

A large offshore oil rig is silhouetted against a sunset sky over the ocean. The rig's complex structure, including cranes and drilling towers, is clearly visible against the bright, low sun. The sky is filled with soft, white clouds, and the water in the foreground shows gentle ripples.

Shelf Drilling Q1 2024 Results Highlights

15 May 2024

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"Adjusted Revenues" is defined as the Revenues less the amortization of intangible liability. Adjusted Revenues provide investors with a financial measure used in our industry to better evaluate our results without regard to non-cash amortization of intangible liability. "EBITDA" as used herein represents revenue less: operating & maintenance expenses, selling, general & administrative expenses, provision for / (reversal of provision for) credit losses, net, share-based compensation expense, net of forfeitures, and other, net, and excludes amortization of intangible liability, interest expense and financing charges, interest income, income tax expense, depreciation, amortization of deferred costs, loss on impairment and loss / (gain) on disposal of assets. "Adjusted EBITDA" as used herein represents EBITDA as adjusted for the exclusion of one-time corporate transaction costs and acquired rig reactivation costs and restructuring costs. These terms, as we define them, may not be comparable to similarly titled measures employed by other companies and are not a measure of performance calculated in accordance with U.S. GAAP. "Adjusted EBITDA margin" as used herein represents Adjusted EBITDA divided by the total revenues excluding the amortization of intangible liability. EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for operating income, net income or other income or cash flow statement data prepared in accordance with U.S. GAAP. We believe that Adjusted Revenues, EBITDA and Adjusted EBITDA are useful because they are widely used by investors in our industry to measure a company's operating performance without regard to items such as interest, income tax expense, depreciation and amortization and other non-recurring expenses (benefits), which can vary substantially from company to company. EBITDA and Adjusted EBITDA have significant limitations, such as not reflecting our cash requirements for capital expenditures and deferred costs, contractual commitments, working capital, taxes or debt service. Our management uses EBITDA and Adjusted EBITDA for the reasons stated above. In addition, our management uses Adjusted EBITDA in presentations to our Board of Directors to provide a consistent basis to measure operating performance of management; as a measure for planning and forecasting overall expectations; for evaluation of actual results against such expectations; and in communications with equity holders, lenders, note holders, rating agencies and others concerning our financial performance.

Due to the forward-looking nature of Adjusted EBITDA, management cannot reliably predict certain of the necessary components of the most directly comparable forward-looking GAAP measure. Accordingly, the company is unable to present a quantitative reconciliation of such forward-looking non-GAAP financial measure to the most directly comparable forward-looking GAAP financial measure without unreasonable effort.

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Q1 2024 Highlights



TRIR¹ of 0.06 in Q1 2024, further improvement from 2023

0.06

Q1 TRIR¹

99.5%

Uptime



Q1 2024 EBITDA impacted by contract prep projects for two SDNS rigs

\$80 MM

Adjusted EBITDA

32%

Adjusted EBITDA Margin



SDNS placed new \$315 million principal amount, 9.875% Senior Secured First Lien Bonds due in 2028

\$2.2 BN

Backlog²

97%

Marketed Utilization²



Two major new contract awards in April for SDNS rigs, with total contract value of ~\$135 million

Note (1): Total Recordable Incident Rate, per 200,000 manhours, as of 31 March 2024.

Note (2): Backlog and Marketed Utilization are as of 31 March 2024.

Oil Prices Supportive of Improving Activity Levels



Brent Oil Price (\$/bbl)



Commodity prices remain elevated and constructive for further E&P investments in rebuilding productive capacity

OPEC+ has shown continued willingness to intervene in the commodities market by flexing production

Growth in oil & gas consumption expected to continue for the foreseeable future to meet the world's expanding energy needs

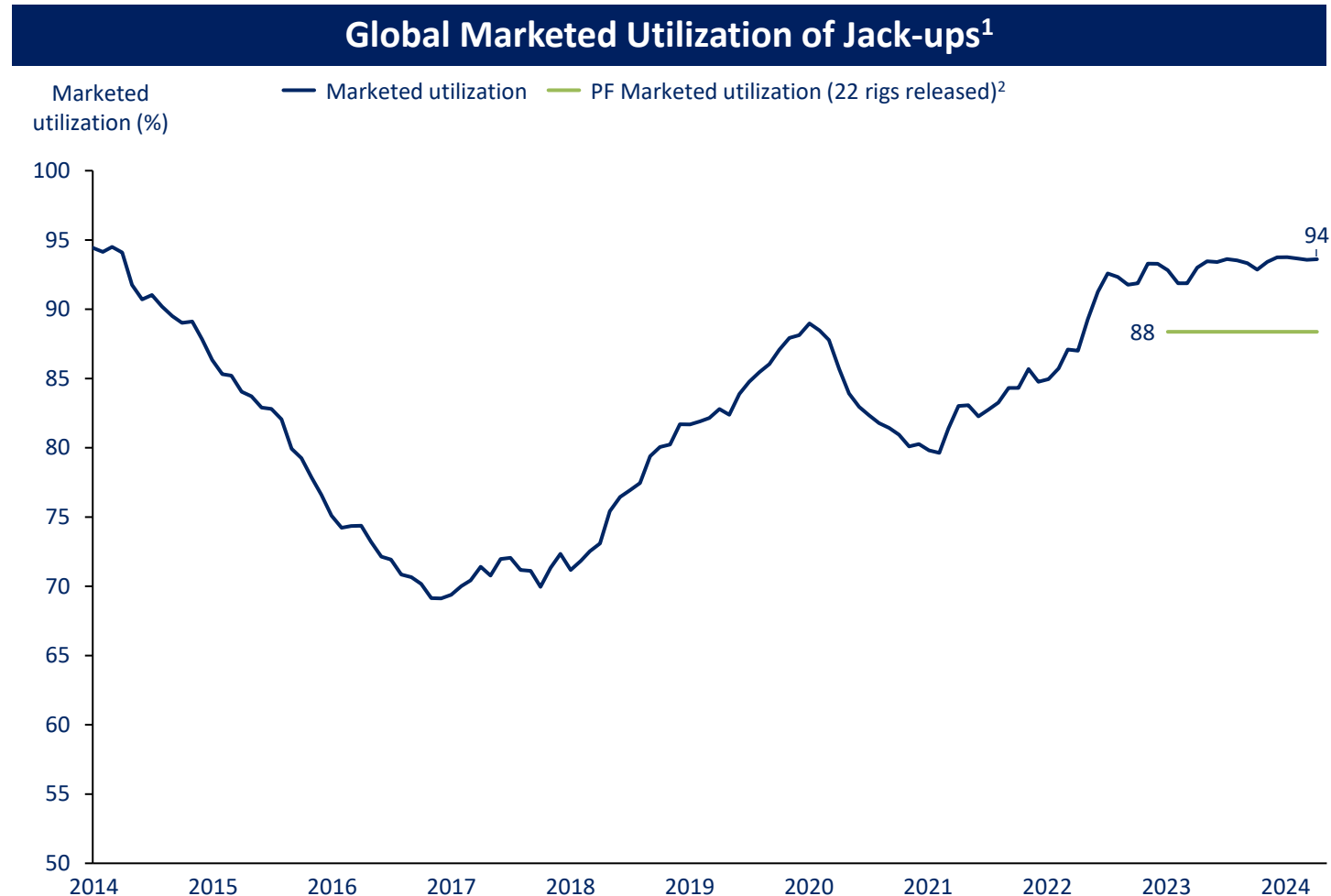
Offshore capex in proven reservoirs expected to increase to offset declining onshore productive capacity

Source: Bloomberg, as of 10 May 2024.

