

GIS Announces Agreement with Seadrill to Buy its Qatar Jack-Up Rig Fleet and Related Joint Venture Interest and calling EGAM for approval

- The total consideration in cash for the acquisitions of the three jack-up rigs and the Joint Venture interest is US\$338 million.
- All the three rigs are currently contracted and operating in Qatar under the Joint Venture GulfdriLL LLC (“GulfdriLL”).
- Upon the successful completion of this transaction, Gulf Drilling International Limited’s (“GDI”) contracted offshore fleet in Qatar will reach 10 rigs, further consolidating GDI position as the largest jack-up operator in Qatar. On top of 7 operating onshore rigs in Qatar, this transaction will bring GDI total Rigs to 17.

I. Background

Doha, Qatar; 16th May 2024: Gulf International Service Q.P.S.C. (“GIS”; QE Ticker: GISS), one of the region’s largest oil & gas service providers, announced today that the Company’s Board of Directors during its meeting on 15th May 2024, has approved for its wholly owned subsidiary, GDI, to purchase the Seadrill Jack-Up Rig Fleet and Related Joint Venture Interest in Qatar and authorized its Chairman of the Board to call for the Extra-Ordinary General Assembly Meeting (“EGAM”) scheduled for 9th June 2024 to obtain the approval of its shareholders of the transaction.

The closing of this transaction builds on the latest strategic initiatives taken by GIS, namely the restructure of GDI’s debts for a longer tenor and with competitive rates as well as the extension of GulfdriLL Jackup Rig contracts for another term expiring by early of 2026.

GIS contemplates to secure 10% of the total consideration in the form of shareholder loan to be provided to a newly created wholly owned subsidiary of GDI, Gulf Jackup SPC LLC (the “**GDI SPV**”). Proceeds from the shareholder loan, together with the debt financing (described below) will be used to finance the consideration payable pursuant to a share and asset purchase agreement (the “**Purchase Agreement**”) and any costs associated with the transaction.

Closing of the Purchase Agreement is subject to the approval of GIS EGAM and other regulatory approvals. It is expected that closing of the transaction will take place at the end of June 2024 or early July 2024.

II. Transaction Overview

a) Key Purpose of the Transaction

- ✓ Investing in high-spec Jack up rigs will strengthen GDI's portfolio and provide control over valuable assets.
- ✓ Maintain GDI role as the leading drilling contractor in Qatar's national market, aligning with GDI's customers evolving needs and expectations for high standard of operational excellence and safety.
- ✓ Enhance GDI's initiatives to increase the localization of services and industries within Qatar's energy sector.

b) SWOT Analysis of the Transaction

Strengths:	Weakness:
<ul style="list-style-type: none"> • The acquired Rigs are under contract and well positioned for future contractual work at attractive rates. • Acquire high specifications rigs at attractive price. • Full retention of the benefits from the previous Joint venture and saving on Bare Boat Charter. • Highly experienced management. • The economic side of a Bare Boat Charter will encounter difficulties, as the higher fees needed to cover operational expenses and make a profit could pose obstacles to the growth of the Business. • Ability to provide a high quality of drilling services to critical energy sector offshore locations. • Ability to fully serve major contracts within Qatar and the region on the back of the wider and integrated structure. • Ability to increase operational efficiencies on the back of the achievement of larger economies of scale. • Best-in-class operator with strong safety track records and solid shareholder backing. • GDI is familiar with the Rigs conditions and specifications since GDI operated these Rigs during the previous contract duration. 	<ul style="list-style-type: none"> • Revenue concentration on the oil & gas segment. • Reliance on mostly short to medium-term contracts, with potential renewal risk. • High Debt to Equity ratio. • Potential impact on financials for operating in a high-inflation environment.

Opportunities:	Threats:
<ul style="list-style-type: none"> • Explore untapped and unaccounted revenue and cost synergies, once transaction is completed. • Explore additional acquisitions to further extend market share in Qatar Offshore market. • Explore an expansion in the region, if deemed feasible and profitable by the management. • Ability to tap into the announced market expansion in Oil and Gas sector and play a major role as the drilling market leader. • Explore new operating segments in oil and gas servicing industry. 	<ul style="list-style-type: none"> • Limited barriers to entry that could allow international players already in Qatar to compete. • Potential fluctuations of oil prices to downside. • Geopolitics which can affect global market disruptions and impact drilling day rates.

c) Transaction Merits and Considerations

1. Merits of the Transaction

- ✓ Enhance GDI position as the largest Qatari drilling service provider.
- ✓ Bring the best-in-class Hi Spec Rigs at reasonable prices.
- ✓ Combined revenues and profitability are expected to improve on the back of operational synergies and elimination of Bare Boat Charges.
- ✓ Value creation for GIS and its shareholders in short to medium term.

