

H1 2023 RESULTS

- Strained earnings and cash position
- In-depth restructuring of the DOLFINES group's activities initiated by the new General Management set up at the end of June

DOLFINES, an independent specialist in engineering and services for the renewable and conventional energy industry, today announces its results for the 1st half of fiscal 2023. These results were shared today with the directors of DOLFINES SA.

The presentation of the half-year results of the DOLFINES group is based on the financial statements of DOLFINES SA, whose statutory auditors have carried out a limited review, as well as the main financial data of its three active operating subsidiaries, each 100% owned by DOLFINES SA: Aegide International, 8.2 France and DOLFINES do Brasil.

The activity report and the financial report as of June 30, 2023 are available on the www.dolfines.com website, in the Investors section.

In the absence of the presentation of the consolidated financial statements due to a change of accounting firm during the 1st half of the year and the time required to harmonize the accounts of the various companies of the group and in order to give an overall economic vision of the main financial aggregates of the DOLFINES Group, the table below offers an analytical vision, not reviewed by the statutory auditors. Intercompany operations have been eliminated and data from Aegide International, acquired at the beginning of May 2023 by DOLFINES SA, are included for the months of May and June in the 1st half of 2023:

€ million	H1 2023	H1 2022
Turnover	3.25	4.39
EBITDA ⁽¹⁾	(0.98)	(0.35)
Net income	(2.74)	(2.98)
Net income excluding exceptional items	(1.16) ⁽²⁾	(0.93) ⁽³⁾

€ million	As of June 30, 2023	As of December 31, 2022
Gross cash ⁽⁴⁾	0.75	1.63
Net financial debt from cash ⁽⁴⁾	3.57	2.76

⁽¹⁾ EBITDA: Operating income before depreciation and amortization and provisions

⁽²⁾ excluding the €1.59 million in financial expenses recorded in the first half of the year

⁽³⁾ excluding the €2 million in fees for issuing bonds convertible into shares

⁽⁴⁾ As of September 30, 2023, Group Gross Cash stood at €0.9 million and net financial debt of €3.45 million

Commenting on these results, Adrien Bourdon-Feniou, Chairman and Chief Executive Officer of DOLFINES, said: "The revenue generated by all the companies of the DOLFINES group amounted to €3.25 million during the 1st half of 2023. Apart from Aegide International, a profitable company acquired in May 2023, the other companies in the group are experiencing high recurring losses. This is partly due to the complex situation of

the group during the first six months of the year, leading to significant declines in activities at Dolfin SA and an unacceptable drift in expenses on 8.2 France. This situation has led to a significant drop in cash, with a very tight outlook in the short term.

When I took up my position as Chairman and Chief Executive Officer of the Dolfin Group at the end of June, I took the first drastic measures in terms of in-depth reorganization of the teams and activities. These actions, which take place over a period of 12 to 18 months, have shown encouraging initial results in the 3rd quarter of 2023. At the same time, work has begun on the restructuring of financial debt and the search for new money in the form of capital or debt, possibly dilutive, to meet the significant short-term cash needs and finance the working capital that the current growth will generate.

The quality of the outlook offered by our markets, the solidity of our expertise and the remobilization of our teams are important assets in our desire to return to the path of profitable growth. »

I – DOLFINES SA

Corporate accounts in accordance with French standards, million euros

Income statement items	H1 2023	H1 2022
Turnover	1.17	2.41
1. Of which Conventional Energies	1.12	2.29
2. Of which Renewable Energies	0.03	-
3. Of which Engineering & Technology	0.02	0.12
EBITDA ⁽¹⁾	(0.80)	(0.48)
Net income	(2.36)	(3.04)

Balance sheet items	June 30, 2023	December 31, 2022
Equity ⁽²⁾	6.31	5.13
Gross cash and cash equivalents	0.32	2.29
Financial debt net of cash	3.13	2.35

(1) EBITDA: Operating income before depreciation and amortization and provisions

(2) Including conditional advances of €1.8 million at the end of June 2023 and €1.8 million at the end of December 2022

• Activity

DOLFINES SA's revenue amounted to €1.17 million in H1 2023, compared with €2.41 million in H1 2022, a decline of nearly 50%.

