Shelf Drilling Q1 2023 Results Highlights

15 May 2023

Disclaimer

This presentation (the "Presentation") has been prepared by Shelf Drilling, Ltd. ("Shelf Drilling" or the "Company") and Shelf Drilling (North Sea), Ltd. ("Shelf Drilling North Sea" or "SDNS") exclusively for information purposes and may not be reproduced or redistributed, in whole or in part, to any other person. The numbers presented are consolidated unless otherwise stated. The Presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated ('relevant persons'). Any person who is not a relevant person should not act or rely on the Presentation or any of its contents.

The Presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in the Company. The release, publication or distribution of the Presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this Presentation is released, published or distributed should inform themselves about, and observe, such restrictions.

The Presentation contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, expects”, "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in the Presentation, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or any of its shareholders or subsidiary undertakings or any such person's officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in the Presentation or the actual occurrence of the forecasted developments. The Company assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to its actual results.

The Company uses certain financial information calculated on a basis other than in accordance with accounting principles generally accepted in the United States (“GAAP”), including Adjusted Revenues, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Capital expenditures and deferred costs and Net Debt, as supplemental financial measures in this presentation. These non-GAAP financial measures are provided as additional insight into the Company’s ongoing financial performance and to enhance the user’s overall understanding of the Company’s financial results and the potential impact of any corporate development activities.

"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.

“Capital expenditures and deferred costs” as used herein include rig acquisition and other fixed asset purchases, construction expenditures on newbuild rigs and certain expenditures associated with regulatory inspections, major equipment overhauls, contract preparation (including rig upgrades), mobilization and stacked rig reactivations. Capital expenditures are included in property and equipment. Deferred costs are included in other current assets and other long-term assets. This term, as we define it, may not be comparable to similarly titled measures employed by other companies and is not calculated in accordance with U.S. GAAP. Capital expenditures and deferred costs should not be considered in isolation or as a substitute for capital expenditures prepared in accordance with U.S. GAAP. We believe that Capital expenditures and deferred costs is a useful measure as it better represents the overall level of the Company’s capital investments. Capital expenditures and deferred costs as used herein is a non-U.S. GAAP measure defined and periodically reported in the Company’s financial statements on a consistent basis.

“Net Debt” as used herein represents Total Debt less Cash and Cash Equivalents. This term, as we define it, may not be comparable to similarly titled measures employed by other companies and is not a measure of performance calculated in accordance with U.S. GAAP. Net Debt should not be considered in isolation or as a substitute for total debt prepared in accordance with U.S. GAAP. We believe that Net Debt is useful because it is widely used by investors in our industry to measure a company’s financial position.

The quarterly financial information included in this Presentation has not been audited and may be subject to modifications.

The Presentation contains information obtained from third parties. You are advised that such third party information has not been prepared specifically for inclusion in the Presentation and the Company has not undertaken any independent investigation to confirm the accuracy or completeness of such information.

An investment in the Company involves risk, and several factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in the Presentation, including, among others, the risk factors described in the Company’s Form 10-K equivalent for the year ended December 31, 2022 and the Company's prospectus dated August 5, 2022. Should any risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the Presentation. An investment in the Company is only suitable for investors who understand the risk factors associated with this type of investment and who can afford to a loss of all or part of their investment.

No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, none of the Company or any of its shareholders or subsidiary undertakings or any such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of the Presentation.

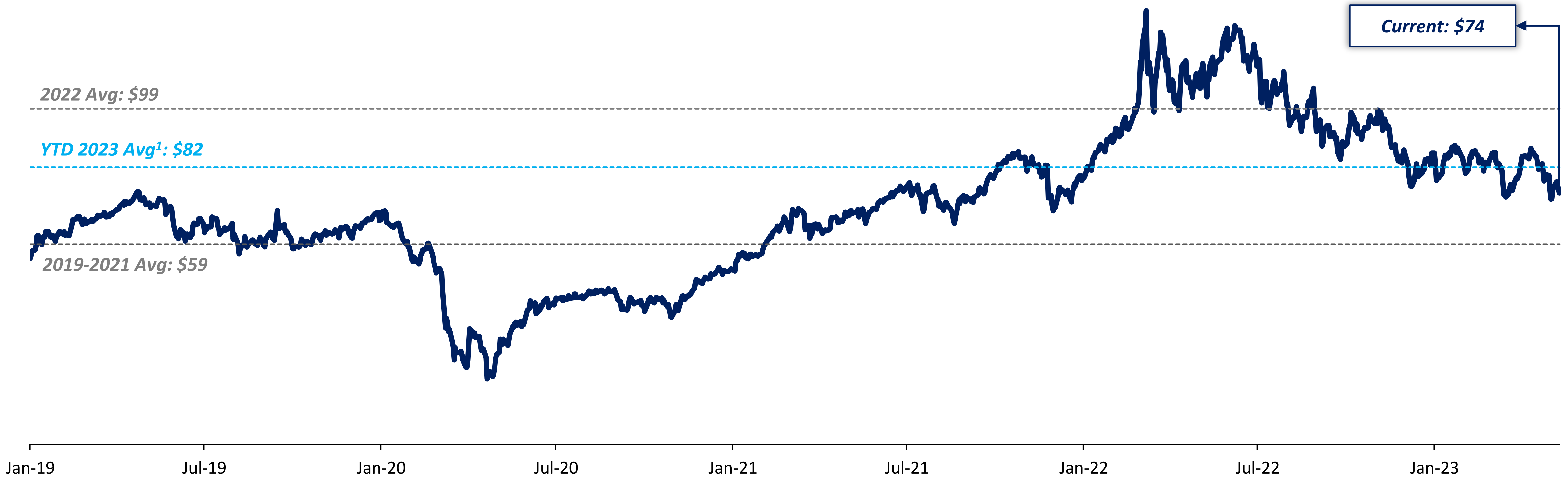
By attending or receiving the Presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company’s business.

