

Shelf Drilling (North Sea), Ltd.

Condensed Consolidated Financial Statements
for the six months ended June 30, 2025 and 2024 (Unaudited)

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SHELF DRILLING (NORTH SEA), LTD.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Revenues				
Operating revenues	\$ 52.3	\$ 29.9	\$ 107.1	\$ 59.3
Other revenues	9.9	1.5	21.3	3.0
	<u>62.2</u>	<u>31.4</u>	<u>128.4</u>	<u>62.3</u>
Operating costs and expenses				
Operating and maintenance	34.3	38.0	64.1	73.3
Depreciation	4.9	4.7	9.7	9.3
Amortization of deferred costs	4.9	0.1	9.3	0.2
General and administrative	4.6	3.8	9.3	8.0
Loss on disposal of assets	0.1	0.1	0.1	0.1
	<u>48.8</u>	<u>46.7</u>	<u>92.5</u>	<u>90.9</u>
Operating income / (loss)	<u>13.4</u>	<u>(15.3)</u>	<u>35.9</u>	<u>(28.6)</u>
Other expense / (income), net				
Interest income	(0.2)	(0.1)	(0.4)	(0.4)
Interest expense and financing charges	8.6	18.2	17.3	25.5
Other, net	0.8	0.4	1.5	0.1
	<u>9.2</u>	<u>18.5</u>	<u>18.4</u>	<u>25.2</u>
Income / (loss) before income taxes	<u>4.2</u>	<u>(33.8)</u>	<u>17.5</u>	<u>(53.8)</u>
Income tax expense / (benefit)	0.3	(0.1)	1.4	0.3
Net income / (loss)	<u>\$ 3.9</u>	<u>\$ (33.7)</u>	<u>\$ 16.1</u>	<u>\$ (54.1)</u>
Net income / (loss) per common share - basic and diluted	\$ 0.04	\$ (0.34)	\$ 0.16	\$ (0.54)
Weighted average common shares - basic and diluted ..	100.0	100.0	100.0	100.0

See notes to the condensed consolidated financial statements.

SHELF DRILLING (NORTH SEA), LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except per share data)
(Unaudited)

	June 30, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 33.2	\$ 21.4
Accounts and other receivables, net	45.2	40.2
Accounts and other receivables, net - related parties	9.1	4.3
Other current assets	16.4	22.4
Total current assets	103.9	88.3
Property and equipment	447.1	443.0
Less: Accumulated depreciation	50.6	41.1
Property and equipment, net	396.5	401.9
Deferred tax assets	2.1	2.3
Other long-term assets	15.3	14.7
Total assets	<u>\$ 517.8</u>	<u>\$ 507.2</u>
Liabilities and equity		
Accounts payable	\$ 22.0	\$ 18.8
Accounts payable - related parties	11.0	7.2
Interest payable	4.0	3.4
Accrued income taxes	1.3	0.5
Current maturities of long-term debt	20.0	20.0
Loan from related party	10.0	10.0
Other current liabilities	14.3	14.8
Total current liabilities	82.6	74.7
Long-term debt	277.0	285.9
Deferred tax liabilities	2.3	2.5
Other long-term liabilities	7.8	12.1
Total long-term liabilities	287.1	300.5
Commitments and contingencies (Note 8)	—	—
Common shares of \$0.01 par value; 120.0 shares authorized as of June 30, 2025 and December 31, 2024; 100.0 shares issued and outstanding as of June 30, 2025 and December 31, 2024	1.0	1.0
Additional paid-in capital	214.3	214.3
Accumulated losses	(67.2)	(83.3)
Total equity	148.1	132.0
Total liabilities and equity	<u>\$ 517.8</u>	<u>\$ 507.2</u>

See notes to the condensed consolidated financial statements.

