PRESS RELEASE
SHELF DRILLING
REPORTS FIRST QUARTER 2025 RESULTS

Dubai, UAE, May 12, 2025 – Shelf Drilling, Ltd. (“Shelf Drilling”, “SDL” and, together with its subsidiaries, the “Company”, OSE: SHLF) announces results for the first quarter of 2025 ended March 31. The results highlights will be presented by audio conference call on May 12, 2025 at 5:00 pm Dubai time / 3:00 pm Oslo time. Dial-in details for the call are included in the press release posted on May 5, 2025 and on page 3 of this release.

Greg O’Brien, Chief Executive Officer, commented: *“During the first quarter of 2025, Shelf Drilling delivered excellent operating and financial results. With total fleet uptime of 99.4% for the quarter, we continued our strong level of operational efficiency from 2024 demonstrating the execution capabilities of our offshore and onshore teams. Adjusted EBITDA increased sequentially to $96 million, representing a 40% margin, primarily due to the Shelf Drilling Barsk and the Main Pass IV operating for a full quarter in Norway and Nigeria, respectively, following the rig contract commencements in the prior quarter. Our quarterly capital spend was reduced to $16 million, which also contributed to strong cash flow generation.*

Following the recent announcement of the early contract termination for the Shelf Drilling Winner in Denmark, we have revised our financial guidance for full year 2025. Adjusted EBITDA is now estimated to be between $310 and $360 million, down $20 million compared to our initial guidance provided earlier this year. However, we have identified savings across the fleet and lowered our 2025 capital spending guidance range by $25 million. Therefore, we expect to be in a better cash position at the end of the year than originally anticipated and maintain strong liquidity through 2026.”

O’Brien added: *“The recent macroeconomic developments have contributed to reduced commodity price levels and created some market uncertainty. The contract suspensions in the Middle East during 2024 continue to impact the global jack-up market with further dayrate pressure seen in recent months. We have a solid pipeline of near-term contract opportunities for our rigs with availability in 2025 and 2026 and are also focused on identifying ways to further optimize our cost structure. We remain committed to delivering safe and reliable services and providing best-in-class operations to our customers, leveraging our unique operating platform. We believe we are very well positioned to navigate the current market challenges and capitalize on the positive long-term outlook in our sector.”*

First Quarter Highlights

- Q1 2025 adjusted revenues of $242.7 million.
- Q1 2025 adjusted EBITDA of $96.2 million, representing an adjusted EBITDA margin of 40%, including $28.0 million adjusted EBITDA from Shelf Drilling (North Sea), Ltd. ("SDNS") and $68.2 million from the rest of the business.
- Q1 2025 net income of $13.7 million.
- Q1 2025 capital expenditures and deferred costs totaled $15.5 million.
- The Company’s cash and cash equivalents balance at March 31, 2025 was $206.6 million.
- Key rig updates include:
  - High Island II was redeployed to West Africa with expected contract commencement in Q2 2025.
  - Shelf Drilling Victory was redeployed to West Africa for new contract opportunities.
  - Trident 16 contract in Egypt was extended until August 2025.
  - Main Pass I was divested in Q1 2025 for non-drilling applications.
- Financial guidance for the full year 2025 has been revised and is included in the "2025 Financial Guidance" section of the Q1 2025 results highlights presentation on our website.

First Quarter Results

Adjusted revenues were $242.7 million in Q1 2025 compared to $225.4 million in Q4 2024. The $17.3 million (8%) sequential increase in adjusted revenues was primarily driven by higher revenues for three rigs that commenced new contracts in late Q4 2024 and Q1 2025, partially offset by two suspended rigs in Saudi Arabia earning no revenue in Q1 2025.

Effective utilization marginally decreased to 79% in Q1 2025 from 80% in Q4 2024, mainly due to the suspension of operations for two rigs in Saudi Arabia and completion of contracts for two rigs in India between late Q4 2024 and Q1 2025. This was partially offset by three rigs that commenced new contracts in Nigeria, Egypt and Norway during the same period. Average earned dayrate increased to $94.2 thousand in Q1 2025 from $87.5 thousand in Q4 2024 primarily due to higher revenues for two rigs in Norway and Nigeria that commenced operations in late Q4 2024.

Total operating and maintenance expenses were relatively unchanged at $129.4 million in Q1 2025 compared to prior quarter. Lower operating costs for two suspended rigs in Saudi Arabia were partially offset by higher operating costs for one rig in Nigeria that started a new long-term contract in late Q4 2024 and higher mobilization cost for one suspended rig which was redeployed to West Africa in Q1 2025.

General and administrative expenses increased by $1.0 million in Q1 2025 to $16.8 million as compared to $15.8 million in Q4 2024. The sequential increase was primarily due to an increase in compensation and benefit expenses partially offset by a decrease in provision for credit losses.