The Presentation speaks as of May 15, 2023. Neither the delivery of this Presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date.

Oil Prices Remain Supportive of Improving Activity Levels

SHELF DRILLING

Brent Oil Price ($/bbl)



Brent crude prices have moderated in YTD 2023 from 2022 highs due to macroeconomic backdrop

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

Lack of upstream investments in the past decade has resulted in severe supply constraints

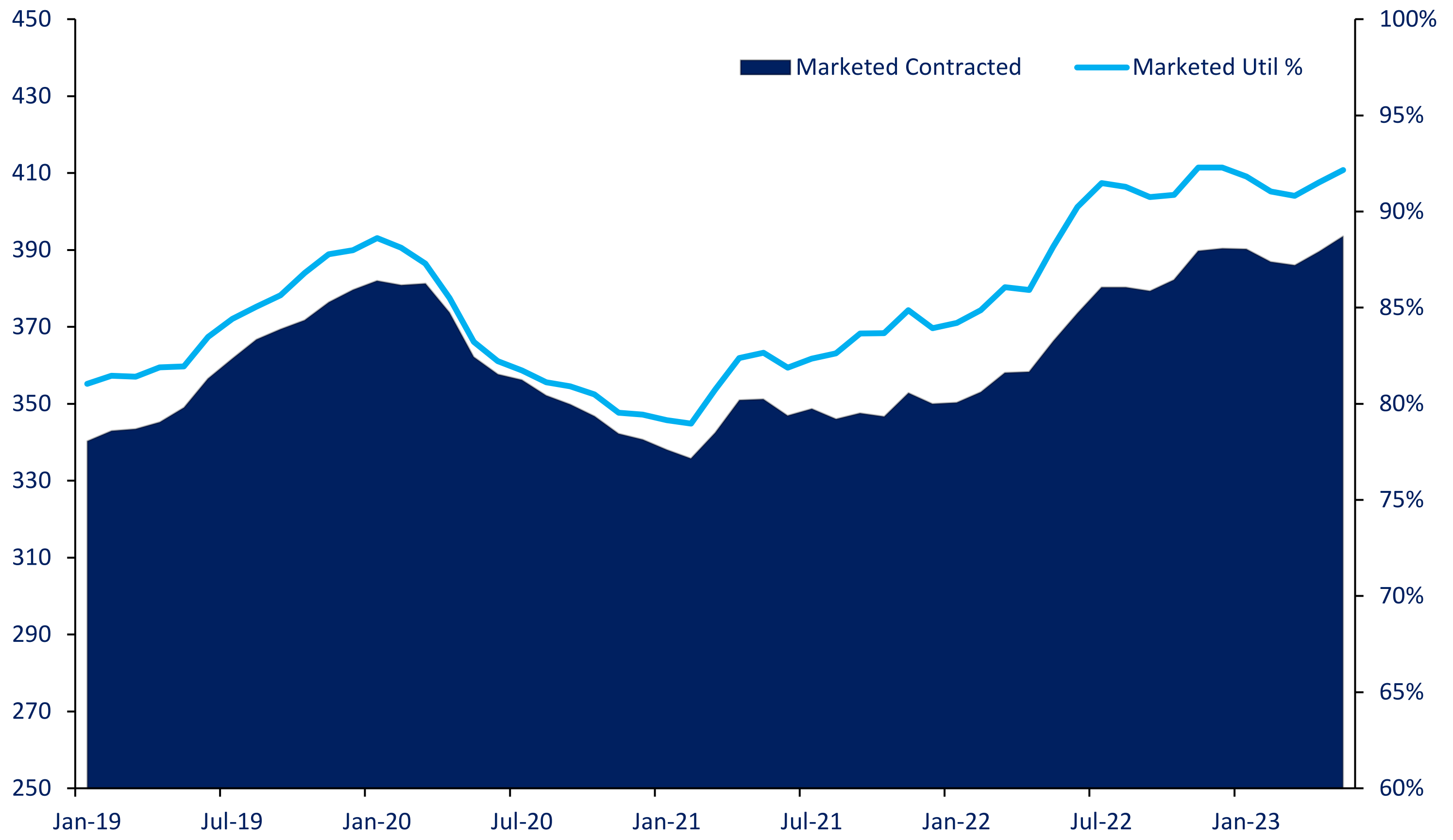
Commodity prices remain elevated and constructive for further E&P investments in rebuilding productive capacity

Source: Bloomberg, as of 15 May 2023.
Note (1): YTD 2023 Average Brent oil price based on 1 January 2023 to 12 May 2023.

Continued Growth in Global Jack-up Demand

- Following incremental requirements in Saudi Arabia and UAE in 2022, circa 50 jack-ups have or will mobilize to the Middle East
- Global number of contracted jack-ups increased from 390 in January 2023 to 394 in May 2023, with utilization above 90%
  - Positive dayrate momentum continues in most regions as we observe progressively higher rates for new fixtures on both standard and premium rigs
- NOCs remain the primary driver of incremental activity as more and more producers look to offshore reservoirs to replenish declining onshore capacity
  - Lack of upstream investments in the recent decade has severely constrained oil and natural gas supply
  - IOCs are also resuming shallow water programs around the world
- Demand for jack-up services expected to be resilient despite recent macroeconomic volatility
  - Anticipate rig count increases in India and Southeast Asia in 2023

Number of Contracted Jack-ups[1]



Note (1): Independent legs and cantilever units only, excludes mat-supported rigs.
Source: IHS Petrodata, as of 15 May 2023.

