



Shelf Drilling Q2 2024 Results Highlights

14 August 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.

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Q2 2024 Highlights



YTD 2024 TRIR of 0.10 and uptime of 99.4% demonstrate continued strong operational performance

0.10

YTD TRIR¹

99.4%

YTD Uptime



Q2 2024 EBITDA impacted by 4-rig suspension in Saudi Arabia and delayed start of 1 rig in Norway

\$72 MM

Adjusted EBITDA

31%

Adjusted EBITDA Margin



Identified and implemented significant cost reduction or deferment measures for entire rig fleet

\$2.1 BN

Backlog²

92%

Marketed Utilization²



**Pending standard jack-up sale for \$60MM
SHLF planning to provide operations support to buyer for P&A in SE Asia**

Note (1): Total Recordable Incident Rate, per 200,000 manhours, as of 30 June 2024.

Note (2): Backlog and Marketed Utilization are as of 30 June 2024.

Oil Prices Supportive of Robust Activity Levels

Brent Oil Price (\$/bbl)



Commodity prices remain at constructive levels for increasing E&P investments to rebuild productive capacity around the world

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

Growth in oil & gas consumption projected to slow in 2024/2025 but remain positive for years/decades to come

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

Source: Bloomberg, as of 13 August 2024.

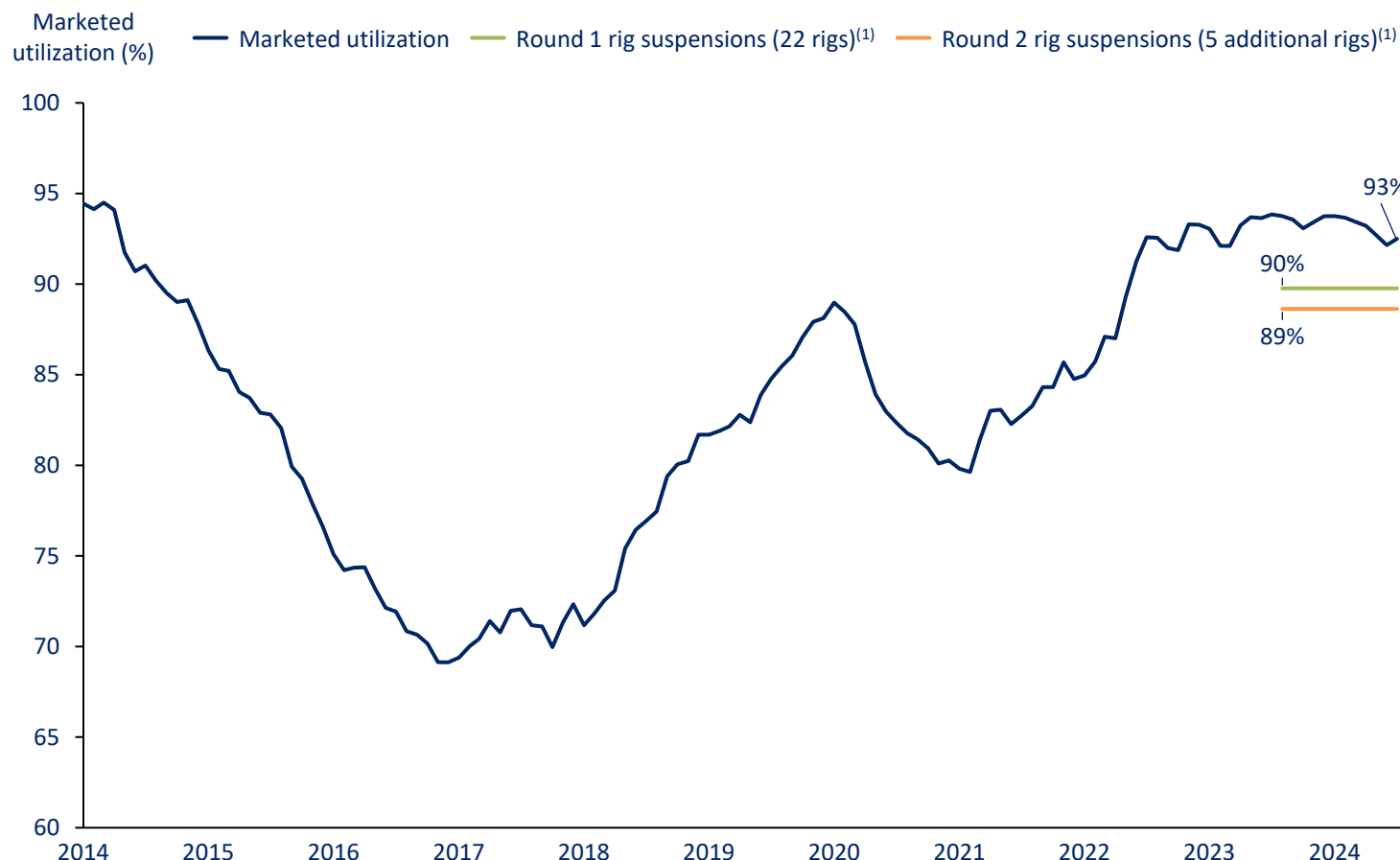
Note (1): YTD 2024 Average Brent oil price based on 1 January 2024 to 13 August 2024.

