PRESS RELEASE

SHELF DRILLING

REPORTS THIRD QUARTER 2024 RESULTS

Dubai, UAE, November 13, 2024 – Shelf Drilling, Ltd. (“Shelf Drilling”, “SDL” and, together with its subsidiaries, the “Company”, OSE: SHLF) announces results for the third quarter of 2024 ended September 30. The results highlights will be presented by audio conference call on November 14, 2024 at 6:00 pm Dubai time / 3:00 pm Oslo time. Dial-in details for the call are included in the press release posted on November 6, 2024 and on page 3 of this release.

Greg O’Brien, Chief Executive Officer, commented: “*During the third quarter of 2024, our Adjusted EBITDA increased to $114 million, primarily due to the acceleration of mobilization revenue for two suspended rigs in Saudi Arabia. As anticipated, we were impacted by a lower level of utilization with a few rigs preparing for new contracts*.”

O’Brien added: “*Since the end of the second quarter, we have achieved several important milestones. We secured firm contract awards totaling $558 million across West Africa, Southeast Asia and the North Sea, which included a multi-year contract which commenced in late October 2024 for one rig redeployed from Saudi Arabia to West Africa, where we see additional attractive opportunities for our rigs. We received regulatory approval for the Shelf Drilling Barsk to return to operations and commence its long-term contract in Norway as well as closed the sale of the Baltic. Lastly, in October, we successfully completed the acquisition of Shelf Drilling North Sea, which simplifies our capital structure, improves our cash flow profile and significantly enhances our fleet composition on a fully consolidated basis. While the rig suspensions in Saudi Arabia have created some short-term challenges and uncertainty, we are confident that our strong customer relationships, proven operating track record and leading position in key markets will allow us to capitalize on the right long-term opportunities in our sector.*"

Third Quarter Highlights and Subsequent Events

- Q3 2024 adjusted revenues of $264.7 million, including $45.2 million for the acceleration of mobilization revenue on two suspended rigs in Saudi Arabia related to future years.
- Q3 2024 adjusted EBITDA of $114.2 million, representing an adjusted EBITDA margin of 43%, including $(4.9) million adjusted EBITDA from Shelf Drilling (North Sea), Ltd. ("SDNS") and $119.1 million from the rest of the business.
- Q3 2024 net income attributable to controlling interest of $67.5 million.
- Q3 2024 capital expenditures and deferred costs totaled $34.9 million, including $9.2 million at SDNS.
- The Company’s cash and cash equivalents balance at September 30, 2024 was $220.1 million, including $26.6 million at SDNS.
- In September 2024, the Company sold the Baltic rig for total net proceeds of $56.5 million.
- In September 2024, the Company secured a contract for the Shelf Drilling Mentor covering 10 wells and an estimated duration of 450 days in direct continuation of its current contract in Nigeria.
- In October 2024, the Company obtained the regulatory approvals for the Shelf Drilling Barsk rig in Norway, and the contract is expected to commence in November 2024.
- In October 2024, the Company acquired the remaining 40% shares in SDNS by issuing 42.0 million shares of SDL stock and cash of $30.1 million to previous SDNS shareholders. SDNS has become a wholly owned subsidiary of SDL upon completion of the transaction. Total SDL issued and outstanding common shares at the completion of transaction are 255.7 million.
- In October 2024, a $50.0 million settlement and release agreement was signed with the insurance underwriters declaring the Trident VIII rig a total loss.
- Subsequent to September 30, 2024, the Company secured the following new contract awards and extensions:
  - Three-year contract, with a two-year option for the Shelf Drilling Achiever which commenced in late October 2024.
  - Two-year contract extension, with a one-year option for the Adriatic I rig expected to commence in February 2025.

- – Two-year contract extensions commencing in H2 2025 in Thailand for the Shelf Drilling Chaophraya and the Shelf Drilling Krathong, in direct continuation of their current contracts.
- Financial guidance for the full year 2024 revised; details are included in the "2024 Financial Guidance Revised" section of the Q3 2024 results highlights presentation on our website.

