PRESS RELEASE

SHELF DRILLING

REPORTS FIRST QUARTER 2023 RESULTS

Dubai, UAE, May 15, 2023 – Shelf Drilling, Ltd. (“Shelf Drilling” and, together with its subsidiaries, the “Company”, OSE: SHLF) announces results for the first quarter of 2023 ending March 31. The results highlights will be presented by audio conference call on May 16, 2023 at 6:00 pm Dubai time / 4:00 pm Oslo time. Dial-in details for the call are included in the press release posted on May 9, 2023 and on page 3 of this release.

David Mullen, Chief Executive Officer, commented: “*The high concentration of major projects in Q1 2023 led to a sequential decline in revenue and EBITDA in line with the guidance we provided on our prior call. Six of our rigs were preparing for long-term contracts in the Middle East, India, West Africa and Mediterranean that are scheduled to commence in Q2 and Q3 2023. As these projects are completed in the near-term, we anticipate significant growth in run-rate earnings and cash flow in the second half of the year.”*

Mullen added: “*Our backlog further increased from the prior quarter to $2.8 billion as of March 31, 2023 across 34 rigs, and we recently secured a contract for one of the two available rigs. Marketed utilization for the global jack-up fleet exceeds 90%, and we are seeing signs of further demand growth in India and Southeast Asia through the rest of 2023, which should drive continued improvements in leading edge dayrates. We remain committed to delivering safe and reliable services and providing best-in-class operations to our customers, and believe we are well positioned to leverage the robust jack-up market backdrop.”*

First Quarter Highlights

- Q1 2023 adjusted revenues of $179.8 million, a 16% sequential decrease compared to Q4 2022, including $33.2 million adjusted revenues from Shelf Drilling (North Sea), Ltd. ("SDNS").
- Q1 2023 adjusted EBITDA of $36.0 million, representing an adjusted EBITDA margin of 20%, including $6.7 million adjusted EBITDA from SDNS.
- Q1 2023 net loss attributable to controlling interest of $33.4 million.
- Q1 2023 capital expenditures and deferred costs totaled $82.5 million, including $62.5 million for five rigs preparing for long-term contracts scheduled to commence in Q2 and Q3 2023.
- The Company’s cash and cash equivalents balance at March 31, 2023 was $143.6 million, including $62.9 million at SDNS.
- The Company’s total debt at March 31, 2023 was $1.4 billion.
- Contract backlog increased to $2.8 billion at March 31, 2023 across 34 contracted rigs.
- Subsequent to March 31, 2023, the Company secured the following new contract awards:
  - Short term contract for Adriatic 1 in Nigeria expected to commence in May 2023.
  - New contract for the Shelf Drilling Barsk in Norway with total contract value of $61 million and planned commencement in May 2024.
- Financial guidance for full year 2023 maintained; details are included on page 12 of the Q1 2023 results highlights presentation on our website.

First Quarter Results

Adjusted revenues were $179.8 million in Q1 2023 compared to $214.6 million in Q4 2022. The $34.8 million (16%) sequential decrease in revenues was primarily due to a lower effective utilization across the fleet, as four fewer rigs were operating, and lower mobilization and other revenue, partially offset by higher average earned dayrates.

Effective utilization decreased to 75% in Q1 2023 from 86% in Q4 2022, as four rigs were being prepared for new contracts or contract extensions and one rig completed its last contract in Q1 2023. Average earned dayrate increased to $69.7 thousand in Q1 2023 from $66.7 thousand in Q4 2022.

Total operating and maintenance expenses increased by $6.9 million (6%) in Q1 2023 to $129.2 million compared to $122.3 million in Q4 2022. The sequential increase primarily included higher planned shipyard and maintenance expenses mainly due to three rigs preparing for new contracts, one each in the Middle East, India and West Africa.

General and administrative expenses of $15.5 million in Q1 2023 decreased by $2.0 million as compared to $17.5 million in Q4 2022, primarily due to lower compensation and benefit expenses as compared to the prior period.

Adjusted EBITDA for Q1 2023 was $36.0 million compared to $75.6 million for Q4 2022. The adjusted EBITDA margin of 20% for Q1 2023 decreased from 35% in Q4 2022.

Capital expenditures and deferred costs of $82.5 million in Q1 2023 decreased by $388.8 million from $471.3 million in Q4 2022. This decrease was primarily related to $417.7 million for the acquisition of five jack-ups by SDNS in Q4 2022. Spending in Q1 2023 included $22.9 million for acquisitions associated with the ongoing rig readiness project for the Shelf Drilling Victory, which commenced its new long-term contract in April 2023. Spending across the rest of the fleet increased by $28.9 million compared to Q4 2022 mainly due to out-of service projects for four rigs being prepared for new contracts, one each in the Middle East, India, West Africa and Italy.

