Shelf Drilling Q4 2022 Results Highlights

March 20, 2023

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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.

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SHLF 2022 Key Performance Indicators

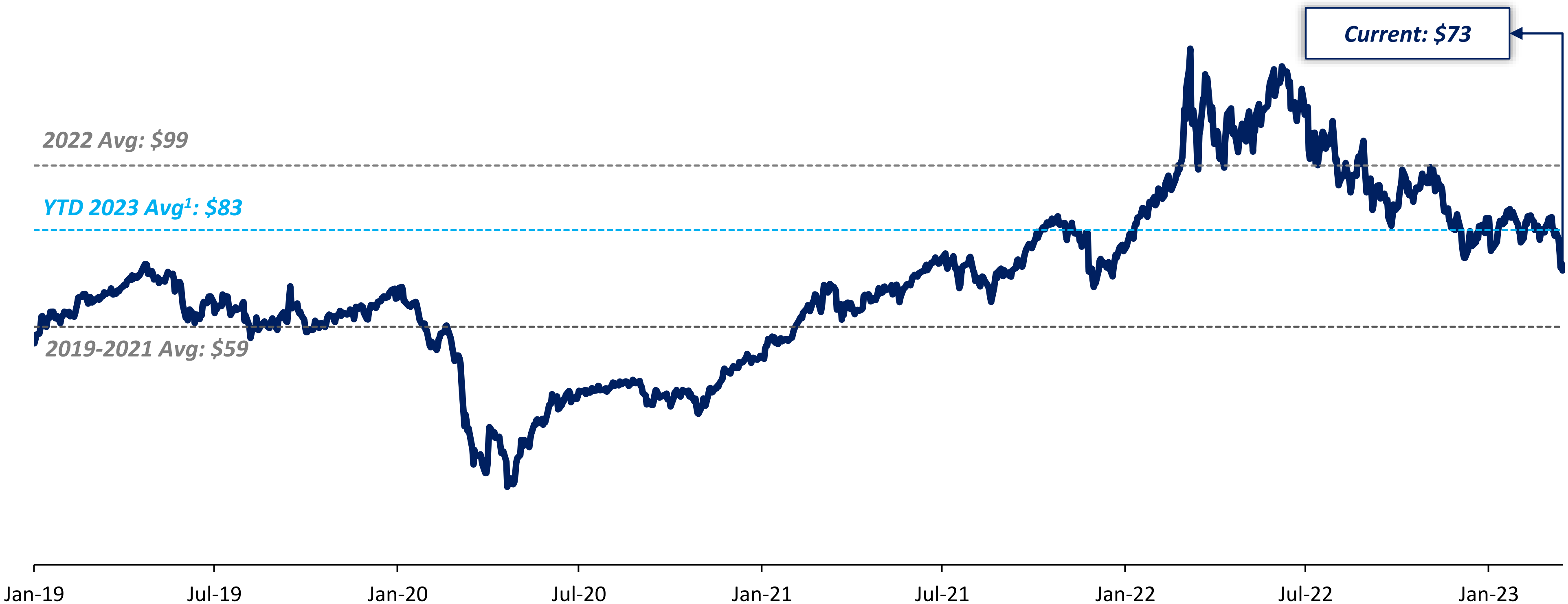
- **HSE Results**
  - TRIR[1] of 0.16 lowest in company history consistent with 2021, also 76% below the IADC industry average of 0.67
  - 23 rigs, including entire Nigeria fleet, achieved zero recordable incidents in 2022
- **Uptime Performance**
  - Fourth consecutive year above 99%
  - Uptime performance was in line with 2021 levels despite acquisition of 6 new rigs
- **Improving Margins**
  - Adjusted EBITDA margin improved from 30% in 2021 to 36% in 2022 on higher dayrates and effective utilization
  - Cost inflation carefully managed across all functions
- **$1 Billion Net Backlog Addition**
  - 24 new contracts, extensions, and option exercises totaling $1.3 billion of dayrate backlog over 44 rig years
  - 7 new customers and 5 new countries

0.16 TRIR[1]	**99.3%** Uptime
$249 MM Adjusted EBITDA	**36%** Adjusted EBITDA Margin
$2.7 BN Backlog[2]	**97%** Marketed Utilization[2]
$141 MM Liquidity[2]	**5.5%** S1[3] Emissions Reduced

Note (1): Total Recordable Incident Rate, per 200,000 manhours.
Note (2): Backlog, Marketed Utilization and Liquidity are as of 31 December 2022.
Note (3): Scope 1 emissions reduction of 5.5% is the annualized average daily per rig emissions as compared to the 2021 average.

Oil and Natural Gas Prices Supportive for Improved Activity

Brent Oil Price ($/bbl)



- Brent average price elevated in 2022 at $99/bbl and highly volatile following Ukraine war
- Persistent lack of upstream investment in recent decade accentuated by sanctions against Russia
- Severely constrained oil and natural gas supply resulted in historical prices in many parts of the world
- Commodity prices pulling back from highs but remain elevated and highly constructive for further E&P investments
- Demand for jack-up services expected to strengthen further in near to medium term

Source: Bloomberg, as of 17 March 2023.
Note (1): YTD 2023 Average Brent oil price based on 1 January 2023 to 17 March 2023.