Third Quarter Results

Adjusted revenues were $264.7 million in Q3 2024 compared to $230.8 million in Q2 2024. The $33.9 million (15%) sequential increase in adjusted revenues was driven by the acceleration of mobilization revenue on two rigs for which operations were suspended in Saudi Arabia, partially offset by lower effective utilization.

Effective utilization decreased to 77% in Q3 2024 from 80% in Q2 2024, primarily due to the suspension of five rigs in Saudi Arabia, planned maintenance and shipyard for one rig in Saudi Arabia and the sale of one rig in September 2024 previously operating in West Africa. This was partially offset by the commencement of a new contract for one rig in Vietnam in August 2024. Average earned dayrate marginally decreased to $81.8 thousand in Q3 2024 from $82.0 thousand in Q2 2024.

Total operating and maintenance expenses decreased by $9.2 million (6%) in Q3 2024 to $132.6 million compared to $141.8 million in Q2 2024. The sequential decrease was primarily due to lower operating costs for four suspended rigs in Saudi Arabia, two rigs in West Africa, one that suffered structural leg damage and one that was sold in September 2024, and lower shipyard costs for one rig in Vietnam that commenced operations in Q3 2024. This was partially offset by higher mobilization costs for one rig which commenced a new contract in West Africa in late October 2024.

General and administrative expenses increased by $0.4 million in Q3 2024 to $16.6 million as compared to $16.2 million in Q2 2024. The sequential increase was primarily due to a net increase in provision for credit losses and certain one-time costs related to the SDNS merger transaction, partially offset by a decrease in compensation and benefit expenses.

Adjusted EBITDA for Q3 2024 was $114.2 million compared to $71.5 million for Q2 2024. The adjusted EBITDA margin of 43% for Q3 2024 increased as compared to 31% in Q2 2024. The significant increase in Adjusted EBITDA resulted primarily from the acceleration of mobilization revenues on two suspended rigs in Saudi Arabia.

Capital expenditures and deferred costs of $34.9 million in Q3 2024 decreased by $3.1 million from $38.0 million in Q2 2024. This sequential decrease was primarily due to lower contract preparation expenditures for one rig in Vietnam which commenced a new contract in Q3 2024 and one rig in Norway expected to commence a new contract in November 2024 and lower spending on fleet spares. This was partially offset by higher contract preparation expenditures for one rig in West Africa and one rig in the United Kingdom that commenced new contracts in September 2024, higher spending for one rig in West Africa expected to start operations in December 2024 and planned maintenance and shipyard costs for one rig in Saudi Arabia.

Q3 2024 ending cash and cash equivalents balance was $220.1 million. The increase of $81.8 million from $138.3 million at the end of Q2 2024 was primarily due to the receipt of net proceeds of $56.5 million for the sale of the Baltic rig and lower debt service payments in Q3 2024.

The Form 10-Q Equivalent, which includes the Condensed Consolidated Financial Statements, and a corresponding slide presentation to address the results highlights for Q3 2024 are available on the Company's website.

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Dial in Details for the Audio Conference call

Participants will receive conference access information only when they register for the conference via the link below:

Online Registration: https://register.vevent.com/register/BI961f529ea43e41478b5d97987731c270

Participants must register for the call using online registration. Upon registering, each participant will be provided with call details.

About Shelf Drilling

Shelf Drilling is a leading international shallow water offshore drilling contractor with rig operations across Middle East, Southeast Asia, India, West Africa, Mediterranean and North Sea. Shelf Drilling was founded in 2012 and has established itself as a leader within its industry through its fit-for-purpose strategy and close working relationship with industry leading clients. The Company is incorporated under the laws of the Cayman Islands with corporate headquarters in Dubai, United Arab Emirates. The Company is listed on the Oslo Stock Exchange under the ticker “SHLF”.

Special Note Regarding Forward-Looking Statements

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", “strategy”, "intends", "estimate", "will", "may", "continue", "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and may be beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. Given these factors, users of this information should not place undue reliance on the forward-looking statements.