Note (1): YTD 2024 Average Brent oil price based on 1 January 2024 to 10 May 2024.

Global Jack-up Demand Remains Strong

- Global number of contracted jack-ups increased marginally from 406 in January 2024 to 409 in May 2024
 - Suspension of 22 rigs by Saudi Aramco adds unexpected supply to the market
 - Bidding dynamics to be impacted in near-term as contractors look to redeploy rigs to other regions
- Activity in the Middle East will be reduced in the near term, but medium to long term outlook remain strong
 - NOCs in the region are expected to take a more measured path to expanding productive capacity, and should look to add incremental rigs slowly over time
- Activity in the North Sea, however, has stabilized and is now on the rise, largely unaffected by the outflow of available rigs from the Middle East
- With ~\$85/bbl oil price environment, incremental jack-up demand expected in most other regions, including West Africa, India, and Southeast Asia
 - Utilization expected to quickly recover and remain at elevated levels for the foreseeable future



Note (1): Independent legs and cantilever units only, excludes mat-supported rigs.

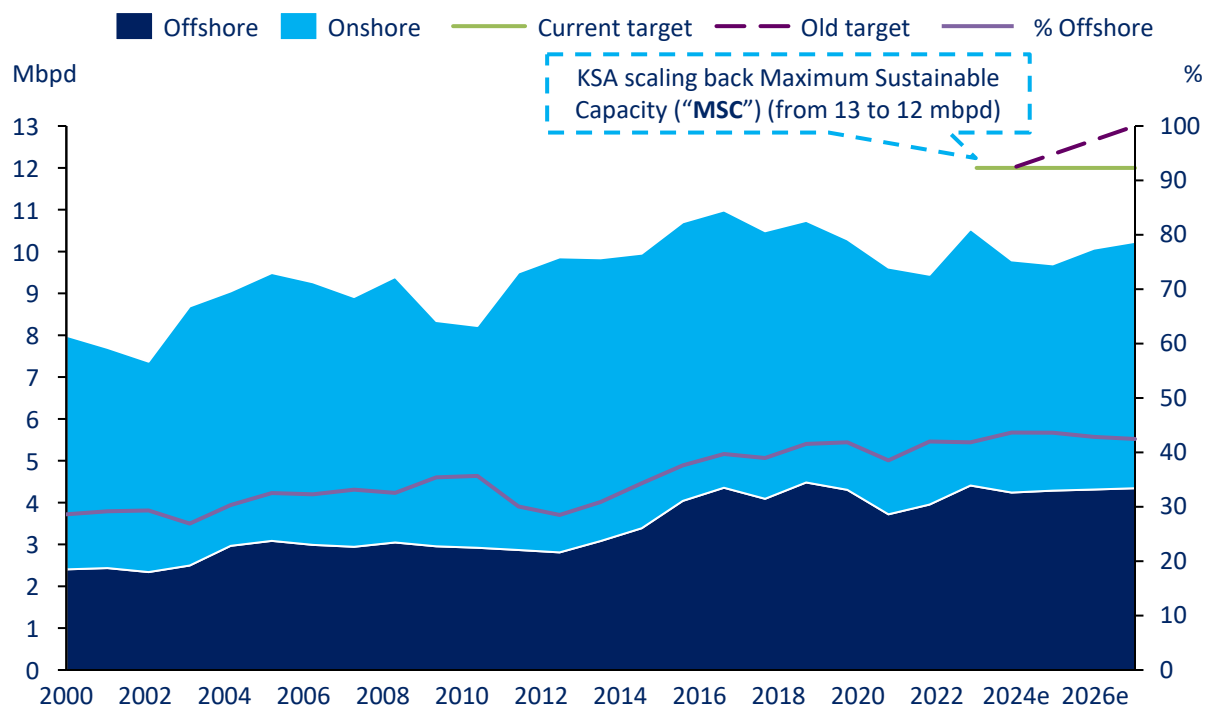
Note (2): Based on Company estimates.

Source: IHS Petrodata, as of 10 May 2024.

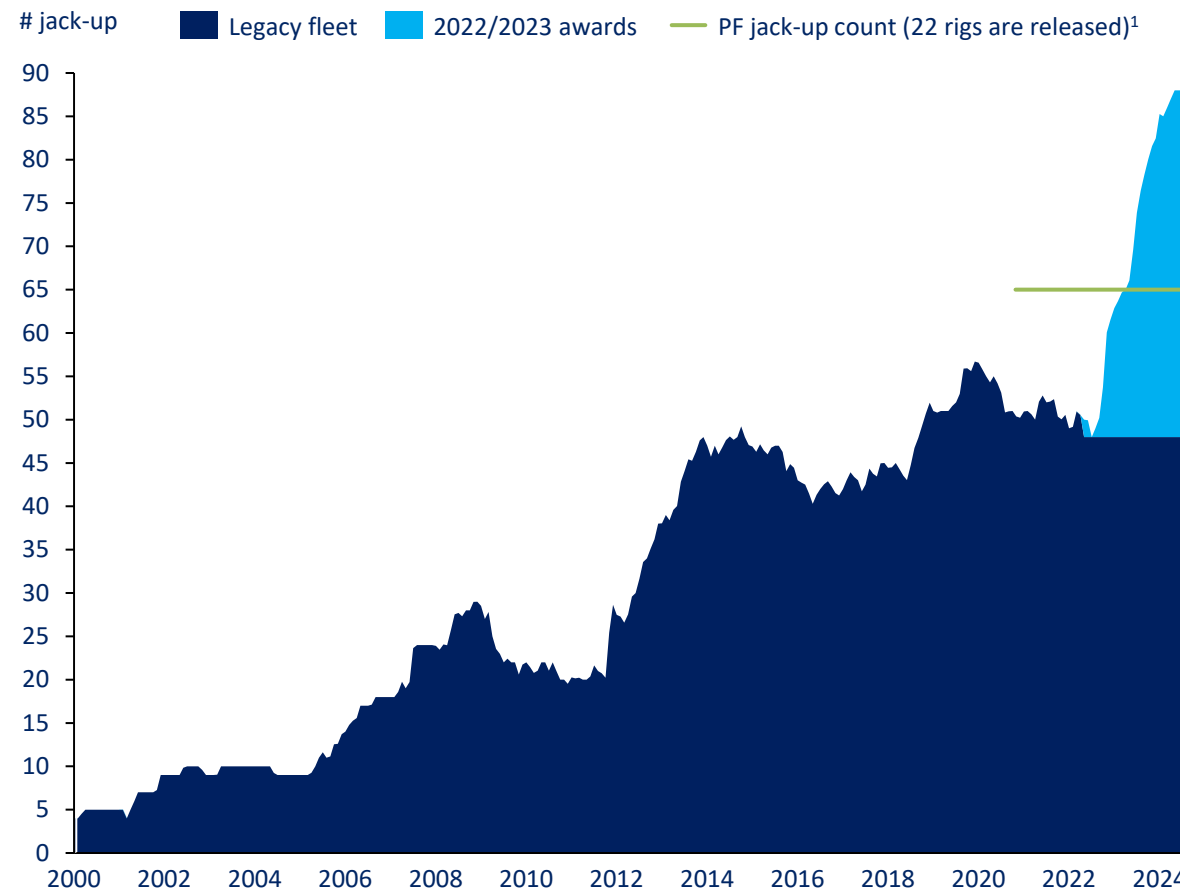
Offshore Activity Increasingly Critical to Oil Production Profile in Saudi Arabia