Despite Saudi Aramco Suspensions, Premium Jack-up Utilization Expected to Remain Tight

Supportive Long-term Drivers for Rig Demand

- Commodity prices remain elevated and constructive for further E&P investments in rebuilding productive capacity, with Brent oil price trading around \$80/bbl
- World oil demand grew by 2.3 million barrels per day in 2023, surpassing pre-pandemic levels, and further growth in consumption is expected in 2024
- As a result, global utilization of jack-ups expected to remain at high levels, estimated at ~89% despite 22 rigs suspended by Saudi Aramco in round 1 and a further 5 in round 2 in recent weeks⁽¹⁾
 - Rig suspensions expected to affect short-term bidding dynamics and discipline
- 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
- Demand for jack-up services expected to be resilient with high premium jack-up utilization levels despite suspensions by Saudi Aramco
- Bidding dynamics to be impacted in certain markets in short term

Potential Impact of Aramco Releases on Jack-up Utilization



Commodity prices coupled with increased oil demand provide strong long-term backdrop for rig demand, despite near term uncertainties

Source: IHS Petrodata (underlying data) as of 2 August 2024, DNB Markets (further calculations)

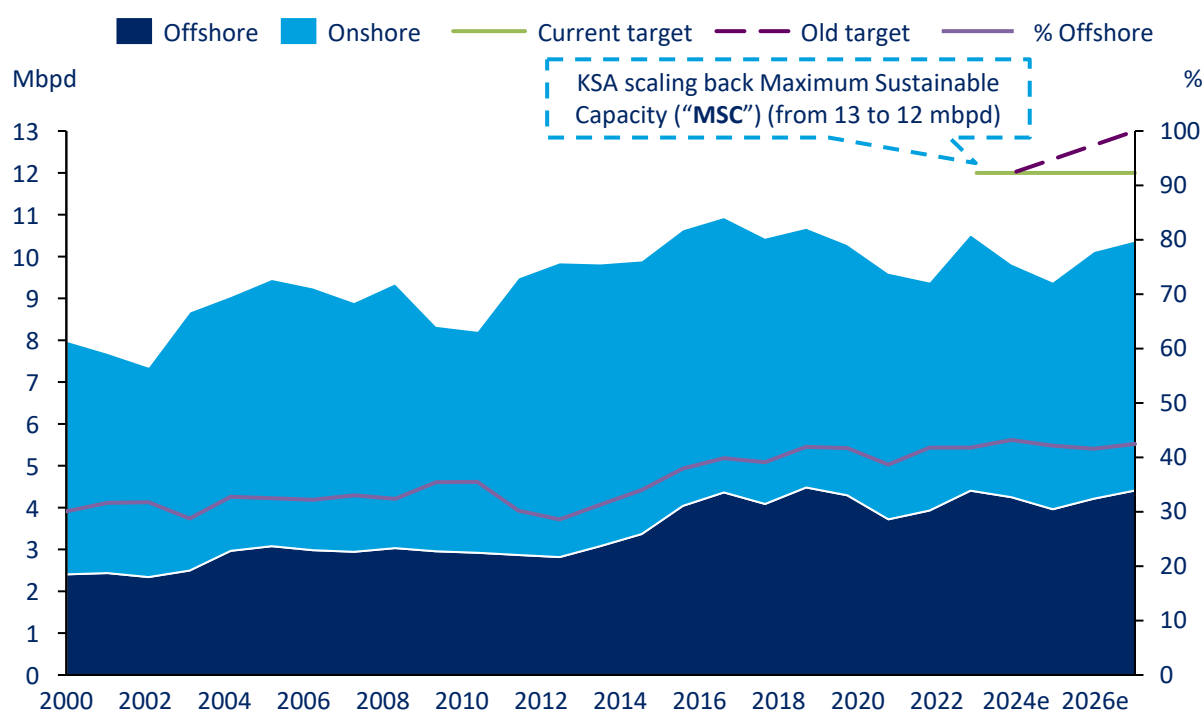
Note (1): Based on Company estimates and adjusted for 8 rigs from round 1 already being re-contracted elsewhere

Offshore has Been Critical to Oil Production Profile in Saudi Arabia – Growth Plans now on Hold