Excess Jack-up Supply has Disappeared

Middle East rig count continues to set records

- Significant further increases expected in years ahead

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

- Increasing number and frequency of market inquiries by customers

China rig count continues to climb, absorbing previously stranded newbuilds

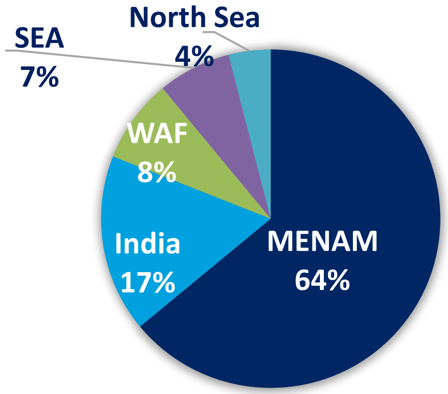
Material reduction in supply over last decade

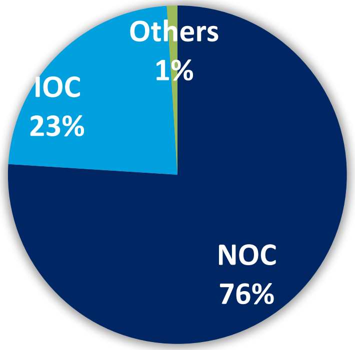
Regions	Contracted Jack-ups		Change Since Prior Peak
	Apr-14	May-23	
Middle East	127	166	39
India	32	35	3
West Africa	20	12	-8
SE Asia	67	40	-27
North Sea	46	28	-18
Mexico	50	31	-19
US GOM	15	4	-11
China	30	58	28
Sub-Total	387	374	-13
Total Under Contract	429	394	-35
Available	24	33	9
Total Active Supply	453	427	-26
% Marketed Utilization	95%	92%	0
Under Construction	141	20[1]	-121

Source: IHS Petrodata, as of 15 May 2023.
Note (1): Includes rigs known to be committed to future contracts, i.e., 2 ordered by ARO and 2 purchased by ADNOC Drilling.

Further Backlog Build and Last Rig Available

Total Backlog - $2,751 Million





Backlog and Rig Years figures as of 31 March 2023

Fleet Status Summary (As of 15 May 2023)

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

Backlog by Asset Type

	Rigs	Backlog (million)	Dayrate (thousand)	Rig Years
Standard 1 *(IN, EG)*	11	$484	$53	25.0
Standard 2 *(ME, Med, WAF)*	11	$1,276	$82	42.4
Premium *(excl SDNS)*	9	$790	$99	21.9
Shelf Drilling *(excl SDNS)*	**31**	**$2,550**	**$78**	**89.4**
SDNS	5	$201	$96	5.7
TOTAL	**36**	**$2,751**	**$79**	**95.1**

Recent Developments

- Shelf Drilling Victory commenced new 5-year contract in the Middle East in late April and Harvey H. Ward is scheduled to commence before the end of May.
- Shelf Drilling Mentor secured a one well extension in Nigeria. The additional firm term is ~120 days and contract value for this period is ~16 million.
- Subsequent to 31 March 2023,
  - Shelf Drilling Barsk secured a two-well firm contract plus two optional wells with Equinor in Norway. New contract is expected to commence between May to July 2024. The contract value for the firm period is ~$61 million excluding certain integrated services.
  - Adriatic I secured a 90-day firm contract in Nigeria expected to commence in May 2023. Total contract value for the firm period is ~$11 million.

Note (1): Gulf Region includes Saudi Arabia, Qatar, UAE, Bahrain and Oman.
Note (2): NAF/Med includes Egypt and Italy

Investment Highlights

- Fit for Purpose Strategy Underpins Commitment to Sustainability
- Best in Class Operational Platform
- Strong Customer Relationships and Industry Leading Backlog
- Concentrated Exposure to Short Cycle, Low Cost, Low Carbon Activity
- Full Cycle Financial Resilience and Balance Sheet Management
- Well-Positioned to Benefit from Improving Jack-up Market

