



SFL Corporation Ltd.

Q3 2023 Results Presentation

Forward Looking Statements



This presentation contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including SFL management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Although SFL believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, SFL cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Important factors that, in the Company's view, could cause actual results to differ materially from those discussed in the forward looking statements include the strength of world economies, fluctuations in currencies and interest rates, general market conditions including fluctuations in charter hire rates and vessel values, changes in demand in the markets in which the Company operates, changes in demand resulting from changes in the Organization of the Petroleum Exporting Countries' petroleum production levels and worldwide oil consumption and storage, developments regarding the technologies relating to oil exploration, changes in market demand in countries which import commodities and finished goods and changes in the amount and location of the production of those commodities and finished goods, increased inspection procedures and more restrictive import and export controls, changes in the Company's operating expenses, including bunker prices, dry-docking and insurance costs, performance of our charterers and other counterparties with whom the Company deals, the impact of any restructuring of the counterparties with whom the Company deals, timely delivery of vessels under construction within the contracted price, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, including any changes to energy and environmental policies and changes attendant to trade conflicts, potential disruption of shipping routes due to accidents or political events, the length and severity of the ongoing coronavirus outbreak and its impact on the demand for commercial seaborne transportation, drilling rigs and the condition of the financial markets and other important factors described from time to time in the reports filed by the Company with the United States Securities and Exchange Commission. SFL disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Q3 2023 Highlights



GROSS REVENUE⁽¹⁾
\$214m

- Adjusted EBITDA⁽²⁾ of \$130m
- *Hercules* back in operation and *Emden* delivery

NET INCOME
\$29.3m

- Earnings per share of \$0.23
- \$2m gain related to sale of a vessel

DIVIDEND
\$0.25/share

- 79th consecutive quarterly dividend
- 9% dividend yield⁽³⁾

BACKLOG⁽⁴⁾
\$3.4bn

- Added >\$325m of backlog so far in 2023

1) Gross revenue includes charter hire from all vessels and rigs, including assets in 100% owned subsidiaries classified as 'Investment in associates' and proportionate charter hire from partly owned vessels

2) 'Adjusted EBITDA' is a non- U.S. GAAP measure. It represents cash receipts from operating activities before net interest and capital payments. For details please see SFL's third quarter preliminary earnings release Appendix 1: Reconciliation of Adjusted EBITDA

3) Based on SFL share closing price on November 7, 2023

4) Fixed rate backlog as of September 30, 2023 including subsequent sales and acquisitions, fully owned vessels, rigs and 100% of four partially owned 19,000 TEU container vessels, which SFL also manages. The backlog excludes charterers' extension options and purchase/cancellation options (if applicable)

Recent Events



CAR CARRIER DELIVERY

- LNG dual-fuel car carrier *Emden* delivered in September
- Very strong interim charter before start of long term contract

EXTENDED MAERSK CHARTER

- Existing 9,500 TEU vessel extended to mid-2025
- Added backlog of ~\$13 million

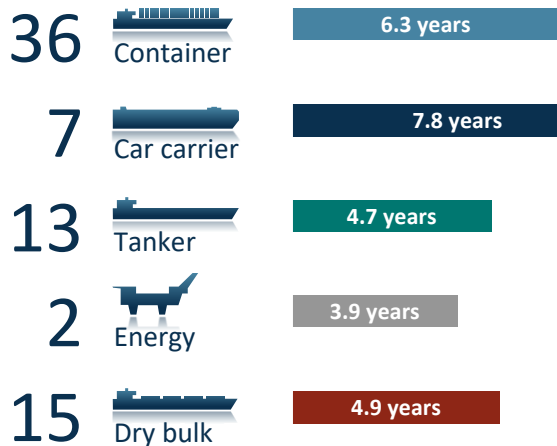
BOND REDEMPTION

- NOK bond (~\$49 million) redeemed in full in Q3
- Paid from cash on balance sheet

HERCULES COMMENCEMENT

- Finalized drilling for ExxonMobil in Canada
- Galp Namibia contract set to commence mid November