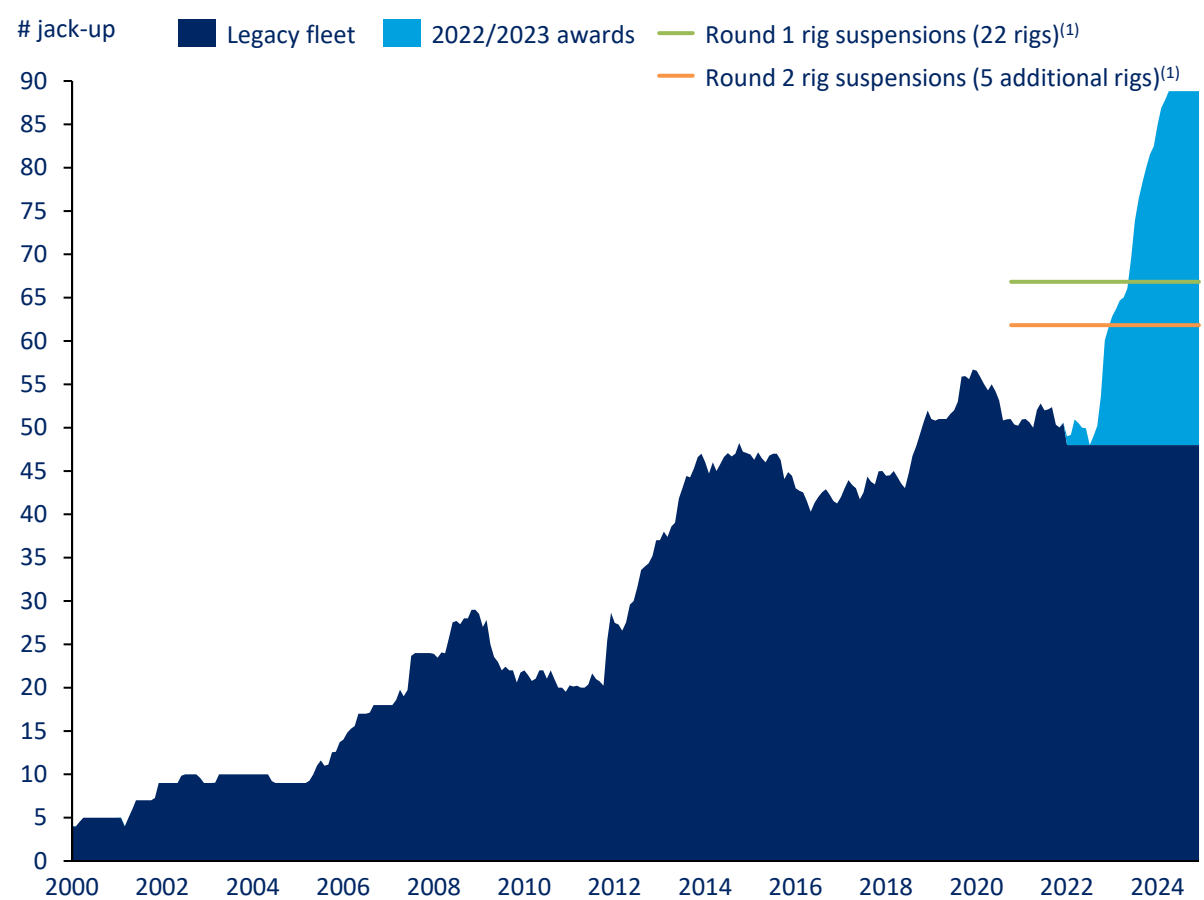


KSA Oil Production by Source

	Offshore	Onshore	Total	% Offshore
2004 - 2013	3.0	6.2	9.2	32%
2024e	4.0	5.4	9.4	42%
Change (%)	33%	(13%)	2%	
Change (mbpd)	1.0	(0.8)	0.2	



Saudi Aramco's Jack-up Count



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

Source: Rystad Energy and IHS Petrodata (underlying data) as of 1 August 2024, DNB Markets (further calculations)

Note (1): Based on Company estimates and adjusted for 8 rigs from round 1 already being re-contracted elsewhere

Slight Drop in Utilization YTD 2024 But Jack-Up Market Remains Tight

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	Aug-24	
Middle East	127	174 ¹	47
India	32	37	5
West Africa	20	15	-5
SE Asia	67	36	-31
North Sea	46	28	-18
Mexico	50	32	-18
US GOM	15	2	-13
China	30	58	28
Sub-Total	387	382	-5
Total Under Contract	429	404	-25
Available	24	29	5
Total Active Supply	453	433	-20
% Marketed Utilization	95%	93%	-2 p.p.
Under Construction	141	15²	-126

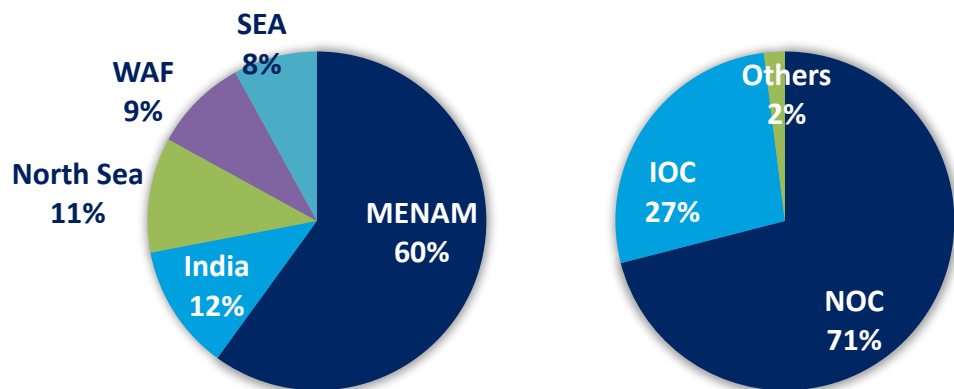
Source: IHS Petrodata, as of 2 August 2024. Excludes 47 cold stacked rigs mostly considered non-competitive.

Note (1): Includes 22 rigs suspended and 5 expected to be suspended from operations in Saudi Arabia.

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

High Utilization and Strong Backlog

Total Backlog - \$2,109 Million



Backlog and Rig Years figures as of 30 June 2024

Backlog by Asset Type

	Rigs	Backlog (millions)	Dayrate (thousands)	Rig Years
Standard 1 (IN, EG)	11	\$305	\$59	14.1
Standard 2 (ME, Med, WAF)	11	\$989	\$84	32.2
Premium (excl SDNS)	9	\$474	\$105	12.4
Shelf Drilling (excl SDNS)	31	\$1,768	\$83	58.7
SDNS	5	\$341	\$144	6.5
TOTAL	36	\$2,109	\$89	65.2

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 14 August 2024)

	Contracted	Available	Total	% Contracted
MENAM	11	1	12	92%
Gulf Region ¹	8	0	8	100%
NAF/Med ²	3	1	4	75%
India	9	0	9	100%
West Africa	6	2	8	75%
SE Asia	4	0	4	100%
North Sea	3	0	3	100%
Total	33	3	36	92%

Recent Developments

- SDT secured 15-month extension in West Africa commencing Nov 2024
- MP4 and SDA mobilizing to West Africa with both rigs expected to commence operations in Q4 2024
- T08 is out-of-service in West Africa following leg incident pursuing insurance claim
- Baltic sale announced for \$60MM, expected to close Sep 2024
- SDM added 2-well program in West Africa commencing Aug 2024
- HHW received suspension notice from customer in Middle East expected to commence Sep 2024
- SDB contract start delayed until Q4 2024 pending local regulatory approval in Norway
- SDF completed a contract, secured 400-day contract in UK and commenced new contract in Aug 2024
- SDW secured 17-month extension in Denmark commencing Mar 2025