KSA Oil Production by Source

	Offshore	Onshore	Total	% Offshore
2004 - 2013	2.9	6.2	9.2	32%
2023	4.3	5.5	9.8	44%
Change (%)	45%	(12%)	6%	
Change (mbpd)	1.3	(0.7)	0.6	



Saudi Aramco's Jack-up Count



Offshore production in KSA set to trend higher, which likely will require a higher base demand for jack-ups despite near-term reduction

Note (1): Based on Company estimates.

Source: Rystad Energy and IHS Petrodata (underlying data) as of 18 April 2024, DNB Markets (further calculations).

Limited Jack-up Supply in the Market Today



Middle East rig count at record highs despite recent suspensions

Other markets (West Africa, SE Asia, North Sea and Mexico) still well below prior peaks

- Increasing contracting activity in SE Asia and lengthening contract terms in West Africa

China rig count continues to climb, absorbing previously stranded newbuilds

Material reduction in supply over last decade

Regions	Contracted Jack-ups		Change Since Prior Peak
	Apr-14	May-24	
Middle East	127	179 ¹	51
India	32	38	6
West Africa	20	13	-7
SE Asia	67	37	-30
North Sea	46	29	-17
Mexico	50	32	-18
US GOM	15	4	-11
China	30	57	27
Sub-Total	387	389	1
Total Under Contract	429	409	-20
Available	24	25	0
Total Active Supply	453	433	-20
% Marketed Utilization	95%	94%	0
Under Construction	141	17²	-124

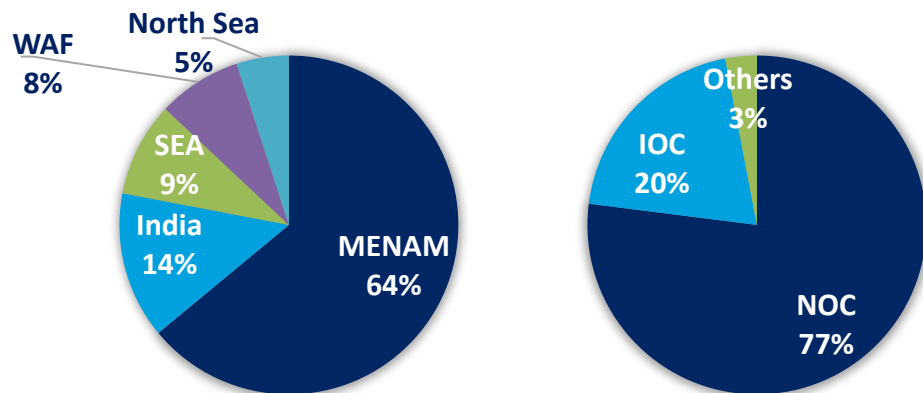
Source: IHS Petrodata, as of 9 May 2024. Excludes 47 cold stacked rigs mostly considered non-competitive.

Note (1): Includes 22 rigs suspended from operations in Saudi Arabia.

Note (2): Includes 3 rigs known to be committed to future contracts.

High Utilization and Strong Backlog

Total Backlog - \$2,175 Million



Backlog and Rig Years figures as of 31 March 2024

Backlog by Asset Type

	Rigs	Backlog (million)	Dayrate (thousand)	Rig Years
Standard 1 (IN, EG)	11	\$355	\$58	16.7
Standard 2 (ME, Med, WAF)	11	\$1,063	\$83	35.0
Premium (excl SDNS)	9	\$528	\$100	14.5
Shelf Drilling (excl SDNS)	31	\$1,946	\$81	66.1
SDNS	5	\$229	\$122	5.1
TOTAL	36	\$2,175	\$84	71.2

Note (1): Gulf Region includes Saudi Arabia, Qatar, UAE, Bahrain and Oman.

Note (2): NAF/Med includes Egypt and Italy

Fleet Status Summary (As of 15 May 2024)

	Contracted	Available	Total	% Contracted
MENAM	14	0	14	100%
Gulf Region ¹	10	0	10	100%
NAF/Med ²	3	1	4	75%
India	9	0	9	100%
West Africa	6	0	6	100%
SE Asia	4	0	4	100%
North Sea	3	0	3	100%
Total	35	1	36	97%

Recent Developments

- SD Achiever, SD Victory, Main Pass I, and Main Pass IV are each suspended at zero rate for up to one year. Company has the right to market the rigs to other customers, and to terminate the applicable contracts during the suspension period.
- Rig 141 secured a 2-year extension with Gempetco in Egypt with a contract value of ~\$51 million. One year of the extension will be farmed out to Petrogulf.
- In April, SD Barsk secured extension for 2 firm wells and 3 optional wells with Equinor in Norway for the Gudrun field ahead of its contract commencement expected in May 2024. In addition, Equinor exercised the first optional well at the Sleipner Vest field. The additional firm term of ~11 months carries a total contract value of ~\$81 million.
- Also in April, SD Fortress secured a 400-day firm contract with a customer in the UK North Sea with total contract value of ~\$54 million. Expected commencement is August 2024 in direct continuation.