PORTFOLIO⁽¹⁾

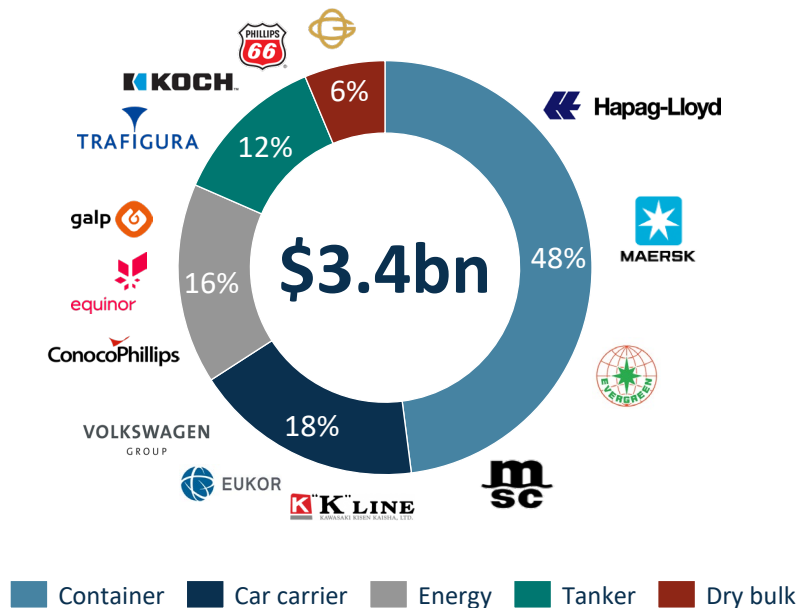


CHARTER HIRE Q3 2023

Bareboat charter



CONTRACTED REVENUE⁽²⁾

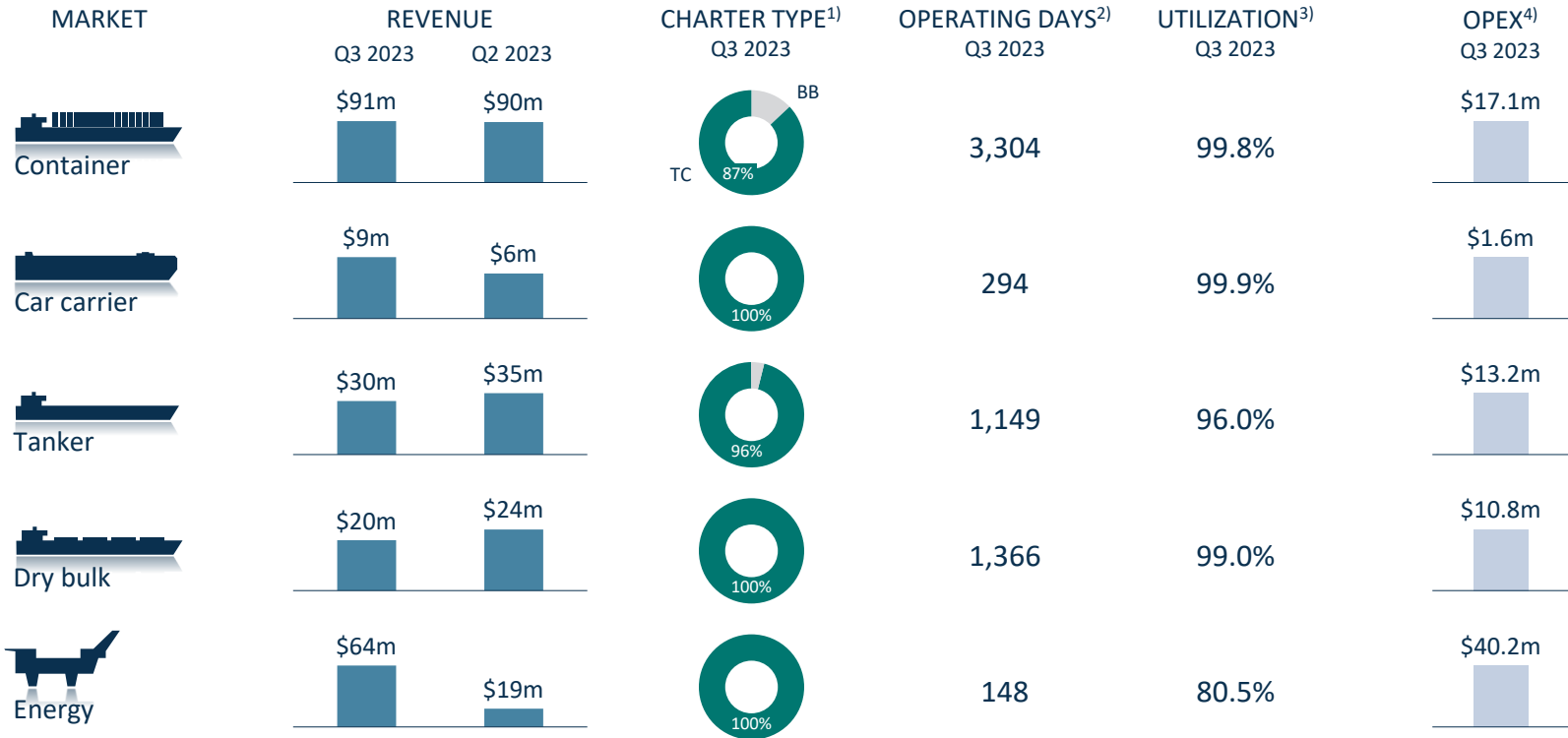


1) Including partly owned vessels and acquired vessels yet to be delivered to SFL