1. Conventional Energies

Conventional Energies revenue in H1 2023 was €1.12 million, down nearly 50% compared to H1 2022. This decline is due to:

- a shortening of the duration of inspection contracts in H1 2023 vs. H1 2022, although their number remained stable from one period to the next;
- delays and cancellations of inspection contracts awarded to Kuwait and India, as well as structural weakness in demand from our traditional customers in the drilling business for technical assistance;
- with the departure of several members of the team at the beginning of the year.

However, DOLFINES continues to enjoy an excellent reputation among many major international accounts that use its services on a regular basis. Thus, our long experience in a niche technical field and a strategic geographical positioning in the Middle East via a branch in Abu Dhabi and in Latin America via a subsidiary in Brazil have enabled us to win new firm contracts that will have an impact on turnover in the twelve to eighteen months following their signature:

- in the deep offshore sector, three contracts with renowned international oil companies in Brazil, the Gulf of Mexico and Malaysia;
- a multi-year framework agreement with a major operator in Egypt, expanding our presence in the

- MENA region;
- new contracts with international oil companies in West Africa and the Middle East.

2. Renewable

The revenue of the Offshore Wind division managed within DOLFINES amounted to €0.03 million in H1 2023. This activity of providing services in the field of renewable energies is in its infancy. It has benefited from the signing of a first service contract in the French offshore wind sector with a major player in the sector in France. This one-year renewable contract began on April 15, 2023. It marks the first step in our entry into this market.

3. Engineering & Technologies

During H1 2023, the design office's activity was mainly focused on the OHMe project, a telescopic tool with associated services for the heavy in-situ maintenance of fixed and floating offshore wind turbines. The tool has the potential to significantly reduce the costs of heavy maintenance, on blades and nacelles, and the associated risks and will thus contribute to a reduction in the LCOE of offshore wind.

In order to develop the detailed engineering of the solution, DOLFINES has obtained funding from ADEME of €2.1 million (€1.6 million in the form of grants and €0.5 million in the form of repayable advances in the event of commercial success) which will be paid out as work on OHMe progresses.

To date, the FEED has been fully implemented. This study made it possible to define the needs of offshore wind players and to carry out a pre-sizing of the tool in static and dynamic versions. In addition, detailed studies for the static version of the OHMe on a jack-up platform have begun.

In addition, three pre-studies have been conducted for major flotation builders for the use of OHMe on their floats.

• Results

The low level of activity, the excessively high personnel costs and the significant financial costs related to the financing methods applied explain the negative performance of DOLFINES SA in the 1st half of 2023, with an EBITDA (Operating income before depreciation and amortization) of €(0.80) million, a net income of €(2.36) million including an exceptional negative financial result of €(1.59) million, mainly due to the taking into account of the payment of a balance to NEGMA at the time of the conversions of OCABSAs, where the share price is lower than par value.

Noting these results, the new management of DOLFINES implemented during the summer an in-depth organizational restructuring of the company, which resulted in the following:

- the departure of several executives from the company;
- the reorganization of the Abu Dhabi office;
- the drastic reduction of all fixed costs.

• Financial structure

As of June 30, 2023, DOLFINES SA's shareholders' equity amounted to €6.31 million, up 23% compared to the end of December 2022.

At the end of June, gross cash stood at €0.32 million and net financial debt at €3.13 million, compared with €2.35 million at the end of December 2022.

Several capital increases were carried out during the 1st half of 2023:

- On January 13, 2023, in response to a supplier's wish to be offset of its claim by the issuance of new shares, and using the Board's delegation of September 8, 2022 implementing the 6th resolution of the Extraordinary General Meeting of July 19, 2022, the Chairman and Chief Executive Officer decided to increase the Company's share capital by an amount of €187,920 through the issuance of 18,792,000 new shares with a nominal value of €0.01, the subscription of which, to be paid up by set-off against a liquid and payable debt, is entirely reserved for this supplier;

