PRESS RELEASE

SHELF DRILLING

REPORTS SECOND QUARTER 2023 RESULTS

Dubai, UAE, August 9, 2023 – Shelf Drilling, Ltd. ("Shelf Drilling" and, together with its subsidiaries, the "Company", OSE: SHLF) announces results for the second quarter of 2023 ending June 30. The results highlights will be presented by audio conference call on August 9, 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 July 27, 2023 and on page 3 of this release.

David Mullen, Chief Executive Officer, commented: "*During the second quarter, our Adjusted EBITDA more than doubled on a sequential basis to $73 million following the completion of out-of-service projects and commencement of new contracts at attractive dayrates in Saudi Arabia, India and West Africa. Our operations teams did an outstanding job delivering these projects amidst supply chain challenges and inflationary pressures. With the commencement of a new contract for the Shelf Drilling Resourceful in the Mediterranean in August, this period marked by a high concentration of major projects is substantially complete. With the full run-rate benefit of these new long-term contracts, we expect to deliver a further significant improvement in earnings in the second half of 2023.*"

Mullen added: "As of June 30, 2023, 35 of our 36 rigs were contracted for a total backlog of $2.6 billion. The industry market fundamentals remain strong and supportive of additional investment in shallow water projects. With marketed utilization now at 94% and very limited spare rig capacity, we expect pricing momentum to continue in the quarters ahead. Shelf Drilling's unique operating platform, diverse and versatile fleet composition, and accelerating financial performance, position us well to capitalize on the positive outlook in our sector."

Second Quarter Highlights

- Q2 2023 adjusted revenues of $211.0 million, a 17% sequential increase compared to Q1 2023, including $30.3 million adjusted revenues from Shelf Drilling (North Sea), Ltd. ("SDNS").
- Q2 2023 adjusted EBITDA of $72.7 million, representing an adjusted EBITDA margin of 34%, including $5.0 million adjusted EBITDA from SDNS.
- Q2 2023 net income attributable to controlling interest of $1.7 million.
- Q2 2023 capital expenditures and deferred costs totaled $60.9 million, including $33.9 million for five rigs that commenced new long-term contracts between April and August 2023.
- The Company's cash and cash equivalents balance at June 30, 2023 was $141.9 million, including $52.9 million at SDNS. Cash and cash equivalents, excluding SDNS, increased from $80.7 million at March 31, 2023 to $89.0 million at June 30, 2023.
- Contract backlog of $2.6 billion at June 30, 2023 across 35 contracted rigs with weighted average dayrate of $81.0 thousand.
- In August 2023, the Shelf Drilling Fortress was awarded a new contract with CNOOC Petroleum Europe Limited in the UK which is expected to start in September 2023. The firm term includes two wells, plus options for additional wells.
- Financial guidance for full year 2023 maintained; details are included on page 15 of the Q2 2023 results highlights presentation on our website.

Second Quarter Results

Adjusted revenues were $211.0 million in Q2 2023 compared to $179.8 million in Q1 2023. The $31.2 million (17%) sequential increase in revenues was primarily due to higher effective utilization across the fleet, as seven more rigs were operating, and higher average dayrate.

Effective utilization increased to 82% in Q2 2023 from 75% in Q1 2023, as seven rigs commenced new contracts or contract extensions in India, Saudi Arabia and West Africa during Q2 2023. Average earned dayrate increased to $74.6 thousand in Q2 2023 from $69.7 thousand in Q1 2023 mainly for five rigs in Saudi Arabia and four rigs in Nigeria.

Total operating and maintenance expenses decreased by $9.3 million (7%) in Q2 2023 to $119.9 million compared to $129.2 million in Q1 2023. The sequential decrease was primarily due to lower shipyard and maintenance expenses on three rigs that started contracts in Q2 2023 and lower operating expenses for one rig that completed its contract in the UK, partially offset by higher operating expenses for one rig that commenced operations in Saudi Arabia in April 2023 and one rig preparing for a new contract that started in Italy in August 2023.

General and administrative expenses were largely unchanged at $15.0 million in Q2 2023 as compared to $15.5 million in Q1 2023.

Adjusted EBITDA for Q2 2023 was $72.7 million compared to $36.0 million for Q1 2023. The adjusted EBITDA margin of 34% for Q2 2023 increased from 20% in Q1 2023. The significant increase in Adjusted EBITDA was due to increased revenues and lower costs as described above.

Capital expenditures and deferred costs of $60.9 million in Q2 2023 decreased by $21.6 million from $82.5 million in Q1 2023. This decrease was primarily related to two rigs in Saudi Arabia that completed out of service projects and commenced new contracts in April and June 2023. This was partially offset by an increase on one rig that was preparing for a new contract in Italy that commenced in August 2023.