Successful Refinancing of Shelf Drilling North Sea’s Existing Bonds

Refinancing Transaction Overview

- Shelf Drilling North Sea has refinanced its near-term maturity (October 2025)
 - Issuing new \$315m senior secured first lien bonds
 - Tenor of 4.5 years extending maturities to late 2028
 - Fixed annual coupon of 9.875%, payable semi-annually
 - Expected to close second half of May 2024
 - Bonds to be listed on Nordic ABM
- Attracted significant interest among high quality Nordic and international accounts, with book at final pricing significantly oversubscribed and 100+ investors
- Very strong outcome for Shelf Drilling and a testament to company’s solid market position

1 Fully addresses near-term funding requirement

2 Extends maturity schedule to late 2028

3 Broadens global high yield investor base

Sources & Uses

Sources of Funds	\$m
New Senior Secured Bonds ⁽¹⁾	310
Total Sources	310

Uses of Funds	\$m
2025 Senior Secured Notes Repayment	244
H1 2024 funding requirement ⁽²⁾	50
Transaction fees ⁽³⁾	10
Cash to balance sheet	6
Total Uses	310

Note (1): Issue price of 98.35; principal value of \$315MM and gross proceeds of \$310MM after OID

Note (2): As disclosed on Q4 2023 earnings call in March 2024.

Note (3): Includes 1.5% call penalty on Existing Notes.



Operating Platform Creates Differentiation

Strategic Evolution and Transformation of Our Jack-up Rig Fleet

Sustainability Leader with a Focus on Low Carbon Intensity Region

Strong Relationships with Blue-chip Customers and Top-tier Industry Backlog

Robust Through the Cycle Margins with Accelerating Revenue

Full Cycle Financial Resilience and Prudent Balance Sheet Management

Well-Positioned to Benefit from Improving Jack-up Market

Financial Highlights

Shelf Drilling Q1 2024 Results Highlights



Q1 2024 Results Highlights

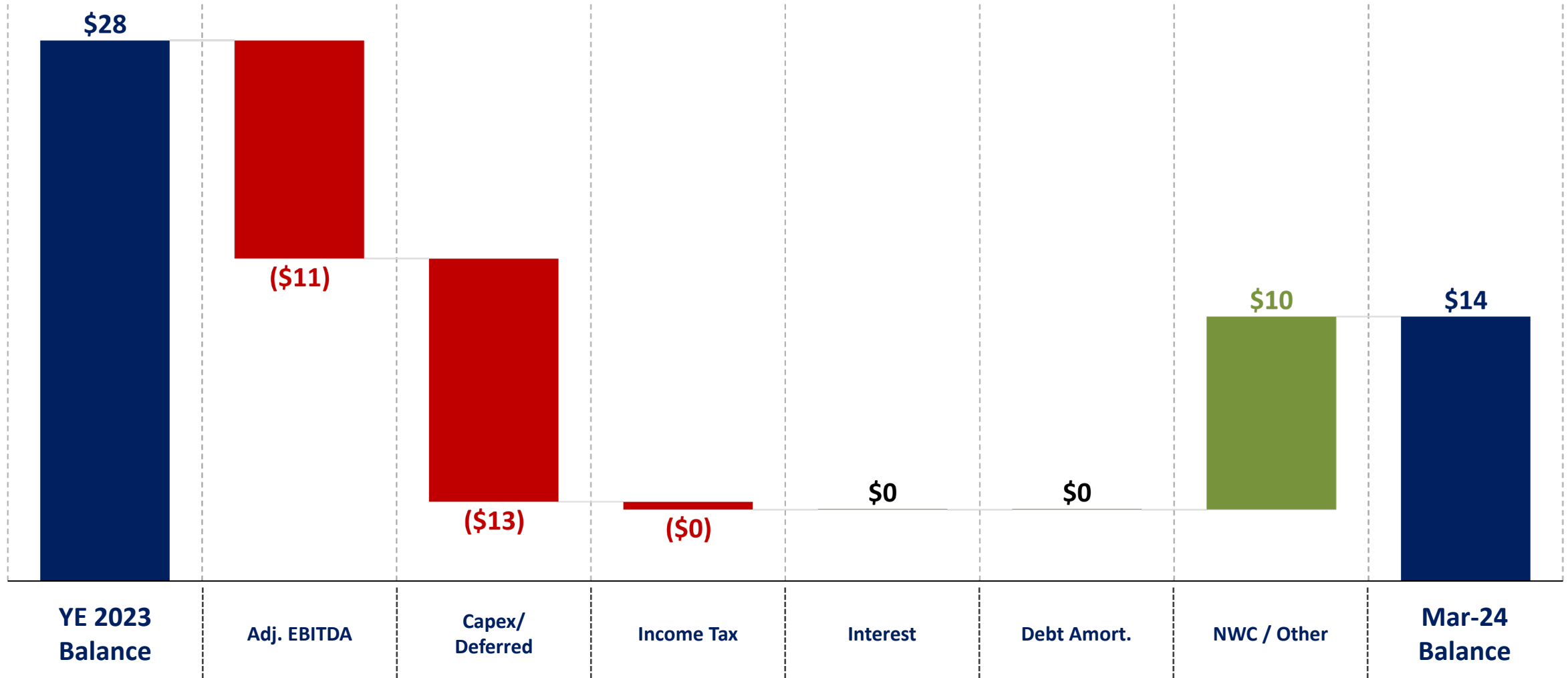


	SDL Consol.		SDNS		SDL Excl. SDNS	
	Q4 2023	Q1 2024	Q4 2023	Q1 2024	Q4 2023	Q1 2024
Adj. Revenue ¹	\$239	\$252	\$27	\$28	\$212	\$224
Adj. EBITDA ¹	\$88	\$80	(\$3)	(\$11)	\$91	\$91
Capex/Deferred	\$48	\$49	\$4	\$13	\$44	\$36
Cash	\$98	\$102	\$28	\$14	\$70	\$88