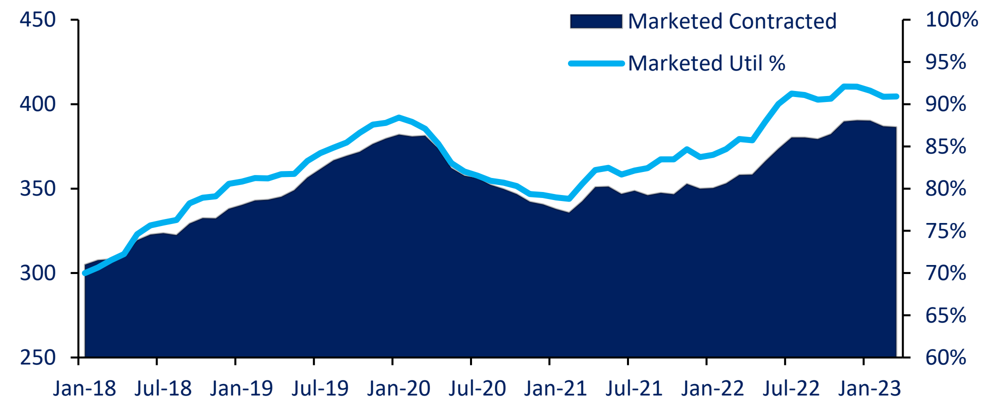
Middle East Has Transformed the Global Jack-up Market

Substantial Increase in Middle East Jack-up Demand

Global jack-up demand	Global number of contracted jack-ups increased from 350 in January 2022 to 386 in March 2023 with utilization moving higher - beginning to see strong upward dayrate momentum on new contracts
Shallow water production	Increased production targets across Middle Eastern countries on the back of global energy security need, driven by wells in offshore shallow waters
Incremental activity	Saudi Aramco has recently contracted ~40 incremental rigs and ADNOC has recently acquired more than 10 rigs for its own use
Shadow supply removal	Incremental rigs contracted are mostly rigs that were stacked, removing the sidelined capacity in the jack-up market

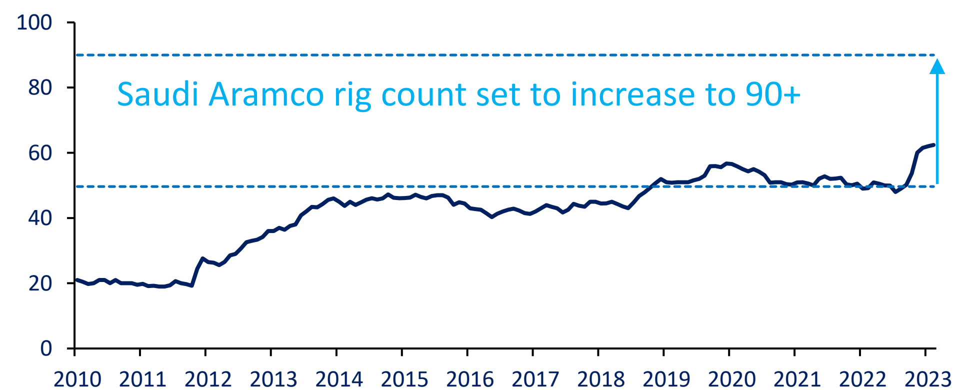
Shelf Drilling is a key provider of jack-ups in the Middle East and other core regions with strong client relationships

Recovery In Jack-up Demand Accelerating



Considerable Fleet Increase from Saudi Aramco

Number of contracted jack-ups in Saudi Arabia



Source: Saudi Aramco, IHS Petrodata as of 19 March 2023.

Excess Jack-Up Supply Has Disappeared

Middle East rig count has reached new highs

- Significant further increases expected in years ahead

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

- Demand expected to accelerate in 2023/2024

China rig count continues to climb, absorbing previously stranded newbuilds

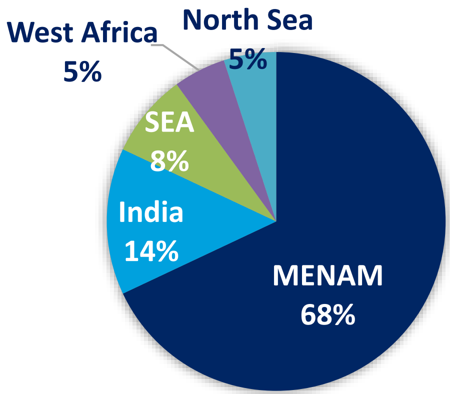
Material reduction in supply over last decade

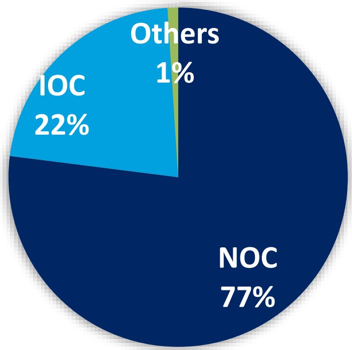
Regions	Contracted Jack-ups		Change Since Prior Peak
	Apr-14	Mar-23	
Middle East	127	161	34
India	32	33	1
West Africa	20	11	-9
SE Asia	67	40	-27
North Sea	46	28	-18
Mexico	50	32	-18
US GOM	15	4	-11
China	30	58	28
Sub-Total	387	367	-20
Total Under Contract	429	386	-42
Available	24	39	15
Total Active Supply	453	426	-27
% Marketed Utilization	95%	91%	0
Under Construction	141	20	-121