2) Fixed rate backlog as of September 30, 2023 including subsequent sales and acquisitions, fully owned vessels, rigs and 100% of four partially owned 19,000 TEU container vessels, which SFL also manages. The backlog excludes charterers' extension options and purchase/cancellation options (if applicable)

3) Average charter term weighted by charter revenues and excluding charterer option periods, and adjusted for subsequent sales and acquisitions

Operational Performance Highlights



1) Revenue by charter contract type. TC = time charter where SFL is providing crew and ship management services to the charterer. BB = Bareboat where SFL only provides the ship where the charterer undertakes crewing and ship management

2) For vessels "operating days" equals calendar days less days for technical off hire, dry dock or yard stay. For rigs "operating days" equals days on rate or in transit covered by mobilisation fees less days off hire and time spent in port not on drilling rate

3) Utilization means Operating days divided by calendar days

4) Including voyage expenses

First Car Carrier Newbuilding Delivered In Q3



First of four LNG dual-fuel car carriers delivered to SFL

- Remaining three vessels to be delivered between November and June
- Interim charter positioning the vessel to Europe
- 10 year time charters with Volkswagen Group and K Line

State of the art vessels

- Improved and optimized hull form with S Bow
- High Pressure LNG system
- 25% lower carbon footprint per vehicle carried
- Adapted for ship-to-ship and port-to-ship LNG bunkering
- Optimized car flow efficiency
- Hydrogen fuel cell vehicle capable
- Shore connection for zero emission