SHELF DRILLING (NORTH SEA), LTD.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(In millions)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Number of common shares				
Balance, beginning of period	100.0	100.0	100.0	100.0
Balance, end of period	100.0	100.0	100.0	100.0
Common shares				
Balance, beginning of period	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0
Balance, end of period	1.0	1.0	1.0	1.0
Additional paid-in capital				
Balance, beginning of period	214.3	194.3	214.3	194.3
Balance, end of period	214.3	194.3	214.3	194.3
Accumulated losses				
Balance, beginning of period	(71.1)	(35.1)	(83.3)	(14.7)
Net income / (loss)	3.9	(33.7)	16.1	(54.1)
Balance, end of period	(67.2)	(68.8)	(67.2)	(68.8)
Total equity	<u>\$ 148.1</u>	<u>\$ 126.5</u>	<u>\$ 148.1</u>	<u>\$ 126.5</u>

See notes to the condensed consolidated financial statements.

SHELF DRILLING (NORTH SEA), LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	Six months ended June 30,	
	2025	2024
Cash flows from operating activities		
Net income / (loss)	\$ 16.1	\$ (54.1)
Adjustments to reconcile net income / (loss) to net cash provided by / (used in) operating activities		
Depreciation	9.7	9.3
Amortization of deferred revenue	(3.4)	—
Amortization of intangible liability	(4.5)	(6.4)
Non-cash portion of loss on debt extinguishment	—	5.9
Loss on debt extinguishment	—	3.7
Amortization of debt issuance costs and discounts	1.1	1.8
Loss on disposal of assets	0.1	0.1
Deferred tax expense, net	—	0.2
Changes in deferred costs, net*	6.0	(18.6)
Changes in operating assets and liabilities*	3.9	16.6
Net cash provided by / (used in) operating activities	29.0	(41.5)
Cash flows from investing activities		
Additions to property and equipment*	(7.1)	(7.3)
Net cash used in investing activities	(7.1)	(7.3)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	—	309.8
Payment of debt issuance costs	(0.1)	(4.1)
Payment of long-term debt	(10.0)	(243.8)
Payment of debt extinguishment costs	—	(3.6)
Proceeds from loan from related party	—	25.0
Repayment of loan from related party	—	(25.0)
Net cash provided by / (used in) financing activities	(10.1)	58.3
Net increase in cash, cash equivalents and restricted cash	11.8	9.5
Cash, cash equivalents and restricted cash at beginning of period*	26.0	32.3
Cash, cash equivalents and restricted cash at end of period*	\$ 37.8	\$ 41.8

* See Note 10 – Supplemental Cash Flow Information for a reconciliation of cash payments for additions to property and equipment and changes in deferred costs, net to total capital expenditures and deferred costs and a reconciliation of cash, cash equivalents and restricted cash balances.

See notes to the condensed consolidated financial statements.

SHELF DRILLING (NORTH SEA), LTD.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 – Business and Basis of Presentation

Business

Shelf Drilling (Far East II), Ltd. was incorporated on April 14, 2014 as an exempted company in the Cayman Islands. On June 13, 2022, Shelf Drilling (Far East II), Ltd. was renamed Shelf Drilling (North Sea), Ltd. On September 15, 2022, Shelf Drilling (North Sea), Ltd. discontinued as a company under the laws of the Cayman Islands and continued as an exempted company under the laws of Bermuda. Shelf Drilling (North Sea), Ltd. together with its subsidiaries (“SDNS”, the “Company”, “we” or “our”) is solely focused on shallow water operations in depths of up to 500 feet and our fleet consists of five independent-leg cantilever (“ILC”) jack-up rigs as of June 30, 2025.

As of October 3, 2022, Shelf Drilling Holdings, Ltd. (“SDHL”), which is wholly-owned by Shelf Drilling, Ltd. (“SDL”), held 60% of the Company’s issued shares, with the remaining 40% shares held by various external investors. SDL along with its majority owned subsidiaries is a leading international shallow water offshore contractor providing services and equipment for the drilling, completion, maintenance and decommissioning of oil and natural gas wells. On October 11, 2024, SDL acquired the remaining 40% shares in SDNS which resulted in SDNS becoming a wholly-owned subsidiary of SDL. Since October 12, 2022, the Company’s shares have been listed on the Euronext Growth Oslo Exchange under the ticker symbol SDNS. Our corporate offices are in Dubai, United Arab Emirates.