Source: IHS Petrodata as of 19 March 2023. Excludes Cold Stacked Rigs (48)

Near Full Fleet Utilization and Strong Backlog

Total Backlog – $2,682 Million





Fleet Status Summary *(As of 20 Mar 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	**5**	1	**6**	83%
SE Asia	**3**	0	**3**	100%
North Sea	**3**	1	**4**	75%
Total	**34**	**2**	**36**	**94%**

Backlog by Asset Type

	Rigs	Backlog (million)	Dayrate (thousand)	Rig Years
Standard 1 *(IN, EG)*	11	$385	$50	21.2
Standard 2 *(ME, Med, WAF)*	11	$1,341	$82	44.6
Premium *(excl SDNS)*	9	$723	$94	21.1
Shelf Drilling *(excl SDNS)*	**31**	**$2,449**	**$77**	**86.9**
SDNS	5	$233	$98	6.5
TOTAL	**36**	**$2,682**	**$79**	**93.4**

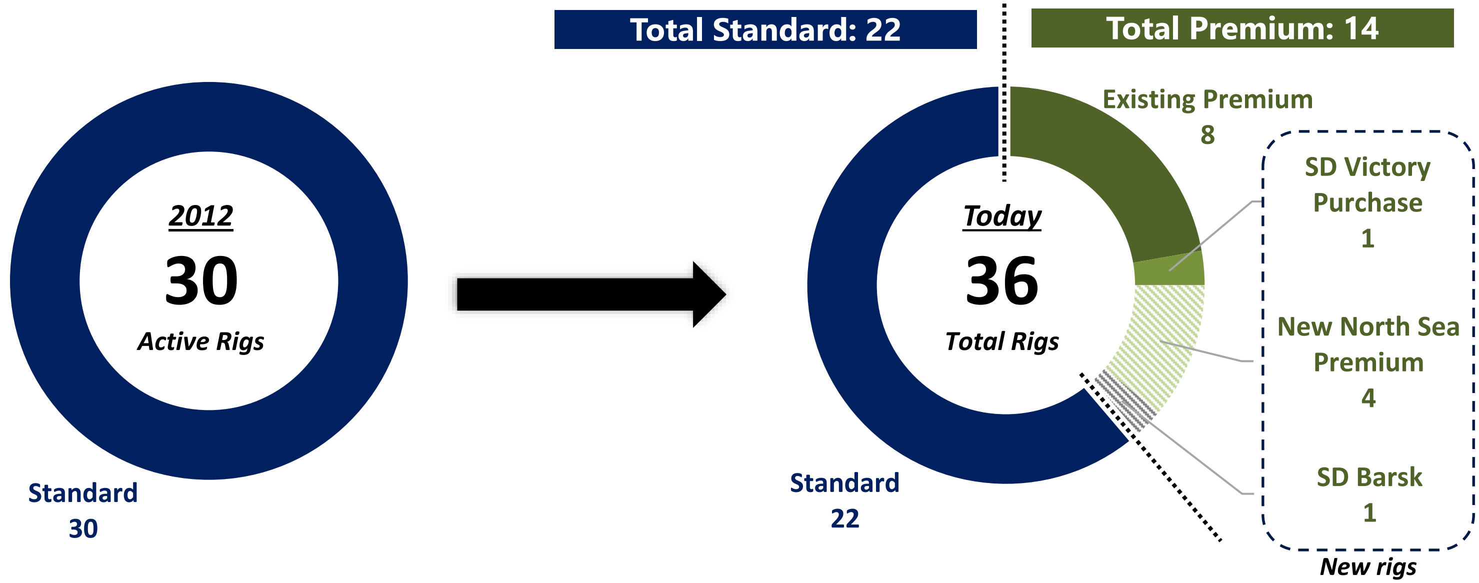
Backlog and Rig Years figures as of 31 December 2022

Recent Developments

- Harvey H. Ward secured a 5-year contract plus 2-year option in the Middle East. Total contract value is ~$192 million including mobilization revenue.
- 11 total rig years awarded to standard rigs (Compact Driller, Key Singapore, Trident II, Trident 16, and Rig 141) in India and Egypt, for a total contract value of ~$279 million, including mobilization revenue
- 5 total rig years awarded to SD Resourceful and Key Manhattan in Italy
- Trident VIII secured a 1-year contract in Nigeria; SD Scepter secured a 2-year contract in Nigeria, with contract value of ~$118 million, including mobilization revenue
- SD Fortress completed contract with TotalEnergies in the UK and is available and being marketed for multiple opportunities

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

Strategic Evolution and Transformation of Jack-up Fleet



"Right Assets in Right Locations"

Blend of premium & standard jack-ups provides ideal match to customer requirements

94% Contracted Utilization Across 36 Jack-ups[1]

13 x Premium

92% Utilization

Customized with technical innovations

- Existing premium rig fleet: 8
- Purchase of SD Victory: 1
- Acquisition of F&G[2] jack-ups from Noble: 4

22 x Standard

95% Utilization

Cost effective and fit-for-purpose

- India & Egypt: 11
- Middle East, Med. & West Africa: 11

Shelf Drilling Barsk

World's Largest Jack-up Rig

Unique, preferred asset for Norway

- Size enables deeper water depths and deeper well drilling than other rigs

Note (1): As of March 20, 2023; Adriatic I & Shelf Drilling Fortress are the only available rigs in the fleet.
Note (2): Excluding Shelf Drilling Barsk, a CJ70.