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 Q2 2024 Results Highlights



Q2 2024 Results Highlights

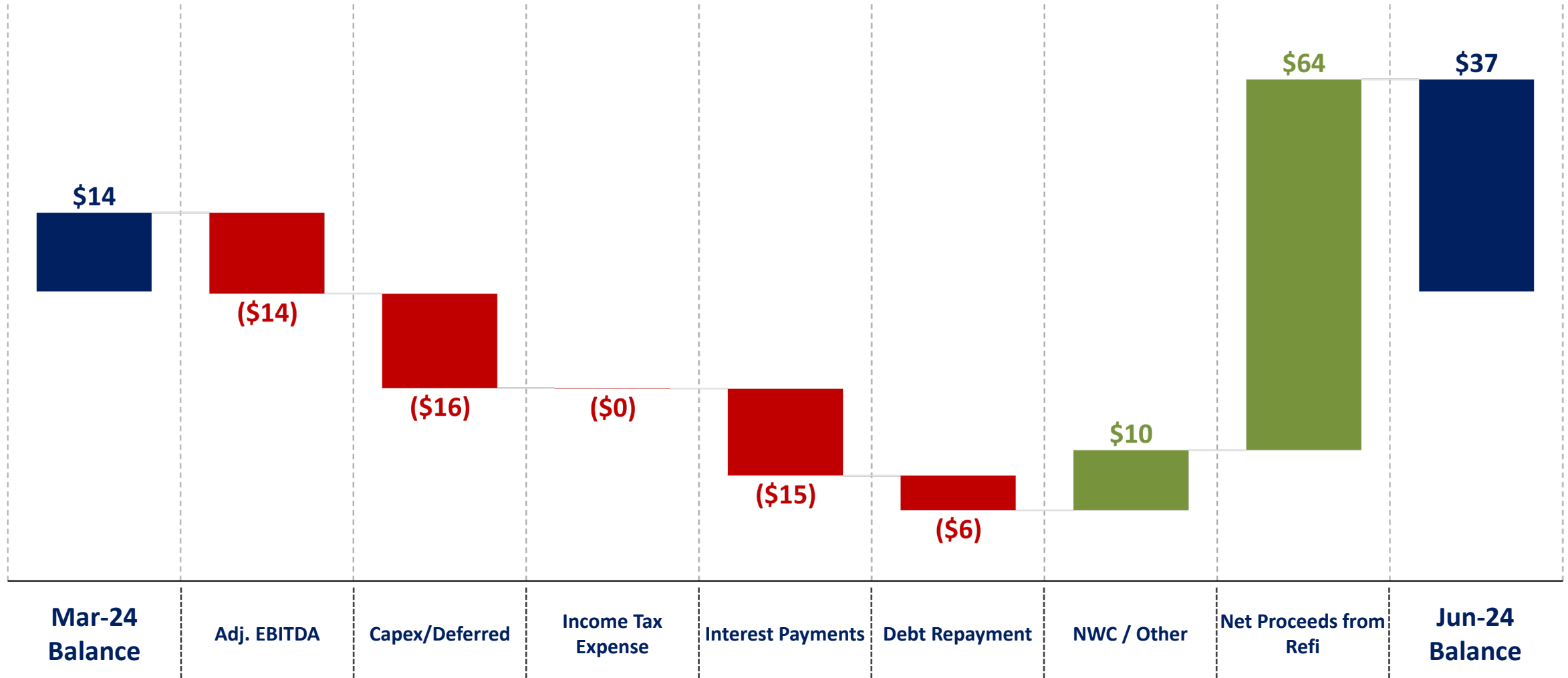


	SDL Consol.		SDNS		SDL Excl. SDNS	
	Q1 2024	Q2 2024	Q1 2024	Q2 2024	Q1 2024	Q2 2024
Adj. Revenue ¹	\$252	\$231	\$28	\$28	\$224	\$203
Adj. EBITDA ¹	\$80	\$72	(\$11)	(\$14)	\$91	\$86
Capex/Deferred	\$49	\$38	\$13	\$16	\$36	\$22
Cash	\$102	\$138	\$14	\$37	\$88	\$101