Basis of Presentation

The Company has prepared the accompanying condensed consolidated financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”). Pursuant to such rules and regulations, these financial statements do not include all disclosures required by GAAP for complete financial statements. The condensed consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary for a fair statement of financial position, results of operations and cash flows for the interim periods. Such adjustments are of a normal recurring nature unless otherwise noted. Operating results for the three and six months ended June 30, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025 or for any future period. The accompanying condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2024. The amounts are presented in United States (“U.S.”) dollar (“\$”) rounded to the nearest tenth of a million, unless otherwise stated. The Company’s significant accounting policies were included in the Company’s consolidated financial statements for the year ended December 31, 2024.

Note 2 – Accounting Standards Updates

Standards Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires a tabular reconciliation using both percentages and amounts, broken out into specific categories with certain reconciling items at or above 5% of the statutory tax further broken out by nature and/or jurisdiction. This ASU also has disclosure requirements related to income taxes paid (net of refunds received), broken out between federal, state/local and foreign, and amounts paid to an individual jurisdiction when 5% or more of the total income taxes paid. The ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company does not intend to early adopt this standard. The Company is currently reviewing the impact of the adoption on the condensed consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03 Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40), which requires tabular footnote disclosure about specific expenses included in income statement captions that includes (1) purchases of inventory, (2) employee compensation, (3) depreciation, (4) intangible asset amortization and (5) depreciation, depletion, and amortization recognized as part of oil and natural gas producing activities. The standard also requires the total amount of selling expenses and the definition of selling expenses. The ASU is effective for fiscal years beginning after December 15, 2026 and interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company does not intend to early adopt this standard. The Company is currently reviewing the impact of the adoption on the condensed consolidated financial statements.

SHELF DRILLING (NORTH SEA), LTD.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 3 – Revenues

As of June 30, 2025, the drilling contract with the longest expected remaining duration, excluding unexercised options, extends through December 2026.

Lease Revenue

In May 2024, a subsidiary of the Company signed bareboat charter agreements with an indirect wholly-owned subsidiary of SDHL (the “Charterer”) for the Shelf Drilling Perseverance. The Charterer will lease the rig from the Company for the remaining term of the drilling contract. The Company will receive a fee equal to the revenue earned by the Charterer from any third party for the use of the rig less operating expenses per the agreement terms. The Company accounted for this operating leases and variable lease payments under Accounting Standards Codification (“ASC”) 842 Leases. Lease revenue is recognized over the lease term as use of the asset occurs.

Amounts recorded for lease revenues were as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Lease revenue ⁽¹⁾	\$ 6.4	\$ —	\$ 14.9	\$ —

(1) Recorded in the other revenues in the condensed consolidated statements of operations.

Contract Liabilities and Deferred Contract Costs

Contract Liabilities

The Company recognizes a contract liability when we invoice an amount which is greater than the revenues allocated to the related performance obligations for goods or services transferred to a customer. Contract liabilities include fees for contract preparation, capital upgrades, mobilization and advance payments from customers for future services which are recorded as other current liabilities and other long-term liabilities, as appropriate, in the condensed consolidated balance sheets.

Following are the details of the contract liabilities (in millions):

	As of	
	June 30, 2025	December 31, 2024
Current contract liabilities	\$ 9.4	\$ 10.0
Non-current contract liabilities	3.6	3.4
	<u>\$ 13.0</u>	<u>\$ 13.4</u>

Significant changes in contract liabilities were as follows (in millions):

	Six months ended June 30,	
	2025	2024
Balance, beginning of period	\$ 13.4	\$ —
Increase due to contractual additions	3.0	4.2
Decrease due to amortization of deferred revenue	(3.4)	—
Balance, end of period	<u>\$ 13.0</u>	<u>\$ 4.2</u>

Revenues recognized of \$3.3 million during the six months ended June 30, 2025 were included in the beginning contract liabilities balances.