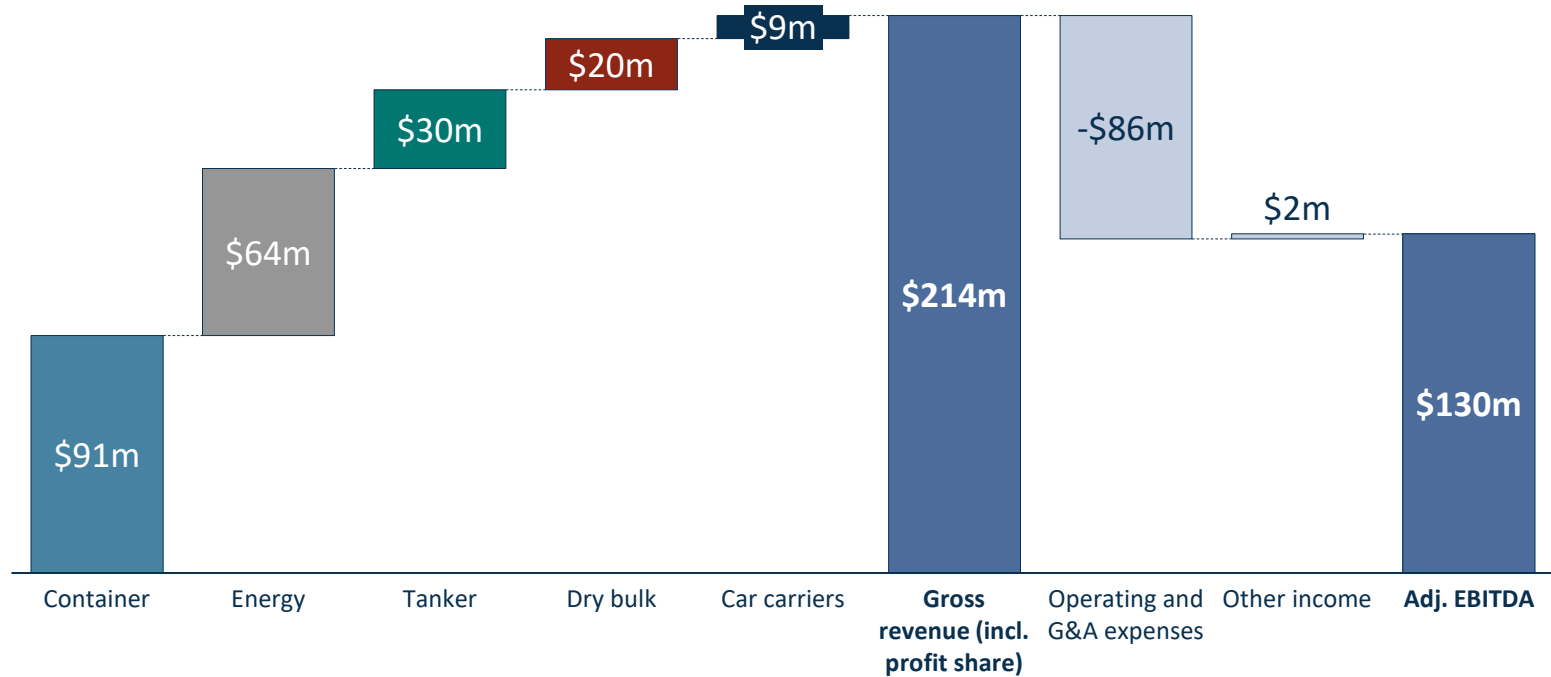


SFL Financial Performance



ADJUSTED EBITDA Q3 2023 BREAKDOWN⁽¹⁾

In millions



1) Pro-forma illustration of cash flow is not as accounted for under US GAAP. This is used as an internal guideline to assess the Company's performance. Note that figures are net of extraordinary and non-cash items, and are including charter hire from assets in 100% owned subsidiaries classified as 'Investment in associates'

Income Statement



Revenue

- \$214m of charter hire, including share of revenue from associates and revenue classified as repayment and profit share
- Includes \$2.6m of revenue from profit share from scrubber fuel savings
- Increase in operating revenue primarily driven by revenue from *Hercules* and *Emden* delivery

Near term revenue outlook

- Lower *Hercules* revenue and cost expected in Q4 accounts due to mobilization from Canada to Namibia
- 3x PCTC newbuildings delivering from yard from Q4 to Q2 2024
- *SFL Composer* and *SFL Conductor* starting up new 3 year charters with VW from Q4 and Q1 2024

(in thousands of \$ except per share data)	Three months ended	
	Sep 30, 2023	Jun 30, 2023
Charter revenues: operating leases and revenue contracts	200,781	160,480
Charter revenues: sales-type, direct financing and leaseback assets (excluding charter hire treated as Repayments)	1,467	1,880
Profit share income	2,638	2,201
Total operating revenues	204,886	164,561
Gain on sale of assets and termination of charters	2,194	6,420
Vessel and rig operating expenses	(82,858)	(64,557)
Administrative expenses	(3,325)	(3,452)
Depreciation	(55,513)	(51,118)
Total operating expenses	(141,696)	(119,127)
Operating income	65,384	51,854
Results in associates	704	754
Interest income from associates	1,150	1,138
Interest income, other	1,954	2,809
Interest expense	(40,107)	(39,884)
Amortization of deferred charges	(2,069)	(1,805)
Interest and valuation gain on non-designated derivatives	3,452	3,112
Gain/(loss) on Investments in debt and equity securities	274	(1,040)
Other financial items	852	(6)
Taxes	(2,289)	-
Net income	29,305	16,932
Basic earnings per share (\$)	0.23	0.13

Balance Sheet



Cash and liquidity

- \$118m at quarter end
- NOK bond (~\$49m) fully redeemed in Q3 by using cash on balance sheet

Capital expenditure

- ~\$136m of remaining capex on three car carriers under construction fully financed by ~\$195m of net secured debt (JOLCOs) yet to be drawn

Investment in leaseback assets

- Reduction of ~\$48m resulting from sale of VLCC *Landbridge Wisdom*

Capital structure⁽¹⁾

- Book equity ratio of 28.4%

(in thousands of \$)

	Sep 30, 2023	Jun 30, 2023
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	118,028	201,466
Investment in marketable securities	6,222	5,866
Amount due from related parties	3,986	3,589
Investment in sales-type, direct financing & leaseback assets, current portion	21,423	26,505
Other current assets	79,363	83,619
<i>Long term</i>		
Vessels, rigs and equipment, net	2,623,925	2,589,834
Vessels and equipment under finance lease, net	583,866	594,278
Capital improvements, newbuildings and vessel deposits	99,222	112,799
Investment in sales-type, direct financing & leaseback assets, long term	37,098	84,845
Investment in associates	16,517	16,542
Amount due from related parties, long term	45,000	45,000
Other long term assets	36,958	41,793
Total assets	3,671,608	3,806,136
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	384,730	347,845
Amount due to related parties	1,098	1,504
Finance lease liability, current portion	210,301	54,873
Other current liabilities	116,254	184,712
<i>Long term</i>		
Long term interest bearing debt, net of deferred charges	1,681,730	1,762,203
Finance lease liability, long term	222,662	391,553
Other long term liabilities	12,020	12,420
Stockholders' equity	1,042,813	1,051,026
Total liabilities and stockholders' equity	3,671,608	3,806,136

1) Book values as of September 30, 2023