Q2 2023 ending cash and cash equivalents balance of $141.9 million was relatively unchanged as compared to $143.6 million at the end of Q1 2023. The Q2 2023 ending cash and cash equivalents balance for SDNS was $52.9 million, leaving $89.0 million of cash and cash equivalents for SDL excluding SDNS.

The Form 10-Q Equivalent, which includes the Condensed Consolidated Interim Financial Statements, and a corresponding slide presentation to address the results highlights for Q2 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/BIc92cefd8fd694740b019ac05e6dc56db

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.

SHELF DRILLING

Financial Report for the Period Ended June 30, 2023

	Three months ended		Six months ended		Twelve months ended
	June 30, 2023	March 31, 2023	June 30, 2023	June 30, 2022	June 30, 2023
Operating revenues – dayrate	$ 193.2	$ 161.0	$ 354.2	$ 274.9	$ 677.7
Operating revenues – others	4.2	3.5	7.7	21.8	42.0
Other revenues	13.6	15.3	28.9	10.0	52.0
Adjusted revenues [1]	**$ 211.0**	**$ 179.8**	**$ 390.8**	**$ 306.7**	**$ 771.7**
Amortization of intangible liability [2]	3.2	3.6	6.8	—	14.4
Revenues [3]	**$ 214.2**	**$ 183.4**	**$ 397.6**	**$ 306.7**	**$ 786.1**
Rig operating expenses	$ 107.6	$ 116.8	$ 224.4	$ 156.6	$ 414.3
Shore-based expenses	12.3	12.4	24.7	17.9	46.0
Operating and maintenance expenses [4]	**$ 119.9**	**$ 129.2**	**$ 249.1**	**$ 174.5**	**$ 460.3**
Corporate G&A [5]	$ 14.2	$ 14.4	$ 28.6	$ 24.0	$ 56.2
(Reversal of provision for) / provision for credit losses, net	(0.1)	(0.3)	(0.4)	0.1	0.2
Share-based compensation expense, net of forfeitures [6]	0.6	0.6	1.2	1.2	2.6
One-time corporate transaction costs [7]	0.3	0.8	1.1	1.5	1.9
General & administrative expenses	**$ 15.0**	**$ 15.5**	**$ 30.5**	**$ 26.8**	**$ 60.9**
Other, net income / (expense) [8]	(3.7)	0.1	(3.6)	0.3	(2.3)
EBITDA [9]	**$ 72.4**	**$ 35.2**	**$ 107.6**	**$ 105.7**	**$ 248.2**
One-time corporate transaction costs [7]	0.3	0.8	1.1	1.5	1.9
Adjusted EBITDA [9]	**$ 72.7**	**$ 36.0**	**$ 108.7**	**$ 107.2**	**$ 250.1**
Adjusted EBITDA margin [9]	**34%**	**20%**	**28%**	**35%**	**32%**
Operating Data:					
Average marketable rigs [10]	34.7	34.0	34.4	30.0	33.1
Average dayrate (in thousands) [11]	$ 74.6	$ 69.7	$ 72.3	$ 62.2	$ 68.3
Effective utilization [12]	82%	75%	79%	81%	82%
Capital expenditures and deferred costs:					
Regulatory and capital maintenance [13]	$ 21.3	$ 27.2	$ 48.5	$ 33.4	$ 81.2
Contract preparation [14]	32.0	26.8	58.8	19.3	72.2
Marketable rigs	$ 53.3	$ 54.0	$ 107.3	$ 52.7	$ 153.4
Fleet spares, transition costs and others [15]	3.7	5.6	9.3	3.3	18.0
Sub-Total (excluding acquisitions)	$ 57.0	$ 59.6	$ 116.6	$ 56.0	$ 171.4
Rig acquisitions [16]	3.9	22.9	26.8	—	503.2
Capital expenditures and deferred costs	**$ 60.9**	**$ 82.5**	**$ 143.4**	**$ 56.0**	**$ 674.6**

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	$ 45.8	$ 19.4	$ 65.2	$ 17.6	$ 501.3
Non-cash increase to fair value of rigs in the acquisition	—	—	—	—	42.7
Net change in advances and accrued but unpaid additions to property and equipment	(26.3)	24.2	(2.1)	(0.9)	14.0
Capital expenditures	**$ 19.5**	**$ 43.6**	**$ 63.1**	**$ 16.7**	**$ 558.0**
Changes in deferred costs, net	$ 28.1	$ 26.9	$ 55.0	$ 10.3	$ 55.9
Add: Amortization of deferred costs	13.3	12.0	25.3	29.0	60.7
Deferred costs	**$ 41.4**	**$ 38.9**	**$ 80.3**	**$ 39.3**	**$ 116.6**
Capital expenditures and deferred costs	**$ 60.9**	**$ 82.5**	**$ 143.4**	**$ 56.0**	**$ 674.6**

(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.