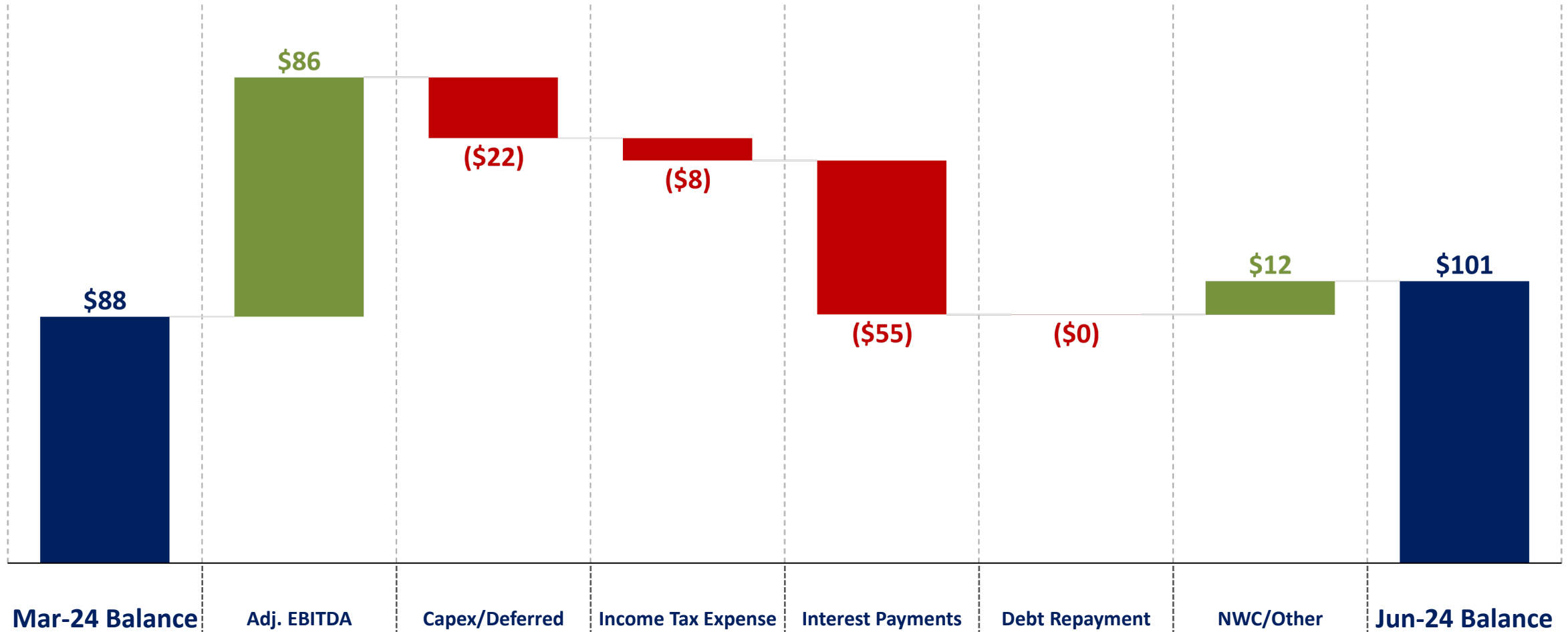
All figures in USD millions

Note 1: Excludes amortization of intangible liability

Shelf Drilling North Sea: Q2 2024 Change in Cash



Shelf Drilling (excl. SDNS): Q2 2024 Change in Cash



FY 2024 Adjusted EBITDA

\$290-335 million

- SDNS FY 2024 contribution now estimated between negative \$5 and 10 million
 - ~\$40 million decrease from prior guidance range for FY 2024 due to delayed contract commencement of SD Barsk in Norway
 - Revised range reflects expected start date in October or November 2024
- Shelf Drilling excluding SDNS FY 2024 contribution estimated between \$300 and 340 million
 - Unchanged from prior guidance range communicated in May 2024
 - Revenues in Q3 2024 expected to be down 10 to 15% relative to Q2 2024
 - Anticipate sequential increase in Q4 2024 – two jack-ups being mobilized from Middle East to West Africa expected to commence operations
 - *Does not incorporate any potential gain on insurance recovery from Trident VIII incident or expected gain on sale of Baltic rig*

FY 2024 Capital Expenditures & Deferred Costs

\$135-160 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 expected in the \$95 to 115 million range
 - \$10 million reduction from prior guidance range communicated in May 2024
 - Includes ongoing investment in fleet spares of ~\$15 million
 - Includes mobilization costs for redeployment of 2 suspended rigs to West Africa 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 Q2 2024 Results Highlights



Results of Operations

(In millions USD)

	Q1 2024	Q2 2024
Adjusted revenues	\$ 251.5	\$ 230.8
Amortization of intangible liability	3.2	3.2
Revenues	254.7	234.0
Operating costs & expenses		
Operating and maintenance	149.5	141.8
Depreciation	21.3	21.6
Amortization of deferred costs	19.6	26.0
General and administrative	18.0	16.2
Loss on disposal of assets	1.0	1.2
Operating income	45.3	27.2
Other expense / (income), net		
Interest expense and financing charges, net of interest income ¹	35.9	46.0
Other, net	4.2	1.3
Income / (loss) before income taxes	5.2	(20.1)
Income tax expense	9.0	7.9
Net loss	(3.8)	(28.0)
Net loss attributable to non-controlling interest	(8.2)	(13.4)
Net income / (loss) attributable to controlling interest	\$ 4.4	\$ (14.6)

Note (1): This includes \$9.6 million loss on debt extinguishment in Q2 2024.

Revenue Summary (1/2)

- Marketable rigs marginally decreased in Q2 2024 compared to Q1 2024 primarily due to one rig in Saudi Arabia (Main Pass I) which has been stacked following contract suspension
- Average dayrate marginally increased to \$82.0 thousand in Q2 2024 from \$81.7 thousand in Q1 2024
- Effective utilization decreased to 80% in Q2 2024 from 86% in Q1 2024, mainly due to:
 - Suspension of operations for four rigs in Saudi Arabia (Main Pass I, Main Pass IV, Shelf Drilling Achiever and Shelf Drilling Victory) in Q2 2024
 - One rig in Nigeria (Trident VIII) that suffered structural leg damage
 - One rig that completed its contract in Egypt (Trident 16) in February 2024
 - Partially offset by full quarter of operations in Q2 2024 for two rigs in Nigeria (Baltic) and India (Trident II)
 - Two rigs in Norway (Shelf Drilling Barsk) and Vietnam (Shelf Drilling Perseverance) that remained out of service for the full quarter of Q2 2024 while preparing for new contracts

	Q1 2024	Q2 2024
Operating Data		
<u>Average marketable rigs¹</u>		
Shelf Drilling excluding SDNS	31.0	30.4
Shelf Drilling North Sea	5.0	5.0
Total	36.0	35.4
<u>Average dayrate (in thousands USD)²</u>		
Shelf Drilling excluding SDNS	\$ 80.1	\$ 80.3
Shelf Drilling North Sea	96.8	96.9
Total	\$ 81.7	\$ 82.0
<u>Effective utilization³</u>		
Shelf Drilling excluding SDNS	91 %	84 %
Shelf Drilling North Sea	59 %	58 %
Total	86 %	80 %