Financial Highlights

Shelf Drilling Q1 2023 Results Highlights

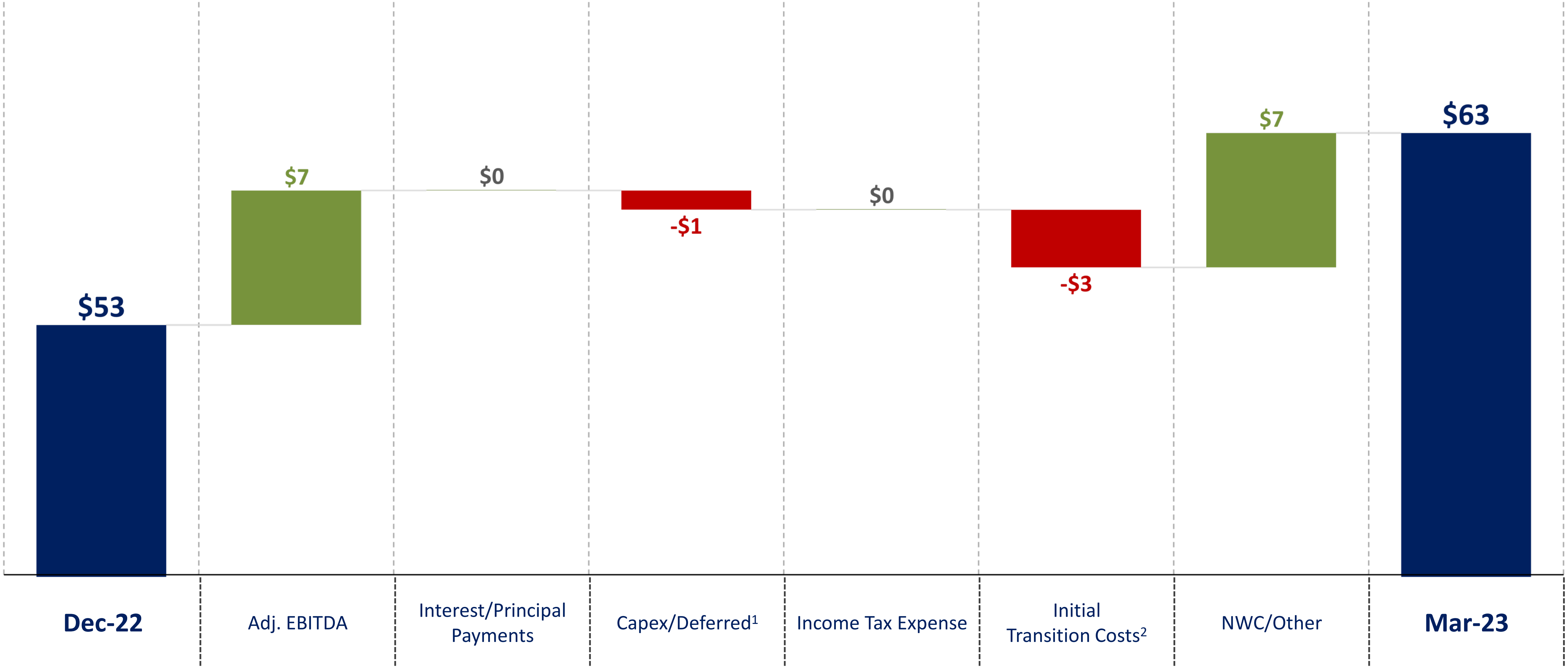
Q1 2023 Results Highlights

	SDL Consol.		SDNS		SDL Excl. SDNS	
	Q4 2022	Q1 2023	Q4 2022	Q1 2023	Q4 2022	Q1 2023
Adj. Revenue[1]	$215	$180	$41	$33	$173	$147
Adj. EBITDA[1]	$76	$36	$17	$7	$59	$29
Capex/Deferred[2]	$54	$83	$2	$3	$52	$80
Cash	$141	$144	$53	$63	$88	$81

All figures in USD millions
Note 1: Excludes amortization of intangible liability
Note 2: Excludes $375 million purchase of 5 premium jack-up rigs from Noble in October 2022 (recorded at initial cost of $418 million)