Additional information about Shelf Drilling can be found at www.shelfdrilling.com.

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.

Financial Report for the Period Ended September 30, 2024

	Three months ended		Nine months ended		Twelve months
	September 30, 2024	June 30, 2024	September 30, 2024	September 30, 2023	September 30, 2024
Operating revenues – dayrate	$ 196.7	$ 212.3	$ 640.5	$ 589.4	$ 860.9
Operating revenues – others	61.8	11.3	85.4	18.4	96.9
Other revenues	6.2	7.2	21.1	47.2	28.0
Adjusted revenues [(1)]	**264.7**	**230.8**	**747.0**	**655.0**	**985.8**
Amortization of intangible liability [(2)]	3.2	3.2	9.6	11.0	12.8
Revenues [(3)]	**267.9**	**234.0**	**756.6**	**666.0**	**998.6**
Rig operating expenses	119.9	129.4	385.6	341.4	508.2
Shore-based expenses	12.7	12.4	38.3	36.6	50.6
Operating and maintenance expenses [(4)]	**132.6**	**141.8**	**423.9**	**378.0**	**558.8**
Corporate G&A [(5)]	14.0	15.3	45.1	42.5	58.8
Provision for / (reversal of provision for) credit losses, net	0.7	(0.4)	1.3	5.3	0.7
Share-based compensation expense, net of forfeitures [(6)]	1.4	1.3	3.7	1.8	4.3
One-time corporate transaction costs [(7)]	0.5	—	0.7	1.1	0.6
General & administrative expenses	**16.6**	**16.2**	**50.8**	**50.7**	**64.4**
Other, net expense / (income) [(8)]	1.8	1.3	7.3	3.9	9.5
EBITDA [(9)]	**113.7**	**71.5**	**265.0**	**222.4**	**353.1**
One-time corporate transaction costs [(7)]	0.5	—	0.7	1.1	0.6
Adjusted EBITDA [(9)]	**$ 114.2**	**$ 71.5**	**$ 265.7**	**$ 223.5**	**$ 353.7**
Adjusted EBITDA margin [(9)]	**43%**	**31%**	**36%**	**34%**	**36%**
Operating Data:					
Average marketable rigs [(10)]	34.0	35.4	35.1	34.6	35.1
Average dayrate (in thousands) [(11)]	$ 81.8	$ 82.0	$ 81.8	$ 75.7	$ 81.4
Effective utilization [(12)]	77%	80%	81%	82%	82%
Capital expenditures and deferred costs:					
Regulatory and capital maintenance [(13)]	$ 13.0	$ 11.7	$ 54.5	$ 62.4	$ 81.5
Contract preparation [(14)]	15.5	14.0	43.2	69.9	50.2
Marketable rigs	28.5	25.7	97.7	132.3	131.7
Fleet spares, transition costs and others [(15)]	6.4	12.3	23.7	17.9	36.5
Sub-Total (excluding acquisitions)	34.9	38.0	121.4	150.2	168.2
Rig acquisitions [(16)]	—	—	—	28.0	0.8
Capital expenditures and deferred costs	**$ 34.9**	**$ 38.0**	**$ 121.4**	**$ 178.2**	**$ 169.0**

The following table reconciles the cash payment for additions to property and equipment and changes in deferred costs, net to total capital expenditures and deferred costs:

Cash payments for additions to property and equipment	$ 9.4	$ 13.2	$ 43.0	$ 85.6	$ 60.5
Net change in advances and accrued but unpaid additions to property and equipment	(2.3)	0.9	(0.8)	(8.8)	2.2
Capital expenditures	**7.1**	**14.1**	**42.2**	**76.8**	**62.7**
Changes in deferred costs, net	(3.4)	(2.1)	2.4	57.8	11.6
Add: Amortization of deferred costs	31.2	26.0	76.8	43.6	94.7
Deferred costs	**27.8**	**23.9**	**79.2**	**101.4**	**106.3**
Capital expenditures and deferred costs	**$ 34.9**	**$ 38.0**	**$ 121.4**	**$ 178.2**	**$ 169.0**