Note (1): "Marketable rigs" are defined as the total number of rigs operating or available to operate, excluding: rigs under third party 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 decreased by \$21.2 million to \$202.6 million in Q2 2024
 - Decreased revenues for five rigs in Q2 2024, four suspended rigs in Saudi Arabia (Main Pass I, Main Pass IV, Shelf Drilling Achiever and Shelf Drilling Victory) and one rig in Nigeria (Trident VIII) following structural leg damage in April 2024
 - One rig that completed its contract in Egypt (Trident 16)
 - Partially offset by increased revenues for two rigs that started new contracts in India (Trident II) and Nigeria (Baltic) in March and April 2024, respectively
- SDNS Adjusted Revenues marginally increased by \$0.5 million to \$28.2 million in Q1 2024.
 - Two rigs in Norway (Shelf Drilling Barsk) and Vietnam (Shelf Drilling Perseverance) that remained out of service preparing for new contracts for the full quarter of Q2 2024
- Revenues include non-cash amortization of intangible liability from contracts assumed by SDNS from Noble

(In millions USD)

	Q1 2024	Q2 2024
Shelf Drilling excluding SDNS		
Operating revenues - dayrate	\$ 205.4	\$ 186.6
Operating revenues - others	12.2	10.3
Other revenue	6.2	5.7
	\$ 223.8	\$ 202.6
Shelf Drilling North Sea		
Operating revenues - dayrate	\$ 26.1	\$ 25.7
Operating revenues - others	0.1	1.0
Other revenues	1.5	1.5
	27.7	28.2
Amortization of intangible liability	3.2	3.2
	\$ 30.9	\$ 31.4
Total		
Operating revenues - dayrate	\$ 231.5	\$ 212.3
Operating revenues - others	12.3	11.3
Other revenues	7.7	7.2
	251.5	230.8
Amortization of intangible liability	3.2	3.2
Total Revenues	\$ 254.7	\$ 234.0

Operating & Maintenance Expenses Summary

- SDL excluding SDNS operating & maintenance expenses decreased by \$10.4 million to \$103.8 million in Q2 2024:
 - Lower operating costs for three rigs in Q2 2024, two in Saudi Arabia (Main Pass I and Shelf Drilling Victory) that were suspended and one in Egypt (Trident 16) that completed its contract in February 2024
 - Cost savings across the fleet, including lower maintenance costs for certain rigs in Saudi Arabia and India, primarily for one rig that completed planned shipyard in Q1 2024
 - Partially offset by higher mobilization costs for two suspended rigs in Saudi Arabia (Shelf Drilling Achiever and Main Pass IV) that were mobilized to West Africa
- SDNS operating & maintenance expenses increased by \$2.7 million to \$38.0 million in Q2 2024, primarily due to higher shipyard costs for one rig in Vietnam (Shelf Drilling Perseverance) that commenced operations in early August 2024

<i>(in millions USD)</i>	Q1 2024	Q2 2024
Operating & maintenance expenses		
<u>Rig operating expenses</u>		
Shelf Drilling excluding SDNS	\$ 104.3	\$ 94.2
Shelf Drilling North Sea	32.0	35.2
	\$ 136.3	\$ 129.4
<u>Shore-based expenses</u>		
Shelf Drilling excluding SDNS	\$ 9.9	\$ 9.6
Shelf Drilling North Sea	3.3	2.8
	\$ 13.2	\$ 12.4
<u>Total operating & maintenance expenses</u>		
Shelf Drilling excluding SDNS	\$ 114.2	\$ 103.8
Shelf Drilling North Sea	35.3	38.0
	\$ 149.5	\$ 141.8

General & Administrative Expenses Summary

- General and administrative expenses of \$16.2 million in Q2 2024 decreased by \$1.8 million from Q1 2024
 - Net decrease in provision for credit losses
 - Lower professional fees in Q2 2024
- 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>	Q1 2024	Q2 2024
General & administrative expenses		
<u>Shelf Drilling excluding SDNS</u>		
Corporate G&A	\$ 11.8	\$ 11.5
Provision for / (reversal of provision for) credit losses, net	1.0	(0.4)
Share-based compensation	1.0	1.3
General & administrative	\$ 13.8	\$ 12.4
<u>Shelf Drilling North Sea</u>		
Corporate G&A	\$ 4.0	\$ 3.8
One-time corporate transaction costs ¹	0.2	—
General & administrative	\$ 4.2	\$ 3.8
<u>Total</u>		
Corporate G&A	\$ 15.8	\$ 15.3
Provision for / (reversal of provision for) credit losses, net	1.0	(0.4)
Share-based compensation	1.0	1.3
One-time corporate transaction costs ¹	0.2	—
General & administrative	\$ 18.0	\$ 16.2

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>	Q1 2024	Q2 2024
Net loss	\$ (3.8)	\$ (28.0)
Add back		
Interest expense and financing charges, net of interest income ¹	35.9	46.0
Income tax expense	9.0	7.9
Depreciation	21.3	21.6
Amortization of deferred costs	19.6	26.0
Loss on disposal of assets	1.0	1.2
Amortization of intangible liability	(3.2)	(3.2)
EBITDA	79.8	71.5
One-time corporate transaction costs	0.2	—
Adjusted EBITDA	80.0	71.5
Allocated as:		
Shelf Drilling excluding SDNS	91.3	85.5
Shelf Drilling North Sea	(11.3)	(14.0)
	\$ 80.0	\$ 71.5
Adjusted EBITDA margin	32%	31%

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 \$9.6 million loss on debt extinguishment for SDNS in Q2 2024.