Shelf Drilling North Sea: Q1 2023 Change in Cash

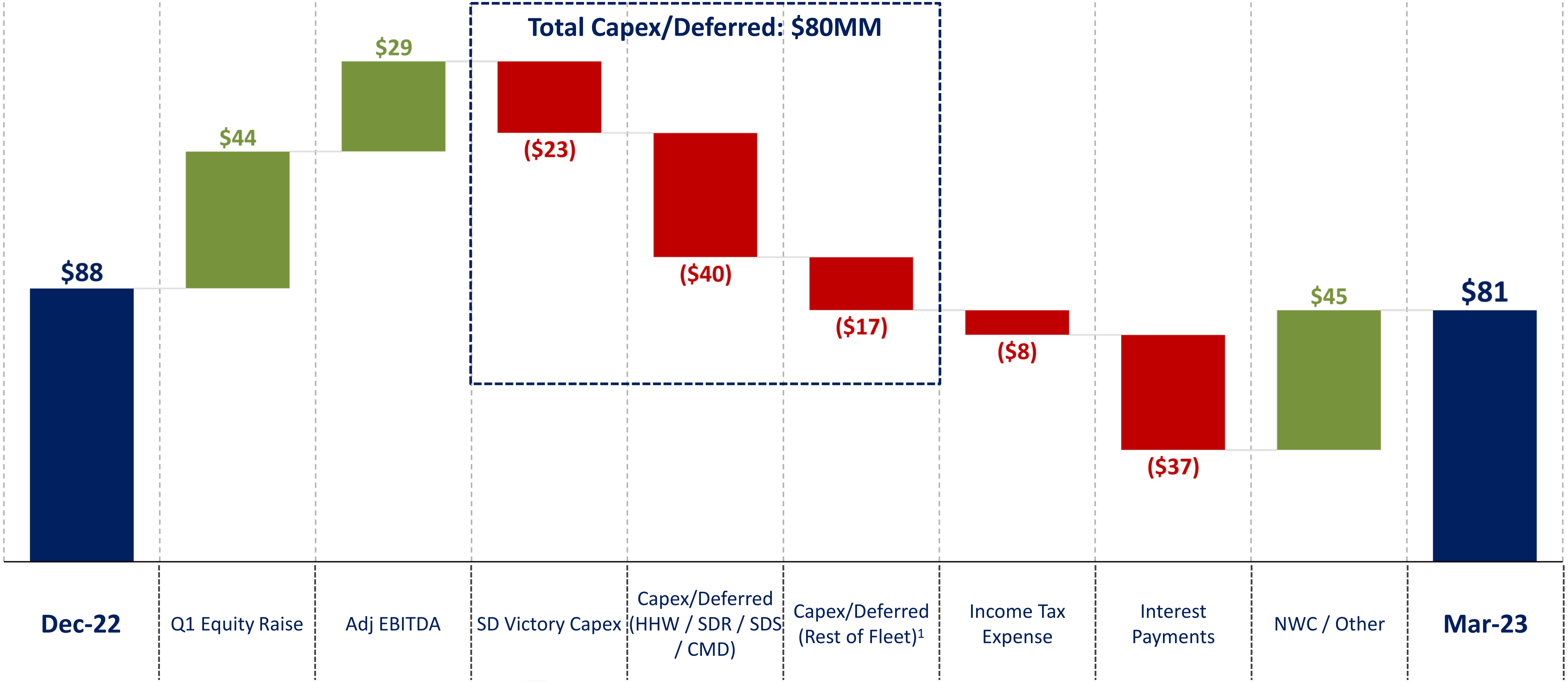
SHELF DRILLING



Note (1): Represents regulatory and capital maintenance. Excludes fleet spares, transition, and other costs (which are reflected in Initial Transition Costs).

Note (2): Includes one-time corporate transaction costs and fleet spares, transition costs and other capex. Cumulative amount of ~$8MM as of Mar-23 versus original guidance of ~$20MM over 12-18 month period

Shelf Drilling (excl. SDNS): Q1 2023 Change in Cash



Note (1): Excludes SDNS.

2023 Financial Guidance - Maintained

SHELF DRILLING

FY 2023 Adjusted EBITDA

$310 – $345 million

FY 2023 Capital Expenditures & Deferred Costs

Total	$220 – $245 million
Less SDNS	$20 – $25 million
Less Mobilization Fees	~$100 million
Net Spending (excl. SDNS)	~$110 million

- Estimate range reflects Shelf Drilling on fully consolidated basis
  - Includes 100% of Shelf Drilling North Sea ("SDNS")
- Q2 2023 Adjusted Revenues expected to increase 15-20% sequentially versus Q1 2023
  - Operating & Maintenance Expenses substantially in line on a sequential basis
- FY 2023 Adjusted EBITDA heavily weighted to the second half of the year, following scheduled commencement of contracts in Q2 and Q3 2023, including:
  - SD Victory and Harvey H. Ward in Middle East
  - Compact Driller in India
  - Adriatic I, SD Scepter and Trident VIII in West Africa
  - SD Resourceful in Mediterranean

- SDNS spending primarily for fleet spares and transition related activities [1]
- Significantly higher than normal spending across rest of business expected in 2023 due to series of shipyard projects ahead of long-term contracts with new customers
  - Completion of SD Victory and Harvey H. Ward projects that commenced in the Middle East in H2 2022
  - Projects for Compact Driller, SD Scepter and SD Resourceful in H1 2023 and Key Singapore in H2 2023
- Expected mobilization fees of ~$100 million to be received during 2023 (average revenue recognition period of ~4 years)
  - Represent material offset to 2023 capital program
  - **Implied net spending for 2023 expected to be substantially in line with directional annual guidance of ~$100 million for 31-rig fleet**

Note (1): Guidance for SDNS does not include any assumed contract preparation related spending for SD Fortress associated with potential future contract.

Supplemental Financial Information

Shelf Drilling Q1 2023 Results Highlights

Results of Operations

(In millions USD)	Q4 2022		Q1 2023	
Adjusted revenues	$	214.6	$	179.8
Amortization of intangible liability		7.6		3.6
Revenues		**222.2**		**183.4**
Operating costs & expenses				
Operating and maintenance		122.3		129.2
Depreciation		18.7		19.0
Amortization of deferred costs		17.4		12.0
General and administrative		17.5		15.5
Loss on disposal of assets		0.5		0.1
Operating income		**45.8**		**7.6**
Other expense, net				
Interest expense and financing charges, net of interest income		(33.8)		(33.4)
Other, net		—		0.1
Income / (loss) before income taxes		**12.0**		**(25.7)**
Income tax expense		8.8		8.6
Net income / (loss)		**3.2**		**(34.3)**
Net income / (loss) attributable to non-controlling interest		4.6		(0.9)
Net loss attributable to controlling interest	**$**	**(1.4)**	**$**	**(33.4)**

Revenue Summary (1/2)

- Marketable rigs remained relatively unchanged in Q1 2023 as compared to Q4 2022.
- Average dayrate increased to $69.7 thousand in Q1 2023 from $66.7 thousand in Q4 2022
  - Dayrates re-set higher for five rigs in Saudi Arabia: four on long-term contracts with annual re-pricing mechanism in Q1 and one extension that commenced in Dec-22
  - Contract extension commenced for two rigs in West Africa (Baltic and Shelf Drilling Mentor) and two rigs in Egypt (Rig 141 and Trident 16) all at higher dayrates
- Effective utilization decreased to 75% in Q1 2023 from 86% in Q4 2022, mainly due to:
  - Planned out of service for three rigs in India (C.E. Thornton, Key Singapore and Compact Driller) and one rig in Italy (Shelf Drilling Resourceful)
  - Contract completion for one rig (Shelf Drilling Fortress) in Q1 2023
  - Partially offset by commencement of new contract for one rig in India (Ron Tappmeyer)

	Q4 2022	Q1 2023
Operating Data		
Average marketable rigs[1]		
Shelf Drilling excluding SDNS	30.0	30.0
Shelf Drilling North Sea	3.8	4.0
Total	**33.8**	**34.0**
Average dayrate (in thousands USD)[2]		
Shelf Drilling excluding SDNS	$ 65.2	$ 68.9
Shelf Drilling North Sea	76.9	75.8
Total	**$ 66.7**	**$ 69.7**
Effective utilization[3]		
Shelf Drilling excluding SDNS	84%	75%
Shelf Drilling North Sea	98%	80%
Total	**86%**	**75%**