2. Considerations of the Transaction

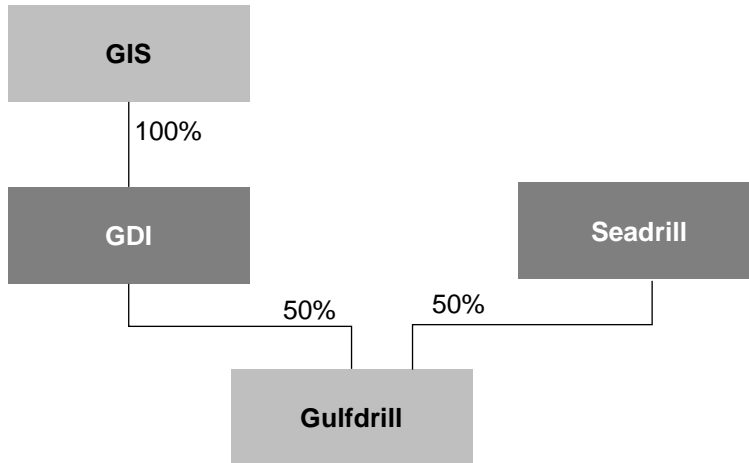
- ✓ GDI will acquire Seadrill 50% Joint Venture Interest in Gulfdriill, post transaction Gulfdriill will be wholly owned by GDI.
- ✓ GDI will consolidate on a line-by-line basis 100% of Gulfdriill further to the transaction instead of share of profit from JV / associates based on equity accounting principle of International Financial Reporting Standards.
- ✓ The 3 Rigs will be acquired by the GDI SPV, a wholly owned subsidiary of GDI.
- ✓ The contracts for the 3 concerned Rigs will be moved to the Buyer SPV upon completion of the transaction.
- ✓ The Buyer SPV is created under QFC regulations.

d) Transaction Structure

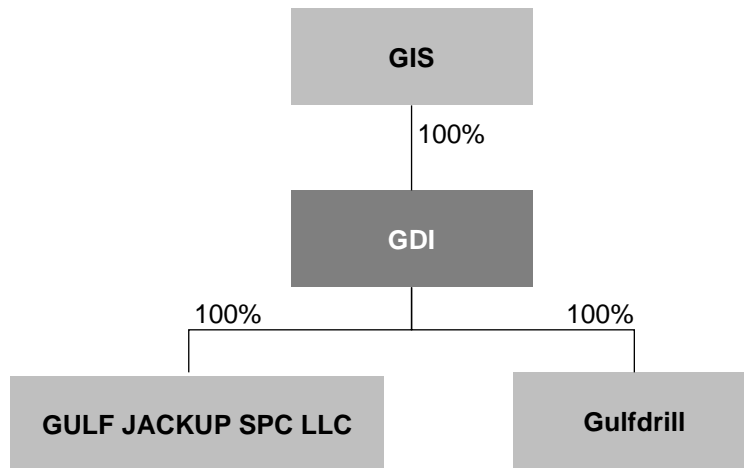
Upon completion of the transaction GDI will purchase Seadrill Jack Up Holding Ltd.'s shares in Gulfdriill with full title guarantee free from any encumbrance, together with all accrued rights and benefits attached which means that Gulfdriill will be wholly owned by GDI instead of 50% prior to the transaction.

In addition, Gulf Jackup SPC LLC, an SPV wholly owned by GDI and incorporated under the laws of the Qatar Financial Centre, will purchase the jack-up drilling rigs known as West Castor, West Telesto and West Tucana.

Structure Pre-Transaction



Structure Post Transaction



e) Financing Structure

1. Shareholder Loan

GIS Board approved a 10% disbursement in the form of shareholder loan to the GDI SPV for an amount of around US\$33.8 million.

2. Debt

GDI also intends to raise around US\$304 million in senior debt financing which, together with the shareholder loan contribution, will be used to fund the acquisition by GDI and the GDI SPV. The Company aims to complete the debt placement in the next several weeks.

Both the shareholder loan and the new debt will be provided at the GDI SPV level.

f) Allocation of Consideration

The total consideration for the acquisition of the three jack-up rigs is US\$325 million and the total consideration for the acquisition of the Joint Venture interest is US\$13 million, in each case, payable in cash.

III. Valuation Overview

In light of the analysis conducted by independent valuation advisor registered with QFMA, the recommended method for valuing the proposed transaction and determining the fair market value for the shareholders is based on the Discounted Cash Flow ("DCF") method under the income approach to assess the FV of the 3 Seadrill Rigs and Seadrill interest in the Joint venture as at the Valuation Date.

Fair value of the transaction was accomplished by an appointed independent valuation advisor post completion of necessary due diligence.