Capital Expenditures and Deferred Costs Summary

<i>(In millions USD)</i>	Q1 2024	Q2 2024
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance ¹	\$ 29.8	\$ 11.7
Contract preparation ²	13.7	14.0
Fleet spares, transition costs and others ³	5.0	12.3
Total Capital Expenditures and Deferred Costs	\$ 48.5	\$ 38.0
Allocated as:		
Shelf Drilling excluding SDNS	\$ 35.9	\$ 21.7
Shelf Drilling North Sea	12.6	16.3
Total Capital Expenditures and Deferred Costs	\$ 48.5	\$ 38.0
<i>Reconciliation to Statements of Cash Flow</i>		
Cash payments for additions to PP&E	\$ 20.4	\$ 13.2
Net change in advances and accrued but unpaid additions to PP&E	0.6	0.9
Total capital expenditures	21.0	14.1
Changes in deferred costs, net	7.9	(2.1)
Add: Amortization of deferred costs	19.6	26.0
Total deferred costs	27.5	23.9
Total Capital Expenditures and Deferred Costs	\$ 48.5	\$ 38.0

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.

SDNS – Capital Expenditures and Deferred Costs Summary

- Capital Expenditures and Deferred Costs for SDNS of \$16.3 million in Q2 2024 increased by \$3.7 million from Q1 2024, mainly related to:
 - Higher contract preparation expenditures for one rig in Norway (Shelf Drilling Barsk) expected to commence contract in Q4 2024
 - Higher spending on fleet spares
 - Continued high level of spending on one rig (Shelf Drilling Perseverance) that commenced contract in Vietnam in early August 2024
- Year-to-date capital spending of \$28.9 million primarily related to \$18.1 million of contract preparation expenditures on Shelf Drilling Barsk and Shelf Drilling Perseverance and \$5.0 million investment in fleet spares

<i>(In millions USD)</i>	Q1 2024	Q2 2024
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance ¹	\$ 4.2	\$ 1.6
Contract preparation ²	7.2	10.9
Fleet spares, transition costs and others ³	1.2	3.8
Total Capital Expenditures and Deferred Costs	\$ 12.6	\$ 16.3
<i>Reconciliation to Statements of Cash Flow</i>		
Cash payments for additions to PP&E	\$ 1.2	\$ 6.1
Net change in advances and accrued but unpaid additions to PP&E	2.8	—
Total capital expenditures	4.0	6.1
Changes in deferred costs, net	8.5	10.1
Add: Amortization of deferred costs	0.1	0.1
Total deferred costs	8.6	10.2
Total Capital Expenditures and Deferred Costs	\$ 12.6	\$ 16.3

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 \$21.7 million in Q2 2024, down by 14.2 million from Q1 2024 primarily as a result of:
 - Lower spending for one rig in Saudi Arabia (High Island II) and one rig in India (Trident II) which returned to operations or commenced new contract in late Q1 2024
 - Lower expenditures for one rig in Saudi Arabia (Main Pass I) for which operations were suspended and a planned out of service project which was subsequently cancelled in Q2 2024
 - Partially offset by higher spending on fleet spares in Q2 2024

<i>(In millions USD)</i>	Q1 2024	Q2 2024
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance ¹	\$ 25.6	\$ 10.1
Contract preparation ²	6.5	3.1
Fleet spares, transition costs and other ³	3.8	8.5
Shelf Drilling excluding SDNS	\$ 35.9	\$ 21.7
<i>Reconciliation to Statements of Cash Flow</i>		
Cash payments for additions to PP&E	\$ 19.2	\$ 7.1
Net change in advances and accrued but unpaid additions to PP&E	(2.2)	0.9
Total capital expenditures	17.0	8.0
Changes in deferred costs, net	(0.6)	(12.2)
Add: Amortization of deferred costs	19.5	25.9
Total deferred costs	18.9	13.7
Total Capital Expenditures and Deferred Costs	\$ 35.9	\$ 21.7

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.

Balance Sheet Summary

(In millions USD)

	SDL		SDNS		SDHL Credit Group ⁽¹⁾	
	Q1 2024	Q2 2024	Q1 2024	Q2 2024	Q1 2024	Q2 2024
Cash and cash equivalents	\$ 101.6	\$ 138.3	\$ 13.6	\$ 37.2	\$ 83.1	\$ 101.0
Restricted cash	8.3	8.6	4.6	4.6	3.7	4.0
Accounts and other receivables, net	236.4	213.5	26.8	33.1	209.6	180.4
Property and equipment, net	1,485.5	1,473.1	403.8	405.1	1,081.7	1,068.0
Deferred costs	207.5	201.3	10.6	20.7	196.9	180.6
Other assets	76.9	73.4	9.1	6.3	205.0	198.9
Total assets	\$ 2,116.2	\$ 2,108.2	\$ 468.5	\$ 507.0	\$ 1,780.0	\$ 1,732.9
Accounts payable	\$ 121.9	\$ 114.5	\$ 31.0	\$ 37.3	\$ 90.7	\$ 76.9
Interest payable	61.3	26.1	10.5	3.4	50.8	22.7
Deferred revenue	97.2	90.7	—	4.2	97.2	86.5
Total debt	1,319.9	1,389.6	237.2	305.0	1,082.7	1,084.6
Other liabilities	116.4	114.5	29.6	30.6	89.1	85.4
Total liabilities	1,716.7	1,735.4	308.3	380.5	1,410.5	1,356.1
Total controlling interest shareholders' equity	337.4	324.1	160.2	126.5	369.5	376.8
Non-controlling interest	62.1	48.7	—	—	—	—
Total equity	399.5	372.8	160.2	126.5	369.5	376.8
Total equity and liabilities	\$ 2,116.2	\$ 2,108.2	\$ 468.5	\$ 507.0	\$ 1,780.0	\$ 1,732.9

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

(In millions USD)