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 Q4 2022 Results Highlights

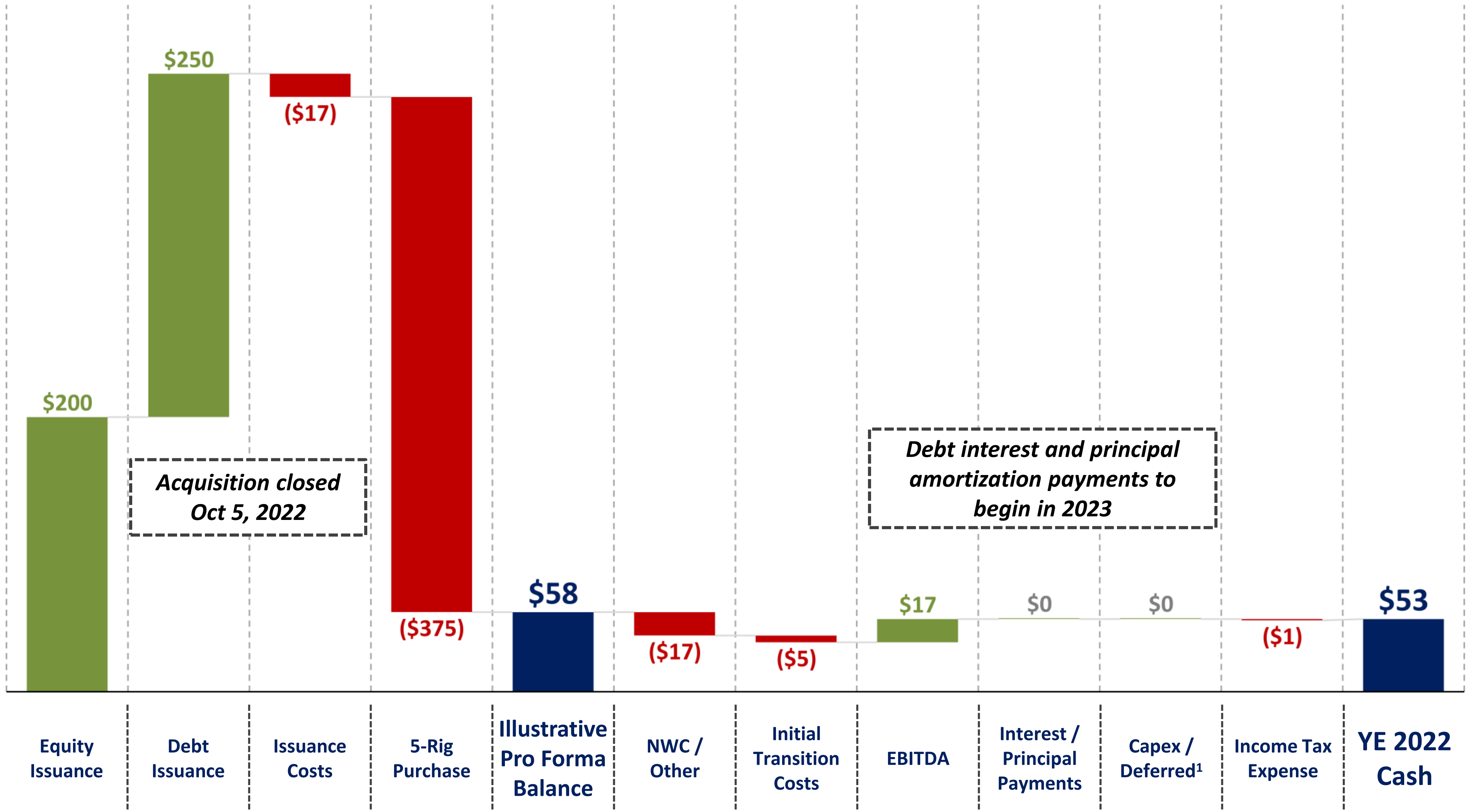
Q4 2022 Results Highlights

SHELF DRILLING

	SDL Consol.		SDNS		SDL Excl. SDNS	
	Q3 2022	Q4 2022	Q3 2022	Q4 2022	Q3 2022	Q4 2022
Adj. Revenues[1]	$166	$215	N/A	$41	$166	$174
Adj. EBITDA	$66	$76	N/A	$17	$66	$59
Capex/Deferred[2]	$60	$54	$1	$2	$59	$52
Cash	$157	$141	$10	$53	$147	$88