IV. Other Matters Pertaining to the Proposed acquisition:

Name of the Subsidiary:	Gulf Drilling International Limited
Objective of the Subsidiary:	Oil and Gas drilling services
Degree of dependency:	100% subsidiary of Gulf International Services Q.P.S.C. ("GIS")
Senior management:	Mr. Saad Rashid Al Muhannadi, Chairman Mr. Marcus Barraclough, CEO
Current ownership:	GIS: 100%
Post-Transaction ownership:	GIS: 100%
Post-Transaction entities to be fully owned by GDI	GulfdriLLC

Offeree's details:	
Offeree Name:	Seadrill Jack Up Holding Ltd.
Headquarters:	Houston, Texas, United States
Objectives:	Seadrill Limited and its group undertakings is a leading offshore drilling contractor utilizing advanced technology to unlock oil and gas resources for clients across harsh and benign locations around the globe.
Senior management:	Simon Johnson, Chief Executive Officer Grant Greed, Chief Financial Officer
Capital:	Seadrill Jack Up Holding Ltd.: 89,821,271 ordinary shares of US\$0.002 each
Major Shareholders/ Percentage	Seadrill Limited (100% indirect ownership)
Offeror's details:	
Offeror:	Gulf Drilling International Limited
Headquarters:	Doha, Qatar
Objectives:	Oil and Gas drilling services
GDI Ownership % in Seadrill	0%
Paid-up Capital:	QAR 739,648,000
Senior management:	Mr. Saad Rashid Al Muhannadi, Chairman Mr. Marcus Barraclough, CEO
Major shareholders:	Gulf International Services 100%
Timetable to completion	End of June 2024 or early July 2024, subject to approval in EGAM of GIS.
Implications on standalone financial statements:	No impact on standalone financial statements of GDI Except the increase in investment in Gulfdrill from 50% to 100%.
Implications on consolidated financial statements:	<ul style="list-style-type: none"> As per applicable International Financial Reporting Standards (IFRS) and Commercial Companies Law of Qatar, GDI will be required to consolidate on a 100% line by line Gulfdrill and the GDI SPV. Accordingly, GDI will no longer report share of profit on equity accounting method from Gulfdrill.
Statement of the number of shares owned by the Offeror in the Offeree - Listed Company.	Nil
Disclosure of any interest relationship, if any, among the concerned persons, their boards' members or major shareholders or denial of such relationship	To the best of all shareholders representative and their owners and Board, none of the concerned persons, entities and Board members are having any other interest in GDI or GIS or have any other relationship with GDI and GIS except Seadrill relation as a partner in the Joint Venture Gulfdrill.

V. Overview of the Seadrill transaction parties

Each of Seadrill Rig Holding Company Limited, Seadrill Telesto Ltd., Seadrill Tucana Ltd. and Seadrill Jack Up Holding Ltd., each a company incorporated under the laws of Bermuda, and Seadrill Castor Pte. Ltd., a company incorporated under the laws of Singapore, are a party to the Purchase Agreement and each are a wholly owned indirect subsidiary of Seadrill Limited.

VI. Overview of Shareholders

a) About Gulf International Services Q.P.S.C.

Gulf International Services, a Qatari public shareholding company listed on the Qatar Stock Exchange, was established on February 12, 2008 in accordance with the provisions of its Articles of Association and Law no. 5 of 2002, promulgating the Commercial Companies Law, especially Article 68 thereof. Subsequently, the Company settled its status and brought its Articles of Association into conformity with the provisions of Law no. 11 of 2015, promulgating the Commercial Companies Law, and in line with the specific nature of its incorporation.

Through the group companies, Gulf International Services Q.P.S.C. operates in four distinct segments - insurance and reinsurance, drilling, helicopter transportation and catering services. QatarEnergy (formerly known as Qatar Petroleum), the special shareholder, provides all of the head office functions for Gulf International Services Q.P.S.C. through a comprehensive service directive. The operations of the subsidiaries remain independently managed by their respective Boards of Directors and senior management teams.

For more information about the earnings announcement, email gis@qatarenergy.qa or visit www.gis.com.qa.

b) About Seadrill Limited

Seadrill Limited ("**Seadrill**") (NYSE & OSE: SDRL) is a leading offshore drilling contractor utilizing advanced technology to unlock oil and gas resources for clients across harsh and benign locations around the globe. Seadrill's high-quality, technologically-advanced fleet spans all asset classes allowing its experienced crews to conduct operations across geographies, from shallow to ultra-deepwater environments.

DISCLAIMER

The companies in which Gulf International Services Q.P.S.C. directly and indirectly owns investments are separate entities. In this press release, "GIS" and "the Group" are sometimes used for convenience in reference to Gulf International Services Q.P.S.C.

This press release may contain forward-looking statements concerning the financial condition, results of operations and businesses of Gulf International Services Q.P.S.C. All statements other than statements of historical fact are deemed to be forward-looking statements, being statements of future expectations that are based on current expectations and assumptions, and involve known and unknown risks and uncertainties that could cause actual

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results, operations and business performance or events impacting the group to differ materially from those expressed or as may be inferred from these statements.

There are a number of factors that could affect the realization of these forward-looking statements such as: (a) price fluctuations in crude oil and natural gas, (b) changes in demand or market conditions for the Group's services, (c) loss of market share and industry competition, (d) environmental risks and natural disasters, (e) changes in legislative, fiscal and regulatory conditions, (f) changes in economic and financial market conditions and (g) political risks. As such, results could differ substantially from those stated, or as may be inferred from the forward-looking statements contained herein. All forward-looking statements contained in this report are made as of the date of this presentation.

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