SHELF DRILLING (NORTH SEA), LTD.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Expected future amortization of contract liabilities, net recorded as of June 30, 2025 is as follows (in millions):

	As of June 30, 2025
Remainder of 2025	\$ 5.4
2026	7.6
	<u>\$ 13.0</u>

Deferred Contract Costs

The Company's deferred contract costs are mainly related to contract preparation and mobilization costs. Certain non-contractual costs such as regulatory inspections, major equipment overhauls (including rig upgrades), and stacked rig activations are expensed, deferred or capitalized into property and equipment as appropriate and are not included in deferred contract costs.

Following are the details of the deferred contract costs (in millions):

	As of June 30, 2025	December 31, 2024
Current deferred contract costs	\$ 9.6	\$ 10.8
Non-current deferred contract costs	2.9	3.9
	<u>\$ 12.5</u>	<u>\$ 14.7</u>

Significant changes in deferred contract costs are as follows (in millions):

	Six months ended June 30, 2025	2024
Balance, beginning of period	\$ 14.7	\$ —
Increase due to contractual additions	1.8	18.1
Decrease due to amortization of deferred contract costs	(4.0)	—
Balance, end of period	<u>\$ 12.5</u>	<u>\$ 18.1</u>

Allowance for Credit Losses

Allowance for credit losses recorded was immaterial for the six months ended June 30, 2025 and 2024, respectively.

Movements in allowance for credit losses were as follows (in millions):

	Six months ended June 30, 2025	2024
Balance, beginning of period	\$ —	\$ 3.4
Provision for credit losses, net	—	—
Write-off of uncollectible amounts	—	(3.4)
Balance, end of period	<u>\$ —</u>	<u>\$ —</u>

SHELF DRILLING (NORTH SEA), LTD.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 4 – Net Income / (Loss) Per Common Share

The computation of basic and diluted net income / (loss) per common share are as follows (in millions, except per share data):

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Numerator for net income / (loss) per common share				
Net income / (loss)	\$ 3.9	\$ (33.7)	\$ 16.1	\$ (54.1)
Denominator for net income / (loss) per common share				
Weighted average common shares:				
Weighted average common shares - basic and diluted ..	100.0	100.0	100.0	100.0
Net income / (loss) per common share - basic and diluted				
	\$ 0.04	\$ (0.34)	\$ 0.16	\$ (0.54)

Note 5 – Intangible Liability

Following are the details of the intangible liability (in millions):

	As of	
	June 30, 2025	December 31, 2024
Intangible liability ⁽¹⁾	\$ 4.0	\$ 8.5

(1) Recorded in other long-term liabilities on the condensed consolidated balance sheets.

The gross carrying amount and the accumulated amortization of intangible liability are as follows (in millions):

	As of June 30, 2025		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Balance, beginning of period	\$ 43.1	\$ (34.6)	\$ 8.5
Amortization	—	(4.5)	(4.5)
Balance, end of period	<u>\$ 43.1</u>	<u>\$ (39.1)</u>	<u>\$ 4.0</u>

	As of December 31, 2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Balance, beginning of year	\$ 43.1	\$ (21.8)	\$ 21.3
Amortization	—	(12.8)	(12.8)
Balance, end of year	<u>\$ 43.1</u>	<u>\$ (34.6)</u>	<u>\$ 8.5</u>

SHELF DRILLING (NORTH SEA), LTD.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The estimated future amortization of the intangible liability is as follows (in millions):

	As of June 30, 2025
Remainder of 2025	\$ 3.0
2026	1.0
	<u>\$ 4.0</u>
Weighted average life (in years)	0.7

Amounts recorded for amortization of intangible liability were as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Amortization of intangible liability ⁽¹⁾	\$ 1.5	\$ 3.2	\$ 4.5	\$ 6.4

(1) Recorded in the operating revenues in the condensed consolidated statements of operations.