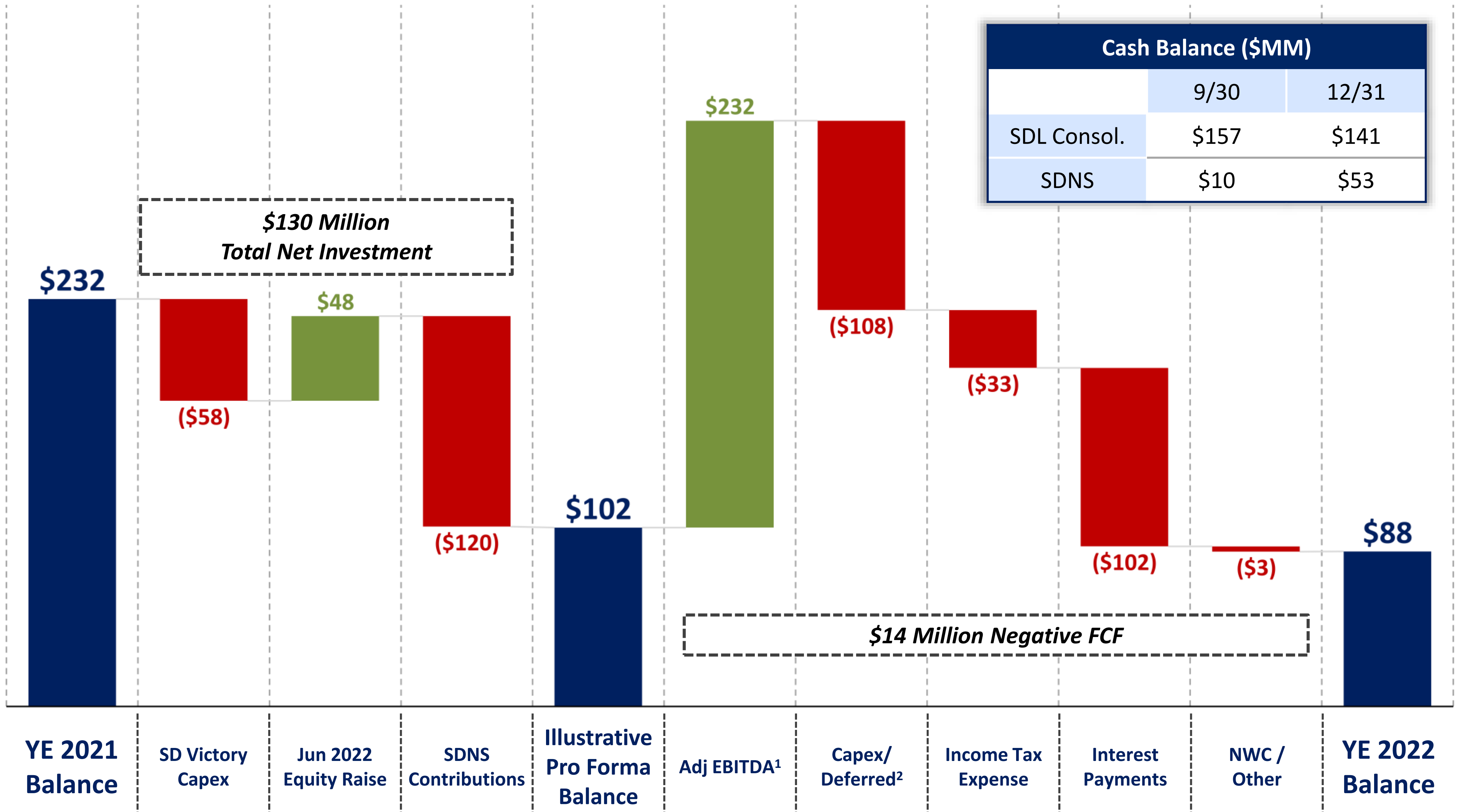
All figures in USD millions
Note 1: Excludes amortization of intangible liability
Note 2: Excludes $375 million purchase of 5 premium jack-up rigs from Noble in October 2022 (recorded at initial cost of $418 million)

Shelf Drilling North Sea: 2022 Change in Cash



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

Shelf Drilling (excl. SDNS): 2022 Change in Cash



Cash Balance ($MM)		
	9/30	12/31
SDL Consol.	$157	$141
SDNS	$10	$53

Note (1): Excludes SDNS.
Note (2): excludes Rig Acquisitions (SD Victory) and SDNS Capex/Deferred.

2023 Financial Guidance

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”)
- Q1 2023 Adjusted Revenues expected to decline ~20% sequentially versus Q4 2022
  - Operating & Maintenance Expenses substantially in line
- FY 2023 Adjusted EBITDA heavily weighted to the second half of the year, following scheduled commencement of contracts announced in recent months, including:
  - SD Victory and Harvey H. Ward in Middle East
  - Compact Driller in India
  - Trident VIII and SD Scepter 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 Q4 2022 Results Highlights

Results of Operations

(In thousands USD)	Q3 2022	Q4 2022
Adjusted revenues	$ 166,298	$ 214,629
Amortization of intangible liability	—	7,600
Revenues	**166,298**	**222,229**
Operating costs & expenses		
Operating and maintenance	88,845	122,297
Depreciation	14,602	18,727
Amortization of deferred costs	17,970	17,376
General and administrative	12,945	17,487
Loss on disposal of assets	2,887	528
Operating income	**29,049**	**45,814**
Other expense, net		
Interest expense and financing charges, net of interest income	(27,012)	(33,677)
Other, net	1,287	(69)
Income before income taxes	**3,324**	**12,068**
Income tax expense	9,371	8,877
Net (loss) / Income	**(6,047)**	**3,191**
Net income attributable to non-controlling interest	—	4,592
Net loss attributable to controlling interest	**$ (6,047)**	**$ (1,401)**

Revenue Summary (1/2)