Q1 2023 ending cash and cash equivalents balance of $143.6 million increased by $2.8 million from $140.8 million at the end of Q4 2022 primarily due to the $44.4 million net proceeds from the issuance of common shares in Q1 2023 mostly offset by the sequential reduction in EBITDA and high level of capital spending during the quarter.

The Form 10-Q Equivalent, which includes the Condensed Consolidated Interim Financial Statements, and a corresponding slide presentation to address the results highlights for Q1 2023 are available on the Company's website.

For further queries, please contact:

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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/BI83083cd4817c448081666cf1998375fe

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 March 31, 2023

	Three months ended			Twelve months ended
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023
Operating revenues – dayrate	$ 161.0	$ 177.5	$ 141.4	$ 618.0
Operating revenues – others	3.5	18.6	9.1	50.5
Other revenues	15.3	18.5	5.5	42.9
Adjusted revenues [1]	**$ 179.8**	**$ 214.6**	**$ 156.0**	**$ 711.4**
Amortization of intangible liability [2]	3.6	7.6	—	11.2
Revenues [3]	**$ 183.4**	**$ 222.2**	**$ 156.0**	**$ 722.6**
Rig operating expenses	116.8	110.0	76.5	386.8
Shore-based expenses	12.4	12.3	9.0	42.6
Operating and maintenance expenses [4]	**$ 129.2**	**$ 122.3**	**$ 85.5**	**$ 429.4**
Corporate G&A [5]	$ 14.4	$ 15.5	$ 11.8	$ 54.2
Provision for credit losses, net	(0.3)	0.5	—	0.4
Share-based compensation expense, net of forfeitures [6]	0.6	0.7	0.6	2.6
One-time corporate transaction costs [7]	0.8	0.8	—	3.1
General & administrative expenses	**$ 15.5**	**$ 17.5**	**$ 12.4**	**$ 60.3**
Other, net income / (expense) [8]	0.1	—	0.1	1.6
EBITDA [9]	**$ 35.2**	**$ 74.8**	**$ 58.2**	**$ 223.3**
One-time corporate transaction costs [7]	0.8	0.8	—	3.1
Adjusted EBITDA [9]	**$ 36.0**	**$ 75.6**	**$ 58.2**	**$ 226.4**
Adjusted EBITDA margin [9]	**20%**	**35%**	**37%**	**32%**
Operating Data:				
Average marketable rigs [10]	34.0	33.8	30.0	32.0
Average dayrate (in thousands) [11]	$ 69.7	$ 66.7	$ 61.8	$ 65.3
Effective utilization [12]	75%	86%	85%	81%
Capital expenditures and deferred costs:				
Regulatory and capital maintenance [13]	$ 27.2	$ 20.1	$ 16.1	$ 77.2
Contract preparation [14]	26.8	7.6	6.7	52.8
Marketable rigs	$ 54.0	$ 27.7	$ 22.8	$ 130.0
Fleet spares, transition costs and others [15]	5.6	2.0	0.1	17.5
Sub-Total (excluding acquisitions)	$ 59.6	$ 29.7	$ 22.9	$ 147.5
Rig acquisitions [16]	22.9	441.6	—	499.3
Capital expenditures and deferred costs	**$ 82.5**	**$ 471.3**	**$ 22.9**	**$ 646.8**

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	$ 19.4	$ 392.0	$ 8.0	$ 465.1
Non-cash increase to fair value of rigs in the acquisition	—	42.7	—	42.7
Net change in accrued but unpaid additions to property and equipment	24.2	16.2	(0.6)	40.0
Capital expenditures	**$ 43.6**	**$ 450.9**	**$ 7.4**	**$ 547.8**
Changes in deferred costs, net	$ 26.9	$ 3.0	$ 0.2	$ 38.0
Add: Amortization of deferred costs	12.0	17.4	15.3	61.0
Deferred costs	**$ 38.9**	**$ 20.4**	**$ 15.5**	**$ 99.0**
Capital expenditures and deferred costs	**$ 82.5**	**$ 471.3**	**$ 22.9**	**$ 646.8**

(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 mobilization and contract preparation fees amortized over the firm contract term, 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 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 recently acquired rigs and (ii) office and infrastructure expenditures.

(16) “Rig acquisitions” primarily includes capital expenditures and deferred costs associated with the acquisition of five jack-up rigs from Noble and the Shelf Drilling Victory acquisition and readiness projects.