Note 6 – Debt

The principal amounts and carrying values of debt are as follows (in millions):

	As of	
	June 30, 2025	December 31, 2024
9.875% senior secured bonds, due November 2028		
Principal amount	\$ 305.0	\$ 315.0
Unamortized debt issuance costs	(4.1)	(4.6)
Unamortized discount	(3.9)	(4.5)
Carrying value	297.0	305.9
Loan from related party	10.0	10.0
Total carrying value	307.0	315.9
Less: Current maturities of long-term debt		
9.875% senior secured bonds, due November 2028	20.0	20.0
	20.0	20.0
Less: Loan from related party	10.0	10.0
Total long-term debt	<u>\$ 277.0</u>	<u>\$ 285.9</u>

SHELF DRILLING (NORTH SEA), LTD.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Following is a summary of scheduled debt principal payments (in millions):

	As of June 30, 2025
Twelve months ending June 30,	
2026	\$ 30.0
2027	20.0
2028	20.0
2029	245.0
Total	<u>\$ 315.0</u>

The Company was in compliance with all covenants of its debt agreements as of June 30, 2025.

Note 7 – Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, accounts receivable, restricted cash, accounts payable, accrued liabilities, loan from related party and operating lease liabilities, approximate their fair market values due to the short-term duration and/or the nature of the instruments.

The following table represents the carrying value and fair value of debt and money market funds (in millions):

	As of June 30, 2025		As of December 31, 2024	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
9.875% senior secured bonds, due November 2028	\$ 297.0	\$ 292.4	\$ 305.9	\$ 309.8
Money market funds	\$ 15.6	\$ 15.6	\$ 15.3	\$ 15.3

The estimated fair value of debt and money market funds was determined using quoted market prices or Level 1 inputs.

Note 8 – Commitments and Contingencies

Legal Proceedings

The Company is involved in various claims and lawsuits in the normal course of business. The Company does not believe that the resolution of these legal proceedings will have a material adverse impact on its financial condition, results of operations, or cash flows.

Surety Bonds and Other Bank Guarantees

It is customary in the Company's business to have various surety bonds in place that secure customs obligations relating to the temporary importation of rigs and equipment and certain contractual performance and other obligations. The Company maintains surety bond facilities in U.S. dollars provided by certain banks in the United Arab Emirates and Saudi Arabia, which is secured by restricted cash balances to guarantee various contractual, performance and customs obligations.

SHELF DRILLING (NORTH SEA), LTD.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The total and outstanding surety bond facilities were as follows (in millions):

	As of	
	June 30, 2025	December 31, 2024
Total surety bond facilities	\$ 7.3	\$ 5.0
Outstanding surety bonds	\$ 7.3	\$ 4.6

Note 9 – Income Taxes

Income tax expense for the three and six months ended June 30, 2025 and 2024, was calculated using a discrete approach whereby income tax expense is determined by estimating the actual income tax liability that will result from earnings from continued operations for the three and six months ended June 30, 2025 and 2024, rather than by using an estimated annual effective income tax rate as applied to year-to-date income before income taxes, primarily due to management's view that it was not possible to reliably estimate an annual 2025 and 2024 effective tax rate given the sensitivity of the estimated annual effective tax rate to any changes in annual income or losses before income tax.

The Company's income tax expense / (benefit) (in millions) and effective income tax rate were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Income tax expense / (benefit)	\$ 0.3	\$ (0.1)	\$ 1.4	\$ 0.3
Effective tax rate	7 %	— %	8 %	(1)%

Income tax expense for three months ended June 30, 2025 was \$0.3 million as compared to an income tax benefit of \$0.1 million for the same period in 2024 primarily due to higher revenues in the current period.