- Marketable rigs increased to 33.8 in Q4 2022 from 30.0 in Q3 2022 primarily due to the addition of four marketable rigs at closing on October 5, 2022 (SD Perseverance, SD Fortress, SD Odyssey and SD Winner)
  - The fifth rig (SD Barsk) acquired on October 5, 2022 is currently operating under bareboat charter agreement
- Average dayrate increased 8% to $66.7 thousand in Q4 2022 from $62.0 thousand in Q3 2022
  - Contribution from SDNS rigs
  - Contract extension commenced in Saudi Arabia (SD Achiever)
  - Short-term contract in Oman (Compact Driller)
- Effective utilization increased to 86% in Q4 2022 from 85% in Q3 2022
  - Contribution from SDNS rigs
  - Higher utilization for one rig in Thailand (SD Krathong) and one rig in West Africa (Trident VIII)
  - Partially offset by the planned out of service for two rigs in India (Ron Tappmeyer and FG McClintock)

	Q3 2022	Q4 2022
Operating data		
Average marketable rigs[1]		
Shelf Drilling excluding SDNS	30.0	30.0
Shelf Drilling North Sea	N/A	3.8
Total	**30.0**	**33.8**
Average dayrate[2] *(in thousands USD)*		
Shelf Drilling excluding SDNS	$ 62.0	$ 65.2
Shelf Drilling North Sea	N/A	$ 76.9
Total	**$ 62.0**	**$ 66.7**
Effective utilization[3]		
Shelf Drilling excluding SDNS	85%	84%
Shelf Drilling North Sea	N/A	98%
Total	**85%**	**86%**

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)

- $48.3 million, or 29.1%, sequential increase in Adjusted Revenues:
  - Acquisition of five premium jack-up rigs (SD Perseverance, SD Fortress, SD Winner and SD Barsk) in the North Sea and Qatar (SD Odyssey)
  - Increased revenues for the three rigs in Ghana (Trident VIII), Thailand (SD Krathong), Oman (Compact Driller)
  - Partially offset by decreased revenues for two rigs (Ron Tappmeyer and FG McClintock) in India which were preparing for new 3-year contracts that started in Q1 2023

- Revenues include $7.6 million of non-cash amortization of intangible liability from contracts assumed from Noble

(In thousands USD)	Q3 2022	Q4 2022
Shelf Drilling excluding SDNS		
Operating revenues – dayrate	$ 145,943	$ 151,097
Operating revenues – others	15,696	17,655
Other revenues	4,659	4,684
	$ 166,298	**$ 173,436**
Shelf Drilling North Sea		
Operating revenues – dayrate	$ —	$ 26,441
Operating revenues – others	—	970
Other revenues	—	13,782
	—	**41,193**
Amortization of intangible liability	—	7,600
	$ —	**$ 48,793**
Total		
Operating revenues – dayrate	$ 145,943	$ 177,538
Operating revenues – others	15,696	18,625
Other revenues	4,659	18,466
Adjusted Revenues	**166,298**	**214,629**
Amortization of intangible liability	—	7,600
Total Revenues	**$ 166,298**	**$ 222,229**

Operating & Maintenance Expenses Summary

- Operating & maintenance expenses of $122.3 million in Q4 2022, increased by $33.5 million versus Q3 2022:
  - Additional operating costs for recently acquired rigs (4 operated rigs for 88 days in Q4 2022)
  - Increased operating costs for one rig in West Africa (Trident VIII) that started a new contract in October 2022 and one rig (Harvey H. Ward) preparing for a new contract in the Arabian Gulf.
  - Higher maintenance and mobilization expenses across the fleet, including contract preparation related expenses for two rigs (Ron Tappmeyer and FG McClintock) in India and one rig mobilizing to Italy (SD Resourceful) expected to commence a new contract in June 2023

(in thousands USD)	Q3 2022	Q4 2022
Operating & maintenance expenses		
Rig Operating Expenses		
Shelf Drilling excluding SDNS	$ 79,790	$ 92,455
Shelf Drilling North Sea	3	17,584
	$ 79,793	**$ 110,039**
Shore-Based Expenses		
Shelf Drilling excluding SDNS	$ 8,960	$ 10,137
Shelf Drilling North Sea	92	2,121
	$ 9,052	**$ 12,258**
Total Operating & maintenance expenses		
Shelf Drilling excluding SDNS	$ 88,750	$ 102,592
Shelf Drilling North Sea	95	19,705
	$ 88,845	**$ 122,297**

General & Administrative Expenses Summary

- General and administrative expenses of $17.5 million in Q4 2022, increased by $4.5 million from Q3 2022
  - Higher personnel costs and certain one-time costs related to the acquisition of five rigs from Noble
- SDNS increase was primarily due to $3.5 million of management fees charged by a wholly-owned subsidiary of Shelf Drilling for corporate support services ($8k per rig per day)

(in thousands USD)		Q3 2022		Q4 2022
General & administrative expenses				
Shelf Drilling excluding SDNS				
Corporate G&A	$	12,161	$	11,591
Provision for credit losses, net		95		559
Share-based compensation		637		674
One-time corporate transaction costs[1]		—		—
General & administrative	**$**	**12,893**	**$**	**12,824**
Shelf Drilling North Sea				
Corporate G&A	$	—	$	3,886
Provision for credit losses, net		—		23
Share-based compensation		—		—
One-time corporate transaction costs[1]		52		754
General & administrative	**$**	**52**	**$**	**4,663**
Total				
Corporate G&A	$	12,161	$	15,477
Provision for credit losses, net		95		582
Share-based compensation		637		674
One-time corporate transaction costs[1]		52		754
General & administrative	**$**	**12,945**	**$**	**17,487**