(In US$ millions, except rig numbers, average dayrate and effective utilization)

(percentages and figures may include rounding differences)

GAAP and Non-GAAP Financial Measures

The above Financial Report reflects certain US generally accepted accounting principles ("GAAP") and non-GAAP financial measures to evaluate the performance of our business. We believe the non-GAAP financial measures we use are useful in assessing our historical and future performance throughout the commodity price cycles that have characterized our industry since our inception.

(1) "Adjusted Revenues" as used herein is defined as 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.

(2) "Amortization of intangible liability" is defined as the amortization of the intangible liability related to existing drilling contracts for future contract drilling services in connection with the acquisition of five jack-up rigs from Noble. The terms of these contracts included fixed dayrates that were below the market dayrates that were estimated to be available for similar contracts as of the date of the acquisition of five jack-up rigs from Noble. This amortization is recorded in the operating revenues line item in the consolidated statements of operations.

(3) ''Revenues'' includes all revenues earned over the period including: (a) integrated drilling service contract dayrates, (b) other operating revenues such as amortization of mobilization and contract preparation fees, demobilization, contract termination fees, contractual operational incentive bonus and revenue provisions and (c) others which mainly include recharge revenue for client requested services and materials and (d) amortization of intangible liability.

(4) "Operating and maintenance expenses" consist of Rig "Personnel expenses", "Maintenance expenses", "Other operating expenses" and shore-based offices expenses. "Personnel expenses" include compensation, transportation, training and catering costs for rig crews. Such expenses vary from country to country reflecting the combination of expatriates and nationals, local market rates, unionized trade arrangements, local law requirements regarding social security, payroll charges and end of service benefit payments. "Maintenance expenses" relate to maintaining our rigs in operation, including the associated freight and customs duties, which are not capitalized nor deferred. Such expenses do not directly extend the rig life or increase the functionality of the rig. "Other operating expenses" include all remaining operating expenses such as insurance, professional services, equipment rental and other miscellaneous costs.

(5) "Corporate G&A" as used herein includes general & administrative expenses, excluding the (reversal of provision for) / provision for credit losses, net, share-based compensation expense and certain one-time expenses related to cost saving and restructuring measures, third-party professional services and certain costs related to acquisitions.

(6) "Share-based compensation expense, net of forfeitures" is recognized as general and administrative expense in the consolidated statements of operations under GAAP.

(7) "One-time corporate transaction costs" represents certain one-time expenses related to cost saving and restructuring measures, third-party professional services and certain costs related to acquisitions.

(8) "Other, net (income) expense" as used herein is composed primarily of currency exchange loss / (gain), tax indemnities and certain vendor discounts.

(9) ''EBITDA'' as used herein represents revenue less: operating and maintenance expenses, Corporate G&A, (reversal of) / provision for credit losses, share-based compensation expense, net of forfeitures and other, net, and excludes amortization of intangible liability, interest expense and financing charges, interest income, income taxes, depreciation, amortization, loss on impairment of assets and (gain) / loss on disposal of assets. ''Adjusted EBITDA'' as used herein represents EBITDA as adjusted for the exclusion of amortization of acquired rig reactivation costs and one-time corporate transaction costs. "Adjusted EBITDA margin" as used herein represents Adjusted EBITDA divided by adjusted revenues. 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 GAAP. 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 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 expense and financing charges, interest income, income tax expense (benefit), depreciation, amortization and 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 Adjusted Revenues, 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.

(10) ''Marketable rigs'' are defined as the total number of rigs that are operating or are available to operate, but 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.

(11) ''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.

(12) ''Effective utilization'' is defined as the actual 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.

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

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

(15) "Fleet Spares, transition costs and others" includes: (i) acquisition and certification costs for the rig fleet spares pool which is allocated to specific rig expenditure 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.

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