Income tax expense for the six months ended June 30, 2025 was higher than for the same period in 2024 primarily due to higher revenues in the current period.

Tax Returns and Examinations

The Company may be subject to income tax examinations in various jurisdictions. If any tax authority successfully challenges the Company's tax positions, the Company's income tax liability could increase substantially and the Company's earnings and cash flows from operations could be materially adversely affected. As of June 30, 2025, the 2022 through 2024 income tax periods remain open for examination in multiple jurisdictions.

Note 10 – Supplemental Cash Flow Information

Capital Expenditures and Deferred Costs

Capital expenditures and deferred costs include rig acquisition and other fixed asset purchases and certain expenditures associated with regulatory inspections, major equipment overhauls, contract preparation (including rig upgrades) and mobilization.

SHELF DRILLING (NORTH SEA), LTD.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The Company's capital expenditures and deferred costs were as follows (in millions):

	Six months ended June 30,	
	2025	2024
Regulatory and capital maintenance	\$ 5.5	\$ 5.8
Contract preparation	1.8	18.1
Fleet spares, transition costs and others	0.7	5.0
Total capital expenditures and deferred costs	<u>\$ 8.0</u>	<u>\$ 28.9</u>

The reconciliation of the payments for acquisition of property and equipment and changes in deferred costs, net to total capital expenditures and deferred costs was as follows (in millions):

	Six months ended June 30,	
	2025	2024
Cash payments for additions to property and equipment	\$ 7.1	\$ 7.3
Net change in advances and accrued but unpaid additions to property and equipment	(2.4)	2.8
Total capital expenditures	4.7	10.1
Changes in deferred costs, net	(6.0)	18.6
Add: Amortization of deferred costs	9.3	0.2
Total deferred costs	3.3	18.8
Total capital expenditures and deferred costs	<u>\$ 8.0</u>	<u>\$ 28.9</u>

The reconciliation of cash, cash equivalents and restricted cash reported in the condensed consolidated balance sheets to the total of such amounts reported in the condensed consolidated statements of cash flows was as follows (in millions):

	As of	
	June 30, 2025	December 31, 2024
Cash and cash equivalents	\$ 33.2	\$ 21.4
Restricted cash included in other long-term assets	4.6	4.6
Total cash, cash equivalents and restricted cash	<u>\$ 37.8</u>	<u>\$ 26.0</u>

Note 11 – Segment and Related Information

Operating segments are defined as components of an entity for which separate financial statements are available and are regularly provided to the chief operating decision maker, which is our chief executive officer in deciding how to allocate resources and assess performance. The Company has one reportable segment, contract services, which reflects how the Company manages its business, and the fact that the Company's fleet is dependent upon the worldwide oil and natural gas industry. Significant segment expenses include operating and maintenance, general and administrative and interest expense and financing charges. As a single reporting segment, these significant segment expenses, along with the remaining other segment items and net income / (loss), which is primary measure of segment profitability, are disclosed in the condensed consolidated statements of operations. See condensed consolidated balance sheets for segment asset information provided to the chief operating decision maker.

SHELF DRILLING (NORTH SEA), LTD.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Total revenues by country based on the location of the service provided were as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Norway	\$ 23.2	\$ —	\$ 46.0	\$ —
Denmark	12.5	9.8	22.4	18.7
United Kingdom	7.4	10.8	21.2	21.7
Vietnam	9.1	—	17.6	—
Qatar	8.5	7.6	16.7	15.5
	60.7	28.2	123.9	55.9
Amortization of intangible liability	1.5	3.2	4.5	6.4
Total revenues	<u>\$ 62.2</u>	<u>\$ 31.4</u>	<u>\$ 128.4</u>	<u>\$ 62.3</u>

Although the Company is incorporated under the laws of Bermuda, the Company does not conduct any operations and does not have any operating revenues or long-lived assets in Bermuda.