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

Adjusted EBITDA Reconciliation

(In thousands USD)	Q3 2022	Q4 2022
Net (loss) / Income	**$ (6,047)**	**$ 3,191**
Add back:		
Interest expense and financing charges, net of interest income [1]	27,012	33,677
Income tax expense	9,371	8,877
Depreciation	14,602	18,727
Amortization of deferred costs	17,970	17,376
Loss on disposal of assets	2,887	528
Amortization of intangible liability	—	(7,600)
EBITDA	**65,795**	**74,776**
One-time corporate transaction costs	52	754
Adjusted EBITDA	**65,847**	**75,530**
Allocated as:		
Shelf Drilling excluding SDNS	65,942	58,559
Shelf Drilling North Sea	(95)	16,971
	$ 65,847	**$ 75,530**
Adjusted EBITDA margin	**40%**	**35%**

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 Expenditures and Deferred Costs Summary

(In thousands USD)	Q3 2022	Q4 2022
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance [1]	$ 12,613	$ 20,117
Contract preparation [2]	5,756	7,635
Fleet spares, transition costs and others [3]	6,679	2,049
	25,048	29,801
Rig acquisitions [4]	34,817	441,529
Total Capital Expenditures and Deferred Costs	**$ 59,865**	**$ 471,330**
Allocated as:		
Shelf Drilling excluding SDNS	$ 58,823	$ 51,590
Shelf Drilling North Sea [5]	1,042	419,740
Total Capital Expenditures and Deferred Costs	**$ 59,865**	**$ 471,330**
Reconciliation to Statements of Cash Flow		
Cash payments for additions to PP&E	$ 44,083	$ 391,939
Non-cash increase to fair value of rigs in the Acquisition	—	42,678
Net change in accrued but unpaid additions to PP&E	(101)	16,309
Total capital expenditures	43,982	450,926
Changes in deferred costs, net	(2,087)	3,028
Add: Amortization of deferred costs	17,970	17,376
Total deferred costs	15,883	20,404
Total Capital Expenditures and Deferred Costs	**$ 59,865**	**$ 471,330**

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 $420.8 million for 2022 primarily due to the $417.7 million fair value of the recently acquired rigs, $0.6 million of acquisition costs and $2.5 million of regulatory, capital maintenance, fleet spares, transition costs and others
- Noncash increase to fair value of recently acquired rigs relates to the excess of the $417.7 million fair value compared to the $375.0 million cash purchase price

(In thousands USD)	Q3 2022	Q4 2022
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance [1]	$ —	$ 169
Contract preparation	—	—
Fleet spares, transition costs and others [2]	441	1,847
	441	2,016
Rig acquisitions [3]	601	417,724
Total Capital Expenditures and Deferred Costs	**$ 1,042**	**$ 419,740**
Reconciliation to Statements of Cash Flow		
Cash payments for additions to PP&E	$ —	$ 376,759
Noncash increase to fair value of rigs in the Acquisition	—	42,678
Net change in accrued but unpaid additions to PP&E	1,042	259
Total capital expenditures	1,042	419,696
Changes in deferred costs, net	—	44
Add: Amortization of deferred costs	—	—
Total deferred costs	—	44
Total Capital Expenditures and Deferred Costs	**$ 1,042**	**$ 419,740**

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 excluding SDNS totaled $51.6 million in Q4 2022, lower by $7.2 million from Q3 2022 primarily as a result of:
  - Lower rig acquisition/readiness costs for the Shelf Drilling Victory acquired in Q3 2022 ($58 million total capex in 2022 associated with this rig); contract estimated to commence in April 2023
  - Lower spending on fleet spares
  - Partially offset by higher spending for Harvey H. Ward which is expected to commence a new contract in the Arabian Gulf in April 2023

(In thousands USD)	Q3 2022	Q4 2022
Capital Expenditures and Deferred Costs:		
Regulatory and capital maintenance [1]	$ 12,613	$ 19,948
Contract preparation [2]	5,756	7,635
Fleet spares, transition costs and others [3]	6,238	202
	24,607	27,785
Rig acquisitions [4]	34,216	23,805
Shelf Drilling excluding SDNS	**$ 58,823**	**$ 51,590**
Reconciliation to Statements of Cash Flow		
Cash payments for additions to PP&E	$ 44,083	$ 15,180
Net change in accrued but unpaid additions to PP&E	(1,143)	16,050
Total capital expenditures	42,940	31,230
Changes in deferred costs, net	(2,087)	2,984
Add: Amortization of deferred costs	17,970	17,376
Total deferred costs	15,883	20,360
Total Capital Expenditures and Deferred Costs	**$ 58,823**	**$ 51,590**

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

SHELF DRILLING

(In millions USD)	YE 2021	Q2 2022	Q3 2022	YE 2022
Cash and cash equivalents	$ 232	$ 220	$ 157	$ 141
Restricted cash	21	26	276	37
Total long-lived assets [1]	1,166	1,161	1,185	1,621
Total assets	**$ 1,618**	**$ 1,636**	**$ 1,868**	**$ 2,046**
8.25% Senior unsecured notes due 2025 [2]	$ 893	$ 894	$ 895	$ 895
8.875% Senior secured notes due 2024 [3]	299	301	302	303
	$ 1,192	**$ 1,195**	**$ 1,197**	**$ 1,198**
10.25% Senior secured notes due 2025 [4]	—	—	238	239
Total debt	**$ 1,192**	**$ 1,195**	**$ 1,435**	**$ 1,437**
Net debt	$ 960	$ 975	$ 1,278	$ 1,296
Total equity attributable to controlling interest	$ 214	$ 242	$ 236	$ 235
Non-controlling interest	—	—	—	80
Total equity	$ 214	$ 242	$ 236	$ 315