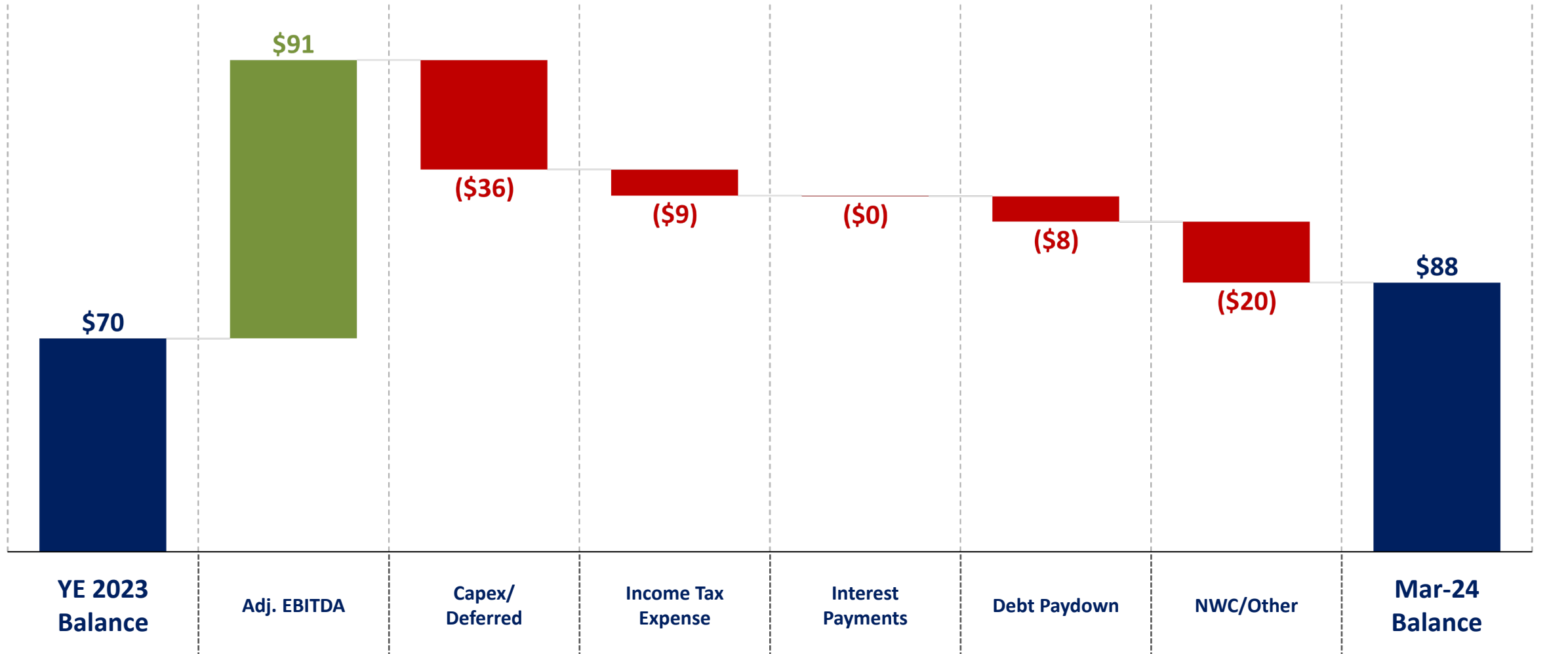
All figures in USD millions

Note 1: Excludes amortization of intangible liability

Shelf Drilling North Sea: Q1 2024 Change in Cash



Shelf Drilling (excl. SDNS): Q1 2024 Change in Cash



FY 2024 Adjusted EBITDA

\$330-375 million

- SDNS FY 2024 contribution now estimated in \$30 – 35 million range
 - ~\$5 million increase from initial guidance range for FY 2024 primarily due to contract award for SD Fortress in the UK North Sea in direct continuation of current program
 - ~(\$15) million EBITDA anticipated in H1 2024 with 2 rigs preparing for new contracts
- Shelf Drilling excluding SDNS
 - ~\$50 million decline from initial guidance range for FY 2024 primarily due to suspension of 4 rigs in Saudi Arabia in April / May 2024 partially offset by targeted cost saving measures and anticipated redeployment of 2 of the suspended rigs in Q4 2024
 - Revenues in Q2 and Q3 2024 expected to be down ~15% relative to Q1 2024

FY 2024 Capital Expenditures & Deferred Costs

\$145-170 million

- SDNS spending expected in the \$40 – 45 million range
 - Unchanged from initial guidance range
 - Mobilization and contract preparation for SD Perseverance is largest contributor
 - Includes \$10+ million investment in fleet spares originally contemplated for 2023
- Shelf Drilling excluding SDNS
 - Unchanged from initial guidance range
 - Includes ongoing investment in fleet spares of ~\$15 million
 - 3 out-of-service projects in India during 2024 (Trident II now completed; J.T. Angel and Trident XII contemplated in H2 2024 if awarded new 3-year contracts in ongoing tender)
 - Includes assumed mobilization costs for redeployment of 2 suspended rigs to other regions for new programs anticipated to start in Q4 2024
 - Reflects targeted savings and reduction in spending across fleet (i.e. MP1 in Saudi Arabia)

Supplemental Financial Information

Shelf Drilling Q1 2024 Results Highlights



Results of Operations

(In millions USD)

	Q4 2023	Q1 2024
Adjusted revenues	\$ 238.8	\$ 251.5
Amortization of intangible liability	3.2	3.2
Revenues	242.0	254.7
Operating costs & expenses		
Operating and maintenance	134.9	149.5
Depreciation	21.8	21.3
Amortization of deferred costs	17.9	19.6
General and administrative	13.6	18.0
Loss on disposal of assets	1.8	1.0
Operating income	52.0	45.3
Other expense, net		
Interest expense and financing charges, net of interest income ¹	64.6	35.9
Other, net	2.2	4.2
Income / (loss) before income taxes	(14.8)	5.2
Income tax expense	6.4	9.0
Net loss¹	(21.2)	(3.8)
Net loss attributable to non-controlling interest	(4.4)	(8.2)
Net income / (loss) attributable to controlling interest	\$ (16.8)	\$ 4.4

Note (1): This includes \$27.7 million loss on debt extinguishment in Q4 2023.

Revenue Summary (1/2)

- Marketable rigs increased marginally in Q1 2024 compared to Q4 2023 primarily due to the completion of bareboat charter agreement for Shelf Drilling Barsk in December 2023.
- Average dayrate increased to \$81.7 thousand in Q1 2024 from \$80.2 thousand in Q4 2023 primarily due to higher dayrates for two rigs in Nigeria and Egypt, following contract extensions
- Effective utilization increased to 86% in Q1 2024 from 85% in Q4 2023, mainly due to:
 - Commencement of new contracts for two rigs in Nigeria (Shelf Drilling Mentor) and India (Trident II) in mid-October 2023 and March 2024, respectively
 - Return to operations for two rigs in Saudi Arabia (Main Pass IV and High Island IV) following completion of planned out of service projects
 - Partially offset by planned shipyard for one rig in Saudi Arabia (High Island II) and
 - One rig that completed its contract in Egypt (Trident 16) in February 2024
 - Addition of a marketable rig in December 2023 that was out of service for all of Q1 2024 preparing for a new contract in Norway (Shelf Drilling Barsk)

	Q4 2023	Q1 2024
Operating Data		
<u>Average marketable rigs¹</u>		
Shelf Drilling excluding SDNS	31.0	31.0
Shelf Drilling North Sea	4.2	5.0
Total	35.2	36.0
<u>Average dayrate (in thousands USD)²</u>		
Shelf Drilling excluding SDNS	\$ 78.4	\$ 80.1
Shelf Drilling North Sea	96.6	96.8
Total	\$ 80.2	\$ 81.7
<u>Effective utilization³</u>		
Shelf Drilling excluding SDNS	87 %	91 %
Shelf Drilling North Sea	69 %	59 %
Total	85 %	86 %

Note (1): "Marketable rigs" are defined as the total number of rigs operating or available to operate, excluding: rigs under bareboat charter agreements, stacked rigs and rigs under contract for activities other than drilling or plug and abandonment services, as applicable.