- On May 9, 2023, as part of the acquisition of Aegide International authorized by the Board of Directors on April 25, 2023, 110,309,477 new shares were issued, reserved for THESIGER International, representing a capital increase of €1,103,094.77;
- Over the period from February 20 to June 30, 2023, as part of the contract and amendments signed with NEGMA GROUP Ltd:
 - o the Company issued a €2 million drawdown on February 17, 2023 corresponding to the issuance of 800 convertible bonds to which 100,000,000 share subscription warrants are attached;
 - o 11 conversion requests for 800 convertible bonds were made by NEGMA between February 20 and March 20, 2023, resulting in the issuance of 200,000,000 new shares, representing a capital increase of €2,000,000;
 - o As those 11 conversion requests were made on the basis of a share price below the nominal value, they gave rise to a contractual payment of balances paid by the issue of 634 bonds convertible into shares.
 - o Between 24 February and 20 March 2023, 740 OC issued in the draw of 17/02/2023 were converted at a below-nominal rate leading to the payment of the balance paid by the issuance of 634 convertible bonds.
 - o 5 conversion requests for 142 convertible bonds were made by NEGMA between June 19 and 30, 2023, resulting in the issuance of 147,500,000 new shares, representing a capital increase of €1,475,000.

In total in the first half of 2023, following the capital increase decisions, 476,601,477 new shares were created, representing a capital increase of €4,766,014.77.

As of June 30, 2023, these new share issues bring the number of shares comprising the share capital as of December 31, 2022 from 265,056,262 shares to 741,657,739 shares with a nominal value of €0.01, and the share capital from €2,650,562.62 to €7,416,577.39.

1. Significant events since the end of the period

Since the closing date of June 30, 2023, several important events have occurred:

- ADEME paid €0.82 million to DOLFINES in the form of grants/advances for the OHMe project;
- Over the period from July 1 to July 28, 2023, the financing carried out from bonds convertible into shares with warrants led to the creation of 2,218,055,555 new shares and an increase in shareholders' equity by €22 million.
- As of September 30, 2023, the number of shares comprising the Company's share capital was 2,959,713,293 shares with a nominal value of €0.01 and the share capital of €29,597,132.93.
- To date, there are 320 bonds issued and not converted for a nominal value of €800,000.
- Taken together, these operations brought the company's gross cash to €0.44 million as of September 30, 2023 and net financial debt to €3.07 million.

II - 8.2 France

2. Activity

In H1 2023, the subsidiary 8.2 France generated revenue of €1.58 million, stable compared to H1 2022.

- In the **Inspection** business (technical audit of wind and solar farms), revenue generated in the solar sector increased by 62% year-on-year.
- The **Consulting** business generated revenue of €183K in H1 2023. This embryonic activity is an important lever for future growth.

- On the Technical Due Diligence part, 8.2 France was selected on the closing of a bond financing to support the development of a company recognized in the renewable energy sector.
 - In addition, technical training has been ordered by major players in the energy sector, an activity that is considered one of the growth drivers for this Business Unit for the year 2024.
- The **Technical Assistance** business, developed since the beginning of the year in collaboration with Dolfinés, generated revenue of €327K in H1 2023.
- 8.2 France has made a significant contribution to the completion of the first offshore project in France, Banc de Guérande, and continues its activities with EDF and GE on the many offshore projects underway, including Fécamp.

1. Results and financial structure

The significant increase in payroll expenses since the second half of 2022, combined with a stagnation in revenue, resulted in EBITDA (Operating income before depreciation, amortization and provisions) of €(0.18) million at the end of June 2023.

Following the change in governance decided by the new management of Dolfinés, it is now the Chairman and CEO of Dolfinés who heads 8.2 France. A plan to reduce expenses and reorganize the company has been implemented. In particular, it is reflected in a reduction in the number of employees in support functions, leading to a reduction in personnel costs, on a like-for-like basis, of more than 20%. In addition, 8.2 France has been reorganized around two areas of activity: inspection and consulting, with the appointment of two new business managers.

A debt clearance plan and repayment of DOLFINES SA's current account has also been implemented. The increase in activity in the second half of 2023, the reduction in expenses and the implementation of a factoring contract have strengthened the company's cash position.

As of June 30, 2023, 8.2 France's shareholders' equity stood at €0.31 million. Gross cash amounted to €0.04 million, and net financial debt to cash amounted to €0.81 million.

III - Aegide International

• Activity

Aegide International is a QHSE expertise company acquired by Dolfinés on May 9, 2023.

Aegide International's revenue was €1.46 million in H1 2023, stable compared to H1 2022.

The order book (firm orders) stood at €1.4 million at the end of October 2023. In addition, as of the same date, €2.2 million in commercial offers were in progress.

- **Audit** revenue amounted to €0.42 million in H1 2023, compared to €0.27 million in H1 2022.