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)

- $34.8 million, or 16%, sequential decrease in Adjusted Revenues compares favorably to the ~20% sequential decline guidance provided in March 2023
  - Decreased revenues for four rigs, one rig in West Africa (SD Resourceful) and three rigs in India (C.E. Thornton, Key Singapore and Compact Driller) which were preparing for new contracts expected to commence in Q2/Q3 2023.
  - One rig that completed its contract in the United Kingdom (SD Fortress) in January 2023
  - Lower mobilization revenues for three rigs following completion of initial firm contract periods (Shelf Drilling Tenacious, Compact Driller and Key Singapore)
  - Partially offset by increased revenues for two rigs in West Africa (Baltic and SD Mentor) operating at higher average dayrates in Q1 2023, and increased revenues for two rigs in India (Ron Tappmeyer and FG McClintock) which commenced new 3-year contracts in Q1 2023
- Revenues include non-cash amortization of intangible liability from contracts assumed from Noble

(In millions USD)	Q4 2022	Q1 2023
Shelf Drilling excluding SDNS		
Operating revenues - dayrate	$ 151.1	$ 139.2
Operating revenues - others	17.6	3.2
Other revenue	4.7	4.2
	$ 173.4	**$ 146.6**
Shelf Drilling North Sea		
Operating revenues - dayrate	$ 26.4	$ 21.8
Operating revenues - others	1.0	0.3
Other revenues	13.8	11.1
	41.2	**33.2**
Amortization of intangible liability	7.6	3.6
	$ 48.8	**$ 36.8**
Total		
Operating revenues - dayrate	$ 177.5	$ 161.0
Operating revenues - others	18.6	3.5
Other revenues	18.5	15.3
Adjusted Revenues	**214.6**	**179.8**
Amortization of intangible liability	7.6	3.6
Total Revenues	**$ 222.2**	**$ 183.4**

Operating & Maintenance Expenses Summary

- SDL excluding SDNS operating & maintenance expenses increased by $4.1 million to $106.7 million in Q1 2023:
  - Significantly higher than normal level of operating costs in Q1 2023 for one rig in India (Compact Driller) and one rig in the Arabian Gulf (Harvey Ward), mainly related to shipyard and maintenance expenses ahead of new long-term contracts
  - Increase in operating and maintenance expenses in Q1 2023 for one rig in West Africa (Shelf Drilling Scepter) that was idle in Q4 2022 ahead of contract commencement in May 2023
- SDNS operating & maintenance expenses increased by $2.8 million to $22.5 million in Q1 2023, primarily due to demobilization costs for one rig in the United Kingdom (Shelf Drilling Fortress) that completed its contract in January 2023 and higher operating costs due to the strengthening of the local currency relative to the US Dollar

(in millions USD)	Q4 2022	Q1 2023
Operating & maintenance expenses		
Rig Operating Expenses		
Shelf Drilling excluding SDNS	$ 92.4	$ 96.7
Shelf Drilling North Sea	17.6	20.1
	$ 110.0	**$ 116.8**
Shore-Based Expenses		
Shelf Drilling excluding SDNS	$ 10.2	$ 10.0
Shelf Drilling North Sea	2.1	2.4
	$ 12.3	**$ 12.4**
Total Operating & maintenance expenses		
Shelf Drilling excluding SDNS	$ 102.6	$ 106.7
Shelf Drilling North Sea	19.7	22.5
	$ 122.3	**$ 129.2**

General & Administrative Expenses Summary

- General and administrative expenses of $15.5 million in Q1 2023 decreased by $2.0 million from Q4 2022:
  - Lower compensation and benefit expenses as compared to the prior period
- SDNS primarily includes management fees charged by a wholly-owned subsidiary of Shelf Drilling for corporate support services ($8k per rig per day)
- Transition and associated one-time costs substantially completed in April 2023 for all acquired rigs, except for the Shelf Drilling Barsk for which the transition is expected to take place after the completion of the current contract, currently estimated to be October 2023

(in millions USD)	Q4 2022	Q1 2023
General & administrative expenses		
Shelf Drilling excluding SDNS		
Corporate G&A	$ 11.6	$ 10.6
Provision / (reversal of provision) for credit losses, net	0.5	(0.3)
Shared-based compensation	0.7	0.6
General & administrative	**$ 12.8**	**$ 10.9**
Shelf Drilling North Sea		
Corporate G&A	$ 3.9	$ 3.8
One-time corporate transaction costs [1]	0.8	0.8
General & administrative	**$ 4.7**	**$ 4.6**
Total		
Corporate G&A	$ 15.5	$ 14.4
Provision / (reversal of provision) for credit losses, net	0.5	(0.3)
Shared-based compensation	0.7	0.6
One-time corporate transaction costs [1]	0.8	0.8
General & administrative	**$ 17.5**	**$ 15.5**

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

Adjusted EBITDA Reconciliation

(In millions USD)	Q4 2022		Q1 2023	
Net income / (loss)	**$**	**3.2**	**$**	**(34.3)**
Add back				
Interest expense and financing charges, net of interest income [1]		33.8		33.4
Income tax expense		8.8		8.6
Depreciation		18.7		19.0
Amortization of deferred costs		17.4		12.0
Loss on disposal of assets		0.5		0.1
Amortization of intangible liability		(7.6)		(3.6)
EBITDA		**74.8**		**35.2**
One-time corporate transaction costs		0.8		0.8
Adjusted EBITDA		**75.6**		**36.0**
Allocated as:				
Shelf Drilling excluding SDNS		58.6		29.3
Shelf Drilling North Sea		17.0		6.7
	$	**75.6**	**$**	**36.0**
Adjusted EBITDA margin		**35%**		**20%**

Note (1): "Interest expense and financing charges, net of interest income'' is defined as interest expenses incurred and accrued on our debt and the amortization of debt issuance fees and costs over the term of the debt, net of interest income.