Adjusted EBITDA for Q1 2025 was $96.2 million compared to $85.0 million for Q4 2024. The adjusted EBITDA margin of 40% for Q1 2025 increased as compared to 38% in Q4 2024. The adjusted EBITDA for SDNS increased sequentially to $28.0 million from $16.7 million primarily due to the commencement of a new long-term contract in Norway in November 2024.

Capital expenditures and deferred costs decreased to $15.5 million from $31.0 million in Q4 2024. This sequential decrease was primarily due to reduced spending on fleet spares and increased utilization of existing fleet spares across the fleet along with lower contract preparation expenditures for two rigs, one in Norway and one in Nigeria, that commenced new long-term contracts in late Q4 2024.

Q1 2025 ending cash and cash equivalents balance was $206.6 million. The increase of $54.3 million from $152.3 million at the end of Q4 2024 was primarily due to lower debt service payments, as well as the sale of the Main Pass I and decreased capital spending in Q1 2025. This was partially offset by an increase in working capital in Q1 2025.

The Form 10-Q Equivalent, which includes the condensed consolidated financial statements, and a corresponding slide presentation to address the results highlights for Q1 2025 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-conf.media-server.com/register/BI4b8e9c1da30b462aaba928f6ba1f141e

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, 2025

	Three months ended			Twelve months ended
	March 31, 2025	December 31, 2024	March 31, 2024	March 31, 2025
Operating revenues – dayrate	$ 220.7	$ 212.4	$ 231.5	$ 842.1
Operating revenues – others	12.3	4.6	12.3	90.0
Other revenues	9.7	8.4	7.7	31.5
Adjusted revenues (1)	**242.7**	**225.4**	**251.5**	**963.6**
Amortization of intangible liability (2)	3.0	3.2	3.2	12.6
Revenues (3)	**245.7**	**228.6**	**254.7**	**976.2**
Rig operating expenses	116.4	117.7	136.3	483.4
Shore-based expenses	13.0	11.8	13.2	49.9
Operating and maintenance expenses (4)	**129.4**	**129.5**	**149.5**	**533.3**
Corporate G&A (5)	14.9	13.1	15.8	57.3
Provision for credit losses, net	0.6	1.3	1.0	2.2
Share-based compensation expense, net of forfeitures (6)	1.3	1.3	1.0	5.3
One-time corporate transaction costs (7)	—	0.1	0.2	0.6
General & administrative expenses	**16.8**	**15.8**	**18.0**	**65.4**
Gain on insurance recovery	—	(30.9)	—	(30.9)
Other, net expense / (income) (8)	0.3	(4.8)	4.2	(1.4)
EBITDA (9)	**96.2**	**115.8**	**79.8**	**397.2**
Gain on insurance recovery	—	(30.9)	—	(30.9)
One-time corporate transaction costs (7)	—	0.1	0.2	0.6
Adjusted EBITDA (9)	**$ 96.2**	**$ 85.0**	**$ 80.0**	**$ 366.9**
Adjusted EBITDA margin (9)	**40%**	**38%**	**32%**	**38%**
Operating Data:				
Average marketable rigs (10)	33.0	33.0	36.0	33.8
Average dayrate (in thousands) (11)	$ 94.2	$ 87.5	$ 81.7	$ 86.2
Effective utilization (12)	79%	80%	86%	79%
Capital expenditures and deferred costs:				
Regulatory and capital maintenance (13)	$ 16.2	$ 6.8	$ 29.8	$ 47.7
Contract preparation (14)	2.1	12.4	13.7	44.0
Marketable rigs	18.3	19.2	43.5	91.7
Fleet spares and others (15)	(2.8)	11.8	5.0	27.7
Capital expenditures and deferred costs	**$ 15.5**	**$ 31.0**	**$ 48.5**	**$ 119.4**

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	$ 9.6	$ 4.7	$ 20.4	$ 36.9
Net change in advances and accrued but unpaid additions to property and equipment	(1.8)	4.4	0.6	1.2
Capital expenditures	**7.8**	**9.1**	**21.0**	**38.1**
Changes in deferred costs, net	(12.5)	(4.5)	7.9	(22.5)
Add: Amortization of deferred costs	20.2	26.4	19.6	103.8
Deferred costs	**7.7**	**21.9**	**27.5**	**81.3**
Capital expenditures and deferred costs	**$ 15.5**	**$ 31.0**	**$ 48.5**	**$ 119.4**

(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, impairment loss and (gain) / loss on disposal of assets. ''Adjusted EBITDA'' as used herein represents EBITDA as adjusted for the exclusion of gain on insurance recovery 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 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.