The activities related to the MASE standard (certification audits, mock audits and support) are expanding strongly in H1 2023 thanks to the increase in the number of auditors in our network and the improvement of our visibility and reputation in this segment.

In the third-party audit business, there is a recovery in activity after the COVID period. Several contracts have been signed with major accounts in the mining sector, in the electric vehicle charging market and in the energy sector with the award of a framework contract for an electricity transmission system operator involved in the interconnection projects of French offshore wind farms.

- Revenue generated by the **Consulting** business was €0.59 million in H1 2023, compared to €0.66 million in H1 2022. It has been carried out in France on the construction projects of the Grand Paris, on the offshore wind projects of Dieppe, with the electricity transmission system operator, or by supporting the industrial projects of a major industrial player in hydrogen. Abroad, we have worked

in Gabon and Guinea-Conakry with port operators and mining projects.

- Finally, the **Training** business generated revenue of €0.45 million, compared with €0.51 million in H1 2022.

We have continued to develop our strategic partnerships with internationally recognized certification bodies, which contribute to the good influence of our products and allow us to reach new targets to whom we can sell other Aegide products through a rebound effect

- **Results and financial structure**

EBITDA (Operating income before depreciation, amortization and provisions) of €0.085 million represented 6% of revenue (vs. 8% in H1 2022). This decrease is mainly due to an increase in subcontracting to deal with temporary peaks in demand that we could not meet with our internal resources.

As of June 30, 2023, Aegide International's shareholders' equity amounted to €0.79 million. Gross cash amounted to €0.38 million and net financial debt to cash amounted to €0.2 million.

IV - Dietswell do Brasil

The subsidiary in Brazil did not record any activity in H1 2023, as priority was given to cost reduction over commercial activity.

Commercial activity resumed during the summer with the signing of several inspection and technical assistance contracts that are expected to generate revenue in Q4 2023 and H1 2024.

Our subsidiary in Brazil has historically focused its activity around the conventional energy sector, however renewable energy projects – onshore, offshore wind and solar – are growing rapidly in Brazil. We have started to organize ourselves in order to exploit the commercial and operational synergies between 8.2 France, a specialist in renewable energies, and Dietswell do Brasil.

V - Perspectives

Despite the intense restructuring underway, the company's chronic and persistent losses have a negative impact on its cash flow, which is already weakened by its high level of debt.

The short-term sustainability of the company thus requires:

- an in-depth operational restructuring, which began in July 2023;
- rapid monetization of unused assets (Rig SEDLAR) and/or intellectual property developed over the last 10 years;
- a reduction or restructuring of financial debt that reaches levels too high for the size of the company;
- an investment by subsidiaries generating excess cash to finance the restructuring of the Group;
- the provision of new money in the form of capital or debt, possibly dilutive, to meet significant short-term cash flow needs, finance the working capital that the current growth will generate and stabilize the company's shareholder structure and governance.

Based on this observation, the main axes of the operational restructuring launched last July by the new management in order to guarantee the sustainability of the company are:

- increasing revenue, which involves revitalizing commercial activity, redirecting available resources to services with high growth potential and maximizing the occupancy rate of operational staff;
- the improvement of margins on all service lines in order to minimize the increase in working capital that accompanies this growth;

- the reduction of personnel costs on support functions that are not directly billable to customers, coupled with a redefinition of roles and responsibilities to maximize the productivity of existing teams;
- the valorization of R&D work through a spin-off of the design office and its assets, which would make it possible on the one hand to manufacture and market our inventions and on the other hand to make the investment made by the company on these projects profitable;
- obtaining financing to strengthen the Group's cash position on terms that are less onerous for all the company's stakeholders, if possible.

About Dolfines: www.dolfines.com

Founded in 2000, DOLFINES is an independent specialist in engineering and services in the renewable and conventional energy industry. Faced with the challenges of decarbonizing the energy sector and capitalizing on its strong expertise, DOLFINES wants to play a key role in this energy transition by designing and providing innovative services and solutions for the exploitation of renewable energy sources onshore and offshore, above and below sea level. Respecting the highest standards of quality and safety, DOLFINES is labelled an innovative company certified ISO 9001 for its technical assistance, auditing, inspection and engineering activities.

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DOLFINES is éligible to PEA-PME**

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