Capital Expenditure and Deferred Costs Summary

(In millions USD)	Q4 2022	Q1 2023
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance [1]	$ 20.1	$ 27.2
Contract preparation [2]	7.6	26.8
Fleet spares, transition costs and others [3]	2.0	5.6
	29.7	59.6
Rig acquisitions [4]	441.6	22.9
Total Capital Expenditures and Deferred Costs	**$ 471.3**	**$ 82.5**
Allocated as:		
Shelf Drilling excluding SDNS	$ 51.6	$ 79.9
Shelf Drilling North Sea [5]	419.7	2.6
Total Capital Expenditures and Deferred Costs	**$ 471.3**	**$ 82.5**
Reconciliation to Statements of Cash Flow		
Cash payments for additions to PP&E	$ 392.0	$ 19.4
Non-cash increase to fair value of rigs in the Acquisition	42.7	—
Net change in accrued but unpaid additions to PP&E	16.2	24.2
Total capital expenditures	450.9	43.6
Changes in deferred costs, net	3.0	26.9
Add: Amortization of deferred costs	17.4	12.0
Total deferred costs	20.4	38.9
Total Capital Expenditures and Deferred Costs	**$ 471.3**	**$ 82.5**

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 recently acquired rigs and (ii) office and infrastructure expenditures.
Note: (4): "Rig acquisitions" includes capital expenditures and deferred costs associated mainly with the acquisition of five rigs from Noble in October 2022 and the Shelf Drilling Victory acquisition and readiness projects.
Note: (5): "Shelf Drilling North Sea" includes the acquisition and transition and other costs for the five rigs acquired from Noble.

SDNS – Capital Expenditures and Deferred Costs Summary

- Capital expenditures and deferred costs for SDNS totaled $2.6 million in Q1 2023 down from $419.7 million in Q4 2022 primarily due to the $417.7 million for the acquisition of five jack-up rigs in the prior period.

(In thousands USD)	Q4 2022	Q1 2023
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance [1]	$ 0.2	$ 0.5
Fleet spares, transition costs and others [2]	1.8	2.1
	2.0	2.6
Rig acquisitions [3]	417.7	—
Total Capital Expenditures and Deferred Costs	**$ 419.7**	**$ 2.6**
Reconciliation to Statements of Cash Flow		
Cash payments for additions to PP&E	$ 376.8	$ 2.9
Non-cash increase to fair value of rigs in the Acquisition	42.7	—
Net change in accrued but unpaid additions to PP&E	0.2	(0.4)
Total capital expenditures	419.7	2.5
Changes in deferred costs, net	—	0.1
Total deferred costs	—	0.1
Total Capital Expenditures and Deferred Costs	**$ 419.7**	**$ 2.6**

Note: (1): "Regulatory and capital maintenance" includes major overhauls, regulatory costs, general upgrades and sustaining capital expenditures.
Note: (2): "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 recently acquired rigs and (ii) office and infrastructure expenditures.
Note: (3): "Rig acquisitions" includes the acquisition and transition and other costs for the five rigs acquired from Noble.

SDL excluding SDNS - Capital Expenditures and Deferred Costs Summary

- Capital Expenditures and Deferred Costs totaled $79.9 in Q1 2023, higher by $28.3 million from Q4 2022 primarily as a result of:
  - Higher contract preparation expenditures for four rigs, one in the Middle East (Harvey H. Ward), one in India (Compact Driller), one in West Africa (Shelf Drilling Scepter) and one rig mobilizing to Italy (Shelf Drilling Resourceful) which are expected to commence new contracts in Q2/Q3 2023. Total spending of $39.6 million on these 4 rigs in Q1 2023.
  - Higher spending on fleet spares
- Additional $22.9 million investment in the Shelf Drilling Victory in Q1 2023; project has been completed and contract commenced in late April 2023

(In thousands USD)	Q4 2022	Q1 2023
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance [1]	$ 19.9	$ 26.7
Contract preparation [2]	7.6	26.8
Fleet spares, transition costs and other [3]	0.2	3.5
	$ 27.7	$ 57.0
Rig acquisitions [4]	23.9	22.9
Shelf Drilling excluding SDNS	**$ 51.6**	**$ 79.9**
Reconciliation to Statements of Cash Flow		
Cash payments for additions to PP&E	$ 15.2	$ 16.5
Net change in accrued but unpaid additions to PP&E	16.0	24.6
Total capital expenditures	$ 31.2	$ 41.1
Changes in deferred costs, net	$ 3.0	$ 26.8
Add: Amortization of deferred costs	17.4	12.0
Total deferred costs	$ 20.4	$ 38.8
Total Capital Expenditures and Deferred Costs	**$ 51.6**	**$ 79.9**

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 acquisition and readiness project for the Shelf Drilling Victory acquired in July 2022.