Note (2): "Average dayrate" is defined as the average contract dayrate earned by marketable rigs over the reporting period excluding mobilization fees, contract preparation, capital expenditure reimbursements, demobilization, recharges, bonuses and other revenues.

Note (3): "Effective utilization" is defined as the number of calendar days during which marketable rigs generate dayrate revenues divided by the maximum number of calendar days during which those rigs could have generated dayrate revenues.

Revenue Summary (2/2)

- SDL excluding SDNS Adjusted Revenues increased by \$12.2 million to \$223.8 million in Q1 2024
 - Increased revenues for two rigs which started new contracts in Nigeria (Shelf Drilling Mentor) and India (Trident II) in mid-October 2023 and March 2024, respectively
 - Two rigs in Saudi Arabia (High Island IV and Main Pass IV) which returned to operations following completion of planned out of service projects in November 2023 and January 2024, respectively
 - One rig in Nigeria (Adriatic I) and one rig in Egypt (Rig 141) operating at higher average dayrates in Q1 2024
 - Partially offset by decreased revenues for planned shipyard for one rig in Saudi Arabia (High Island II) and
 - One rig that completed its contract in Egypt (Trident 16)
- SDNS Adjusted Revenues marginally increased by \$0.5 million to \$27.7 million in Q1 2024.
- Revenues include non-cash amortization of intangible liability from contracts assumed by SDNS from Noble

<i>(In millions USD)</i>	Q4 2023	Q1 2024
<u>Shelf Drilling excluding SDNS</u>		
Operating revenues - dayrate	\$ 194.6	\$ 205.4
Operating revenues - others	11.1	12.2
Other revenue	5.9	6.2
	\$ 211.6	\$ 223.8
<u>Shelf Drilling North Sea</u>		
Operating revenues - dayrate	\$ 25.8	\$ 26.1
Operating revenues - others	0.4	0.1
Other revenues	1.0	1.5
	27.2	27.7
Amortization of intangible liability	3.2	3.2
	\$ 30.4	\$ 30.9
<u>Total</u>		
Operating revenues - dayrate	\$ 220.4	\$ 231.5
Operating revenues - others	11.5	12.3
Other revenues	6.9	7.7
	238.8	251.5
Amortization of intangible liability	3.2	3.2
Total Revenues	\$ 242.0	\$ 254.7

Operating & Maintenance Expenses Summary

- SDL excluding SDNS operating & maintenance expenses increased by \$4.9 million to \$114.2 million in Q1 2024:
 - Higher maintenance costs for certain rigs in India and Saudi Arabia and higher expenses for fleet spares
 - Partially offset by lower shipyard and demobilization costs for three rigs, two in Nigeria (Baltic and Adriatic I) and one in India (Key Singapore) that recently commenced operations
- SDNS operating & maintenance expenses increased by \$9.7 million to \$35.3 million in Q1 2024, primarily due to higher costs for one rig in Norway (Shelf Drilling Barsk) that was previously under a bareboat charter agreement until December 2023

<i>(in millions USD)</i>	Q4 2023	Q1 2024
Operating & maintenance expenses		
<u>Rig operating expenses</u>		
Shelf Drilling excluding SDNS	\$ 99.6	\$ 104.3
Shelf Drilling North Sea	23.0	32.0
	\$ 122.6	\$ 136.3
<u>Shore-based expenses</u>		
Shelf Drilling excluding SDNS	\$ 9.7	\$ 9.9
Shelf Drilling North Sea	2.6	3.3
	\$ 12.3	\$ 13.2
<u>Total operating & maintenance expenses</u>		
Shelf Drilling excluding SDNS	\$ 109.3	\$ 114.2
Shelf Drilling North Sea	25.6	35.3
	\$ 134.9	\$ 149.5

General & Administrative Expenses Summary

- General and administrative expenses of \$18.0 million in Q1 2024 increased by \$4.4 million from Q4 2023
 - Increase in compensation and benefit expense in Q1 2024
 - Net increase in provision for credit losses following a \$0.6 million reversal in Q4 2023
- SDNS primarily includes management service fees charged by a wholly-owned subsidiary of Shelf Drilling for corporate support services (\$8k per rig per day)

<i>(in millions USD)</i>	Q4 2023	Q1 2024
General & administrative expenses		
<u>Shelf Drilling excluding SDNS</u>		
Corporate G&A	\$ 10.0	\$ 11.8
Provision for / (reversal of provision for) credit losses, net	(0.7)	1.0
Share-based compensation	0.6	1.0
General & administrative	\$ 9.9	\$ 13.8
<u>Shelf Drilling North Sea</u>		
Corporate G&A	\$ 3.7	\$ 4.0
Provision for credit losses, net	0.1	—
One-time corporate transaction costs ¹	(0.1)	0.2
General & administrative	\$ 3.7	\$ 4.2
<u>Total</u>		
Corporate G&A	\$ 13.7	\$ 15.8
Provision for / (reversal of provision for) credit losses, net	(0.6)	1.0
Share-based compensation	0.6	1.0
One-time corporate transaction costs ¹	(0.1)	0.2
General & administrative	\$ 13.6	\$ 18.0

Note (1): "One-time corporate transaction costs" represents certain one-time third party professional services recorded at SDNS level.

Adjusted EBITDA Reconciliation

<i>(In millions USD)</i>	Q4 2023	Q1 2024
Net loss	\$ (21.2)	\$ (3.8)
Add back		
Interest expense and financing charges, net of interest income ¹	64.6	35.9
Income tax expense	6.4	9.0
Depreciation	21.8	21.3
Amortization of deferred costs	17.9	19.6
Loss on disposal of assets	1.8	1.0
Amortization of intangible liability	(3.2)	(3.2)
EBITDA	88.1	79.8
One-time corporate transaction costs	(0.1)	0.2
Adjusted EBITDA	88.0	80.0
Allocated as:		
Shelf Drilling excluding SDNS	91.0	91.3
Shelf Drilling North Sea	(3.0)	(11.3)
	\$ 88.0	\$ 80.0
Adjusted EBITDA margin	37%	32%

Note (1): "Interest expense and financing charges, net of interest income" is defined as interest expense, amortization of debt issuance costs and loss on debt extinguishment, partially offset by interest income. This includes \$27.7 million loss on debt extinguishment in Q4 2023.