	YE 2022	YE 2023	Q1 2024	Q2 2024
Cash and cash equivalents	\$ 140.8	\$ 98.2	\$ 101.6	\$ 138.3
Restricted cash	36.5	8.8	8.3	8.6
Total long-lived assets ¹	1,621.2	1,698.0	1,705.7	1,684.9
Total assets	\$ 2,046.3	\$ 2,098.7	\$ 2,116.2	\$ 2,108.2
9.625% Senior Secured Notes, due April 2029 ²	\$ —	\$ 1,056.4	\$ 1,058.2	\$ 1,059.9
Term Loan, due December 2024 ³	—	32.7	24.5	24.7
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	1,084.6
9.875% Senior Secured Bonds, due November 2028 ⁴	—	—	—	305.0
10.25% Senior secured notes due 2025	238.8	236.3	237.2	—
Total debt	1,436.7	1,325.4	1,319.9	1,389.6
Net debt	\$ 1,295.9	\$ 1,227.2	\$ 1,218.3	\$ 1,251.3
Total equity attributable to controlling interest	\$ 235.6	\$ 332.0	\$ 337.4	\$ 324.1
Non-controlling interest	79.9	70.3	62.1	48.7
Total equity	\$ 315.5	\$ 402.3	\$ 399.5	\$ 372.8

- LTM Adjusted EBITDA of \$354.3 million and Net Leverage ratio of 3.5x for SDL (\$381.2 million and 2.6x for Shelf Drilling excluding SDNS)
- Cash and cash equivalents balance at SDNS at June 30, 2024 of \$37.2 million (\$101.1 million at SDL excluding SDNS)
 - \$150.0 million revolving credit facility; \$20.5 million utilized for surety bonds and guarantees as of June 30, 2024
- On May 22, 2024, the Company fully settled the 10.25% Senior Secured Notes by paying \$237.5 million in principal, \$3.6 million in redemption premium, and \$1.5 million in accrued interest, and concurrently issued \$315.0 million of 9.875% senior secured first lien bonds due November 2028
- Total shares outstanding of 213.7 million as of June 30, 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 \$315.0 million.

Free Cash Flow Summary

- Q2 2024 Adjusted EBITDA decreased to \$71.5 million (adjusted EBITDA margin of 31%) primarily due to lower effective utilization following suspensions in Saudi Arabia
- Cash and cash equivalents increased by \$36.7 million to \$138.3 million during Q2 2024, mainly due to:
 - SDL excluding SDNS increased by \$13.1 million:
 - Sequential decrease in capital spending for certain rigs in India and Saudi Arabia which returned to operations or commenced a new contract in late Q1 2024
 - Reduction in working capital primarily due to lower receivables
 - Partially offset by higher debt service payments
 - SDNS cash balance increased by \$23.6 million:
 - Net cash inflows from debt refinancing in Q2 2024 of \$58.3 million
 - Partially offset by increase in capital spending due to higher contract preparation expenditures for one rig in Norway, and
 - Negative EBITDA of \$14.0 million during Q2 2024

Quarterly Cash Flow Summary (\$MM)	Q1 2024	Q2 2024
Adjusted EBITDA	\$ 80.0	\$ 71.5
Adjustments	(0.2)	—
EBITDA	\$ 79.8	\$ 71.5
Interest expense, net of interest income	(35.9)	(46.0)
Income tax expense	(9.0)	(7.9)
Capital expenditures and deferred costs	(48.5)	(38.0)
Sub-total	\$ (13.6)	\$ (20.4)
<i>Working Capital Impact</i>		
Interest ¹	35.7	(23.5)
Other	(9.0)	23.4
Sub-total	\$ 26.7	\$ (0.1)
Proceeds from issuance of long-term debt	—	309.8
Payment of debt issuance costs	(1.2)	(5.2)
Payment of long-term debt	—	(243.8)
Payment of debt extinguishment costs	(0.2)	(3.6)
Proceeds from credit facility	—	25.0
Payment of credit facility	—	(25.0)
Repayment of term loan	(8.3)	—
Sub-total	\$ (9.7)	\$ 57.2
Net change in cash and cash equivalents	\$ 3.4	\$ 36.7
Beginning Cash	98.2	101.6
Ending cash and cash equivalents	\$ 101.6	\$ 138.3

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) - Q2 2024	Shelf Drilling excluding SDNS	Shelf Drilling North Sea	Total
Adjusted EBITDA	\$ 85.5	\$ (14.0)	\$ 71.5
Adjustments	—	—	—
EBITDA	85.5	(14.0)	71.5
Interest expense, net of interest income	(27.9)	(18.1)	(46.0)
Income tax expense / (benefit)	(8.0)	0.1	(7.9)
Capital expenditures and deferred costs	(21.7)	(16.3)	(38.0)
Sub-total	27.9	(48.3)	(20.4)
Working Capital Impact			
Interest ¹	(26.6)	3.1	(23.5)
Other	12.9	10.5	23.4
Sub-total	(13.7)	13.6	(0.1)
Proceeds from issuance of long-term debt	—	309.8	309.8
Payment of debt issuance costs	(1.1)	(4.1)	(5.2)
Payment of long-term debt	—	(243.8)	(243.8)
Payment of debt extinguishment costs	—	(3.6)	(3.6)
Proceeds from credit facility	25.0	—	25.0
Payment of credit facility	(25.0)	—	(25.0)
Proceeds from SDL loan	(25.0)	25.0	—
Repayment of SDL loan	25.0	(25.0)	—
Sub-total	(1.1)	58.3	57.2
Net change in cash and cash equivalents	13.1	23.6	36.7
Beginning cash	88.0	13.6	101.6
Ending cash and cash equivalents	\$ 101.1	\$ 37.2	\$ 138.3

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



**SHELF
DRILLING**