Capital Structure Summary

(In millions USD)	YE 2021	YE 2022	Q1 2023
Cash and cash equivalents	$ 232	$ 141	$ 144
Restricted cash	21	37	31
Total long-lived assets [1]	1,166	1,621	1,672
Total assets	**$ 1,618**	**$ 2,046**	**$ 2,091**
8.25% Senior unsecured notes due 2025 [2]	$ 893	$ 895	$ 895
8.875% Senior secured notes due 2024 [3]	299	303	304
	$ 1,192	**$ 1,198**	**$ 1,199**
10.25% Senior secured notes due 2025 [4]	—	239	240
Total debt	**$ 1,192**	**$ 1,437**	**$ 1,439**
Net debt	$ 960	$ 1,296	$ 1,295
Total equity attributable to controlling interest	**$ 214**	**235**	**$ 247**
Non-controlling interest	—	80	79
Total equity	**$ 214**	**$ 315**	**$ 326**

- LTM Adjusted EBITDA of $226.4 million and Net Leverage ratio of 5.7x for SDL ($202.9 million and 5.5x for Shelf Drilling excluding SDNS)
- Cash and cash equivalents balance at SDNS at March 31, 2023 of $62.9 million ($80.7 million at SDL excluding SDNS)
- Restricted cash securing bank guarantees was $31.0 million as of March 31, 2023 compared to $36.5 million as of December 31, 2022
- Total shares outstanding of 194.0 million as of March 31, 2023
  - In February 2023, 17.6 million common shares were issued at NOK 26.5 per share, resulting in $44.1 million of net proceeds
  - Primary insiders: 67.2 million or 34.7%, consisting primarily of China Merchants: 26.8 million (13.8%), Castle Harlan: 19.9 million (10.2%) and Lime Rock: 17.4 million (8.9%)

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 $900.0 million.
Note (3): Reflects carrying value. Principal value is $310.0 million.
Note (4): Reflects carrying value. Principal value was $250.0 million.

Free Cash Flow Summary

- Q1 2023 Adjusted EBITDA of $36.0 million and adjusted EBITDA margin of 20%
- Cash and cash equivalents increased by $2.8 million to $143.6 million during Q1 2023, mainly due to:
  - High level of capital expenditures and deferred costs, primarily related to contract preparation projects for four rigs expected to commence new contracts in Q2/Q3 2023, partly offset by
  - Reduction in net working capital during the quarter (increase in accounts payable), and
  - $44.4 million net proceeds from the issuance of common shares in Q1 2023

Quarterly Cash Flow Summary ($MM)	Q4 2022	Q1 2023
Adjusted EBITDA	**$ 75.6**	**$ 36.0**
Adjustments	(0.8)	(0.8)
EBITDA	**$ 74.8**	**$ 35.2**
Interest expense, net of interest income	(33.8)	(33.4)
Income tax expense	(8.8)	(8.6)
Capital expenditures and deferred costs [1]	(29.8)	(59.6)
Sub-total	**$ 2.4**	**$ (66.4)**
Working Capital Impact		
Interest [2]	19.9	(3.7)
Other	6.6	51.7
Sub-total	**$ 26.5**	**$ 48.0**
Capex / deferred costs: Rig acquisitions		
Shelf Drilling excluding SDNS	(23.8)	(22.9)
Shelf Drilling North Sea	(375.0)	—
Net proceeds from issuance of common shares	—	44.4
Proceeds / (payments) for the subsidiary shares issuance to non-controlling interest	75.4	(0.1)
Movement of restricted cash for rig acquisitions	245.2	—
Payments of debt issuance costs	(4.3)	(0.2)
Deposits for rig acquisitions	37.5	—
Sub-total	**$ (45.0)**	**$ 21.2**
Net change in cash and cash equivalents	**$ (16.1)**	**$ 2.8**
Beginning cash	156.9	140.8
Ending cash and cash equivalents	**$ 140.8**	**$ 143.6**

Note (1): Excludes rig acquisitions.
Note (2): Represents the difference between interest expense, net and cash interest payments during the period.

Free Cash Flow Summary

Quarterly Cash Flow Summary ($MM) - Q1 2023	Shelf Drilling excluding SDNS	Shelf Drilling North Sea	Total
Adjusted EBITDA	**$ 29.3**	**$ 6.7**	**$ 36.0**
Adjustments	—	(0.8)	(0.8)
EBITDA	**$ 29.3**	**$ 5.9**	**$ 35.2**
Interest expense, net of interest income	(26.3)	(7.1)	(33.4)
Income tax expense	(8.1)	(0.5)	(8.6)
Capital expenditures and deferred costs [1]	(57.0)	(2.6)	(59.6)
Sub-total	**$ (62.1)**	**$ (4.3)**	**$ (66.4)**
Working Capital Impact			
Interest [2]	(10.8)	7.1	(3.7)
Other	43.8	7.9	51.7
Sub-total	**$ 33.0**	**$ 15.0**	**$ 48.0**
Capex / deferred costs: Rig acquisitions	(22.9)	—	(22.9)
Net proceeds from issuance of common shares	44.4	—	44.4
Payments of issuance costs for the subsidiary shares issuance to non-controlling interest	—	(0.1)	(0.1)
Payments of debt issuance costs	—	(0.2)	(0.2)
Sub-total	**$ 21.5**	**$ (0.3)**	**$ 21.2**
Net change in cash and cash equivalents	**$ (7.6)**	**$ 10.4**	**$ 2.8**
Beginning cash	88.3	52.5	140.8
Ending cash and cash equivalents	**$ 80.7**	**$ 62.9**	**$ 143.6**

Note (1): Excludes rig acquisitions.
Note (2): Represents the difference between interest expense, net and cash interest payments during the period.

SHELF
DRILLING