other Current Liabilities	**28.1**	15.0
Total Current Liabilities	**117.0**	105.5
Other Non-Current Liabilities	**3.6**	3.3
Non Current Portion of Debt	**46.5**	45.4
Total Non-Current Liabilities	**50.1**	48.7
Total Shareholders Equity	**12.4**	42.0
Total Liabilities & Shareholders' Equity	**179.5**	196.3

Statement of Cash Flows ($ in millions)	Jun-25	Jun-24
Operating Cash Flows		
Net Income	**(34.4)**	(30.9)
Add-Back: Depreciation and Amortization	**11.5**	6.9
Less gain / Add loss on disposal of assets	**-**	1.4
Change in Accounts Receivable	**6.1**	2.3
Change in Inventory	**(1.6)**	(6.3)
Change in Other Current Assets	**(6.5)**	(5.0)
Change in Accounts Payable	**(0.3)**	3.8
Change in Accrued Interest	**1.2**	0.6
Change in Accrued Expenses	**(2.6)**	(3.4)
Change in Other Current Liabilities	**13.1**	(7.4)
Change in Non Current Liabilities	**0.2**	(0.4)
Net Change in Working Capital	**9.7**	(15.8)
Cash Flow from Operations	**(13.2)**	(38.3)
Cash Flow From Investing	**(5.4)**	(42.0)
Free Cash Flow Before Financing Activities	**(18.6)**	(80.3)
Cash Flow from Financing	**6.0**	100.8
Net Change in Cash	**(12.6)**	20.5