- Full year 2022 Adjusted EBITDA of $248.6 million and Net Leverage ratio of 5.2x for SDL ($231.7 million and 4.8x, respectively for Shelf Drilling excluding SDNS)
- Cash and cash equivalents balance at SDNS at December 31, 2022 of $52.5 million ($88.4 million at SDL excluding SDNS)
- Restricted cash securing bank guarantees was $36.5 million as of December 31, 2022 compared to $30.6 million as of September 30, 2022. Q3 2022 restricted cash balance included $245.2 million from debt issuance used to partially finance acquisition by SDNS of five rigs from Noble in October 2022. SDNS restricted cash balance as of December 31, 2022 was $4.6 million
- Total shares outstanding of 176.4 million as of December 31, 2022, increased to 194.0 million in February 2023 through a private placement of 17.6 million shares resulting in estimated net proceeds of $43.8 million
  - Primary insiders as of February 2023: 67.2 million shares 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 (1/2)

- Q4 2022 adjusted EBITDA of $75.5 million and adjusted EBITDA margin of 35% representing $9.7 million sequential increase
- Cash and cash equivalents decreased by $16.1 million to $140.8 million during Q4 2022 mainly due to:
  - $375.0 million payment for the five SDNS rigs partially offset by the release of restricted cash ($245.2 million) and the deposit made in June 2022 ($37.5 million)
  - $75.4 million net proceeds from shares issuance to non-controlling interest
  - High level of capital expenditures and deferred costs, primarily due to two ongoing shipyard projects for rigs recently contracted in the Arabian Gulf (SD Victory and Harvey H. Ward)

Quarterly Cash Flow Summary ($MM)	Q3 2022	Q4 2022
Adjusted EBITDA	**$ 65.8**	**$ 75.5**
Adjustments	(0.1)	(0.8)
EBITDA	**$ 65.7**	**$ 74.7**
Interest expense, net of interest income	(27.0)	(33.7)
Income tax expense	(9.4)	(8.9)
Capital expenditures and deferred costs [1]	(25.2)	(29.8)
Sub-Total	**$ 4.1**	**$ 2.3**
Working capital impact		
Interest [2]	(10.1)	19.9
Other	(25.2)	6.7
Sub-total	**$ (35.3)**	**$ 26.6**
Capex / deferred costs: Rig acquisitions		
Shelf Drilling excluding SDNS	(34.7)	(23.8)
Shelf Drilling North Sea	—	(375.0)
Deposits for rig acquisitions	6.0	37.5
Proceeds from subsidiary shares issuance to non-controlling interest	—	75.4
Net proceeds from issuance of debt	242.3	(4.3)
Movement of restricted cash for rig acquisitions	(245.2)	245.2
Net proceeds from issuance of common shares	(0.2)	—
Sub-total	**$ (31.8)**	**$ (45.0)**
Net change in cash and cash equivalents	**$ (63.0)**	**$ (16.1)**
Beginning cash	219.9	156.9
Ending cash and cash equivalents	**$ 156.9**	**$ 140.8**

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

Free Cash Flow Summary (2/2)

Quarterly Cash Flow Summary ($MM) - Q4 2022	Shelf Drilling excluding SDNS	Shelf Drilling North Sea	Total
Adjusted EBITDA	**$ 58.5**	**$ 17.0**	**$ 75.5**
Adjustments	—	(0.8)	(0.8)
EBITDA	**$ 58.5**	**$ 16.2**	**$ 74.7**
Interest expense, net of interest income	(26.5)	(7.2)	(33.7)
Income tax expense	(7.7)	(1.2)	(8.9)
Capital expenditures and deferred costs [1]	(27.8)	(2.0)	(29.8)
Sub-Total	**$ (3.5)**	**$ 5.8**	**$ 2.3**
Working capital impact			—
Interest [2]	12.7	7.2	19.9
Other	25.8	(19.1)	6.7
Sub-total	**$ 38.5**	**$ (11.9)**	**$ 26.6**
Capex / deferred costs: Rig acquisitions	(23.8)	(375.0)	(398.8)
Deposits for rig acquisitions	—	37.5	37.5
Capital contribution to SDNS [3]	(70.0)	70.0	—
Proceeds from subsidiary shares issuance to non-controlling interest	—	75.4	75.4
Net proceeds from issuance of debt	—	(4.3)	(4.3)
Movement of restricted cash for rig acquisitions	—	245.2	245.2
Sub-total	**$ (93.8)**	**$ 48.8**	**$ (45.0)**
Net change in cash and cash equivalents	**$ (58.8)**	**$ 42.7**	**$ (16.1)**
Beginning cash	147.1	9.8	156.9
Ending cash and cash equivalents	**$ 88.3**	**$ 52.5**	**$ 140.8**

Note (1): Excludes rig acquisitions.
Note (2): Represents the difference between interest expense, net and cash interest payments during the period.
Note (3): Represents the total contribution of $120.0 million ($40.0 million in June 2022, $10.0 million in September 2022 and $70.0 million in October 2022).

SHELF DRILLING