Capital Expenditures and Deferred Costs Summary

(In millions USD)

	Q4 2023	Q1 2024
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance ¹	\$ 27.0	\$ 29.8
Contract preparation ²	7.0	13.7
Fleet spares, transition costs and others ³	12.8	5.0
	46.8	48.5
Rig acquisitions ⁴	0.8	—
Total Capital Expenditures and Deferred Costs	\$ 47.6	\$ 48.5
Allocated as:		
Shelf Drilling excluding SDNS	\$ 44.1	\$ 35.9
Shelf Drilling North Sea	3.5	12.6
Total Capital Expenditures and Deferred Costs	\$ 47.6	\$ 48.5
<i>Reconciliation to Statements of Cash Flow</i>		
Cash payments for additions to PP&E	\$ 17.5	\$ 20.4
Net change in advances and accrued but unpaid additions to PP&E	3.0	0.6
Total capital expenditures	20.5	21.0
Changes in deferred costs, net	9.2	7.9
Add: Amortization of deferred costs	17.9	19.6
Total deferred costs	27.1	27.5
Total Capital Expenditures and Deferred Costs	\$ 47.6	\$ 48.5

Note: (1): "Regulatory and capital maintenance" includes major overhauls, regulatory costs, general upgrades and sustaining capital expenditures.

Note: (2): "Contract preparation" includes specific upgrade, mobilization and preparation costs associated with a customer contract.

Note: (3): "Fleet spares, transition costs and others" includes: (i) acquisition and certification costs for the rig fleet spares pool which is allocated to specific rig expenditures as and when required by that rig, which will result in an expenditure charge to that rig and a credit to fleet spares, (ii) costs related to rigs acquired in 2022 and (iii) office and infrastructure expenditures.

Note: (4): "Rig acquisitions" primarily includes capital expenditures and deferred costs associated with the rig readiness project for the Shelf Drilling Victory acquired in July 2022.

SDNS – Capital Expenditures and Deferred Costs Summary

- Capital Expenditures and Deferred Costs for SDNS of \$12.6 million in Q1 2024 increased by \$9.1 million from Q4 2023, mainly related to:
 - Higher contract preparation expenditures for one rig (Shelf Drilling Perseverance) expected to commence in Q3 2024 in Vietnam
 - Higher spending on regulatory and capital maintenance for one rig in Norway (Shelf Drilling Barsk)

(In millions USD)

	Q4 2023	Q1 2024
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance ¹	\$ 2.3	\$ 4.2
Contract preparation ²	—	7.2
Fleet spares, transition costs and others ³	1.2	1.2
Total Capital Expenditures and Deferred Costs	\$ 3.5	\$ 12.6
<i>Reconciliation to Statements of Cash Flow</i>		
Cash payments for additions to PP&E	\$ 2.3	\$ 1.2
Net change in advances and accrued but unpaid additions to PP&E	—	2.8
Total capital expenditures	2.3	4.0
Changes in deferred costs, net	1.1	8.5
Add: Amortization of deferred costs	0.1	0.1
Total deferred costs	1.2	8.6
Total Capital Expenditures and Deferred Costs	\$ 3.5	\$ 12.6

Note: (1): "Regulatory and capital maintenance" includes major overhauls, regulatory costs, general upgrades and sustaining capital expenditures.

Note: (2): "Contract preparation" includes specific upgrade, mobilization and preparation costs associated with a customer contract.

Note: (3): "Fleet spares, transition costs and others" mainly includes: (i) acquisition and certification costs for the rig fleet spares pool which is allocated to specific rig expenditures as and when required by that rig, which will result in an expenditure charge to that rig and a credit to fleet spares, (ii) costs related to acquired rigs in 2022 and (iii) office and infrastructure expenditures.

SDL excluding SDNS - Capital Expenditures and Deferred Costs Summary

- Capital Expenditures and Deferred Costs totaled \$35.9 million in Q1 2024, down by 8.2 million from Q4 2023 primarily as a result of:
 - Lower spending for two rigs in Saudi Arabia (Main Pass IV and High Island IV) and one rig in India (Key Singapore) which returned to operations or commenced new contract in October 2023
 - Lower spending on fleet spares in Q1 2024
 - Partially offset by higher spending for one rig in India (Trident II) that commenced a long-term contract in March 2024 and one rig in Saudi Arabia that was undergoing planned out of service project in February 2024

<i>(In millions USD)</i>	Q4 2023	Q1 2024
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance ¹	\$ 24.7	\$ 25.6
Contract preparation ²	7.0	6.5
Fleet spares, transition costs and other ³	11.6	3.8
	43.3	35.9
Rig acquisitions ⁴	0.8	—
Shelf Drilling excluding SDNS	\$ 44.1	\$ 35.9
<i>Reconciliation to Statements of Cash Flow</i>		
Cash payments for additions to PP&E	\$ 15.2	\$ 19.2
Net change in advances and accrued but unpaid additions to PP&E	3.0	(2.2)
	18.2	17.0
Changes in deferred costs, net	8.1	(0.6)
Add: Amortization of deferred costs	17.8	19.5
	25.9	18.9
Total Capital Expenditures and Deferred Costs	\$ 44.1	\$ 35.9

Note: (1): "Regulatory and capital maintenance" includes major overhauls, regulatory costs, general upgrades and sustaining capital expenditures.

Note: (2): "Contract preparation" includes specific upgrade, mobilization and preparation costs associated with a customer contract.

Note: (3): "Fleet spares, transition costs and others" mainly includes: (i) acquisition and certification costs for the rig fleet spares pool which is allocated to specific rig expenditures as and when required by that rig, which will result in an expenditure charge to that rig and a credit to fleet spares and (ii) office and infrastructure expenditures.

Note: (4): "Rig acquisitions" primarily includes capital expenditures and deferred costs associated with the rig readiness project for the Shelf Drilling Victory acquired in July 2022.

Balance Sheet Summary

	SDL		SDNS		SDHL Credit Group ⁽¹⁾	
	Q4 2023	Q1 2024	Q4 2023	Q1 2024	Q4 2023	Q1 2024
<i>(In millions USD)</i>						
Cash and cash equivalents	\$ 98.2	\$ 101.6	\$ 27.7	\$ 13.6	\$ 65.6	\$ 83.1
Restricted cash	8.8	8.3	4.6	4.6	4.2	3.7
Accounts and other receivables, net	228.6	236.4	24.5	26.8	211.5	209.6
Property and equipment, net	1,487.1	1,485.5	404.4	403.8	1,082.7	1,081.7
Deferred costs	199.5	207.5	2.1	10.6	197.4	196.9
Other assets	76.5	76.9	8.7	9.1	196.1	205.0
Total assets	\$ 2,098.7	\$ 2,116.2	\$ 472.0	\$ 468.5	\$ 1,757.5	\$ 1,780.0
Accounts payable	\$ 115.7	\$ 121.9	\$ 21.1	\$ 31.0	\$ 94.9	\$ 90.7
Interest payable	28.0	61.3	4.2	10.5	23.8	50.8
Deferred revenue	100.5	97.2	—	—	100.5	97.2
Total debt	1,325.4	1,319.9	236.3	237.2	1,089.1	1,082.7
Other liabilities	126.8	116.4	29.8	29.6	97.6	89.1
Total liabilities	1,696.4	1,716.7	291.4	308.3	1,405.9	1,410.5
Total controlling interest shareholders' equity	332.0	337.4	180.6	160.2	351.6	369.5
Non-controlling interest	70.3	62.1	—	—	—	—
Total equity	402.3	399.5	180.6	160.2	351.6	369.5
Total equity and liabilities	\$ 2,098.7	\$ 2,116.2	\$ 472.0	\$ 468.5	\$ 1,757.5	\$ 1,780.0

Note: (1): This represents SDHL excluding unrestricted subsidiaries (including SDNS) in relation to the 9.625% Senior Secured Notes, Term Loan and the Credit Facility.