Total long-lived assets, net of impairment, depreciation and amortization by location based on the country in which the assets were located as of the balance sheet date were as follows (in millions):

	As of	
	June 30, 2025	December 31, 2024
Norway	\$ 170.3	\$ 174.0
Denmark	68.0	65.9
United Kingdom	66.2	71.0
Qatar	65.1	63.9
Vietnam	48.8	55.1
Total long-lived assets, net	<u>\$ 418.4</u>	<u>\$ 429.9</u>

The total long-lived assets are comprised of property and equipment, right-of-use assets and short-term and long-term deferred costs. A substantial portion of the Company's assets are mobile, and as such, asset locations at the end of the period are not necessarily indicative of the geographic distribution of the revenues generated by such assets during the period.

Note 12 – Related Parties

The Company's related parties include directors and key management personnel of the Company, the direct and indirect parents of the Company and entities controlled, jointly controlled or significantly influenced by such parties.

Directors

The Company incurs costs for SDNS independent directors' fees and reimbursement of costs incurred for attendance at SDNS meetings relating to the management and governance of SDNS. The amounts recorded were immaterial for the three and six months ended June 30, 2025 and 2024, respectively. The total liability recorded for these costs under accounts payable was immaterial as of June 30, 2025 and December 31, 2024, respectively.

SDL and its Wholly-Owned Subsidiaries

SDL through its wholly-owned subsidiaries, processes certain accounts payable for the Company and settles third party vendor invoices on its behalf on a regular basis. SDL also incurs costs such as personnel costs, rig equipment repairs and maintenance costs which are billed to the Company on a periodic basis. A SDL wholly-owned subsidiary also has a management services

SHELF DRILLING (NORTH SEA), LTD.
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agreement with the Company for providing planning, sales and marketing, corporate, public relations, legal, accounting, financial, information technology, insurance, strategic and field support services to the Company. The Company was billed eight thousand U.S. dollars per rig per day until December 31, 2024 and ten thousand U.S. dollars per rig per day starting January 1, 2025, and these costs are recorded in the general and administrative expense line item. The billing rate can be revised on a semi-annual basis. The agreement can be terminated by either party by giving a three months' notice.

The amounts recorded in various line items from SDL and its wholly-owned subsidiaries were as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Operating and maintenance	\$ 0.9	\$ 2.7	\$ 2.2	\$ 5.8
General and administrative	\$ 4.6	\$ 3.7	\$ 9.1	\$ 7.3

The Company recorded third party acquisition transition and transaction costs in property and equipment which were billed by SDL and property and equipment for asset transfers to and from SDL. SDL also processed certain accounts payable by making cash payments to third parties for certain transactions. The amounts recorded were as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Other current assets transfer from SDL	\$ —	\$ —	\$ —	\$ 0.1
Other assets transfer from SDL	\$ 0.1	\$ —	\$ 0.5	\$ —
Property and equipment transition and transaction costs from SDL	\$ —	\$ —	\$ 0.1	\$ 0.1
Property and equipment transfer from SDL	\$ —	\$ 0.2	\$ 0.6	\$ 1.9
Property and equipment transfer to SDL	\$ 0.1	\$ —	\$ 0.3	\$ —
Cash paid to third party vendors by SDL on behalf of SDNS, net	\$ 0.2	\$ 0.4	\$ 0.3	\$ 2.8

Note 13 – Subsequent Events

The Company has evaluated subsequent events through August 7, 2025, the date of issuance of the condensed consolidated financial statements.

Responsibility Statement

We confirm, to the best of our knowledge, the condensed consolidated financial statements for the six months ended June 30, 2025 and 2024 have been prepared in accordance with accounting principles generally accepted in the United States of America, and give a true and fair view of the assets, liabilities, financial position and results of the Company.

By order of the Board of Directors of Shelf Drilling (North Sea), Ltd.

August 7, 2025

s/ Gregory O'Brien

Gregory O'Brien

Chairman & Chief Executive Officer

s/ William Hoffman

William Hoffman

Director

s/ Rita Granlund

Rita Granlund

Independent Director