Capital Structure Summary

<i>(In millions USD)</i>	YE 2022	YE 2023	Q1 2024
Cash and cash equivalents	\$ 140.8	\$ 98.2	\$ 101.6
Restricted cash	36.5	8.8	8.3
Total long-lived assets ¹	1,621.2	1,698.0	1,705.7
Total assets	\$ 2,046.3	\$ 2,098.7	\$ 2,116.2
9.625% Senior Secured Notes, due April 2029 ²	\$ —	\$ 1,056.4	\$ 1,058.2
Term Loan, due December 2024 ³	—	32.7	24.5
8.25% Senior unsecured notes due 2025	895.1	—	—
8.875% Senior secured notes due 2024	302.8	—	—
	1,197.9	1,089.1	1,082.7
10.25% Senior secured notes due 2025 ⁴	238.8	236.3	237.2
Total debt	1,436.7	1,325.4	1,319.9
Net debt	\$ 1,295.9	\$ 1,227.2	\$ 1,218.3
Total equity attributable to controlling interest	\$ 235.6	\$ 332.0	\$ 337.4
Non-controlling interest	79.9	70.3	62.1
Total equity	\$ 315.5	\$ 402.3	\$ 399.5

- LTM Adjusted EBITDA of \$355.5 million and Net Leverage ratio of 3.4x for SDL (\$363.4 million and 2.7x for Shelf Drilling excluding SDNS)
- Cash and cash equivalents balance at SDNS at March 31, 2024 of \$13.6 million (\$88.0 million at SDL excluding SDNS)
 - \$150.0 million revolving credit facility; \$22.4 million utilized for surety bonds and guarantees as of March 31, 2024
- On March 22, 2024, the Company executed an agreement related to the Term Loan, that extends the maturity date from June 30, 2024 to December 31, 2024. Remaining principal balance of \$25.0 million.
- On April 26, 2024, a subsidiary of SDNS placed \$315.0 million of 9.875% bonds due November 2028; this transaction is expected to close in the second half of May 2024.
- On April 26, 2024, the Company drew \$25.0 million from the revolving credit facility for 1 month period to fund short-term liquidity requirement at SDNS. This is expected to be repaid at closing of 9.875% Senior Secured Bonds issuance.
- Total shares outstanding of 213.7 million as of March 31, 2024
 - Primary insiders: 50.7 million (23.7%), consisting primarily of China Merchants: 26.8 million (12.6%) and Castle Harlan: 20.4 million (9.6%)

Note (1): "Total long lived assets" are defined as property plant and equipment, right-of-use assets and short term and long term deferred costs. This excludes assets held for sale.

Note (2): Reflects carrying value. Principal value is \$1,095.0 million.

Note (3): Reflects carrying value. Principal value is \$25.0 million.

Note (4): Reflects carrying value. Principal value is \$243.8 million.

Free Cash Flow Summary

- Q1 2024 Adjusted EBITDA decreased to \$80.0 million (adjusted EBITDA margin of 32%) primarily due to one rig out of service for all of Q1 2024 (Shelf Drilling Barsk)
- Cash and cash equivalents increased by \$3.4 million to \$101.6 million during Q1 2024, mainly due to:
 - SDL excluding SDNS increased by \$17.5 million:
 - Relatively stable level of Adjusted EBITDA of \$91.3 million
 - Sequential decrease in capital spending from fleet spares and certain rigs in Saudi Arabia
 - Reduction in debt service payments
 - SDNS cash balance declined by \$14.1 million:
 - Lower level of EBITDA due to out of service time on two rigs
 - Increase in capital spending due to contract preparation on Shelf Drilling Perseverance
 - Partially offset by reduction in debt service payments (interest and principal paid in Q4 and Q2 each year)

Quarterly Cash Flow Summary (\$MM)	Q4 2023	Q1 2024
Adjusted EBITDA	\$ 88.0	\$ 80.0
Adjustments	0.1	(0.2)
EBITDA	\$ 88.1	\$ 79.8
Interest expense, net of interest income	(64.6)	(35.9)
Income tax expense	(6.4)	(9.0)
Capital expenditures and deferred costs	(47.6)	(48.5)
Sub-total	\$ (30.5)	\$ (13.6)
<i>Working Capital Impact</i>		
Interest ¹	27.1	35.7
Other	49.6	(9.0)
Sub-total	\$ 76.7	\$ 26.7
Proceeds from issuance of long-term debt	1,075.1	—
Payment of debt issuance costs	(22.2)	(1.2)
Payment of long-term debt	(1,216.3)	—
Payment of debt extinguishment costs	(19.9)	(0.2)
Proceeds from term loan	50.0	—
Repayment of term loan	(16.7)	(8.3)
Net proceeds from issuance of common shares	57.3	—
Sub-total	\$ (92.7)	\$ (9.7)
Net change in cash and cash equivalents	\$ (46.5)	\$ 3.4
Beginning Cash	144.7	98.2
Ending cash and cash equivalents	\$ 98.2	\$ 101.6

Note (1): Represents the difference between interest expense (including loss on debt extinguishment), net of interest income and cash interest payments during the period.

Free Cash Flow Summary

Quarterly Cash Flow Summary (\$MM) - Q1 2024	Shelf Drilling excluding SDNS	Shelf Drilling North Sea	Total
Adjusted EBITDA	\$ 91.3	\$ (11.3)	\$ 80.0
Adjustments	—	(0.2)	(0.2)
EBITDA	91.3	(11.5)	79.8
Interest expense, net of interest income	(28.9)	(7.0)	(35.9)
Income tax expense	(8.6)	(0.4)	(9.0)
Capital expenditures and deferred costs	(35.9)	(12.6)	(48.5)
Sub-total	17.9	(31.5)	(13.6)
Working Capital Impact			
Interest ¹	28.7	7.0	35.7
Other	(19.4)	10.4	(9.0)
Sub-total	9.3	17.4	26.7
Payment of debt issuance costs	(1.2)	—	(1.2)
Payment of debt extinguishment costs	(0.2)	—	(0.2)
Repayment of term loan	(8.3)	—	(8.3)
Sub-total	(9.7)	—	(9.7)
Net change in cash and cash equivalents	17.5	(14.1)	3.4
Beginning cash	70.5	27.7	98.2
Ending cash and cash equivalents	\$ 88.0	\$ 13.6	\$ 101.6

Note (1): Represents the difference between interest expense, net of interest income and cash interest payments during the period.



**SHELF
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