



SFL Corporation Ltd.

Q2 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.

Q2 2023 Highlights



GROSS REVENUE⁽¹⁾
\$174m

- Approximately 91% from long term charters
- Adjusted EBITDA⁽²⁾ of \$109m

NET INCOME
\$17m

- Earnings per share of \$0.13
- Impacted by Hercules yard stay and gain from sale of assets

DIVIDEND
\$0.24/share

- 78th consecutive quarterly dividend
- >9% dividend yield⁽³⁾

BACKLOG⁽⁴⁾
\$3.6bn

- Added >\$300m of backlog so far in 2023
- Significant cash flow increase expected from Q3 onwards

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 second quarter preliminary earnings release Appendix 1: Reconciliation of Adjusted EBITDA

3) Based on SFL share closing price of \$10.53 on August 14, 2023

4) Fixed rate backlog as of June 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



HERCULES BACK IN SERVICE

- Hercules commenced drilling in Canada with Exxon mid July
- Will mobilize to Namibia later in 2023

NEW HERCULES CONTRACT

- One plus one optional well (~200 days) contract with Equinor Canada
- >\$200m backlog through Q3 2024 and increasing dayrates

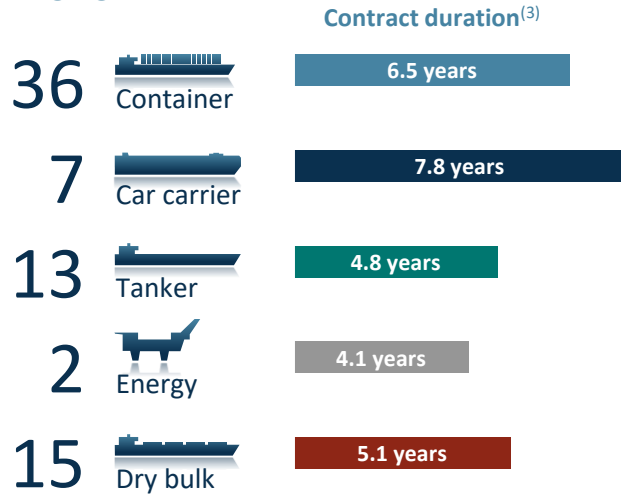
VESSEL SALE

- Bareboat chartered VLCC *Landbridge Wisdom*
- Delivery to new owner in Q3 with estimated book gain of \$2m

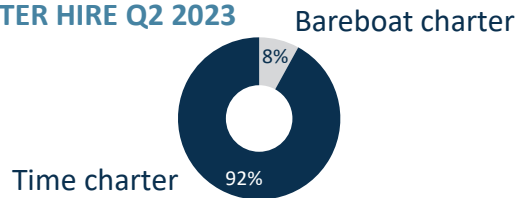
SHARE REPURCHASES

- Acquired approximately 1.1m SFL shares at \$9.27 average price
- Program valid until end of Q2 2024

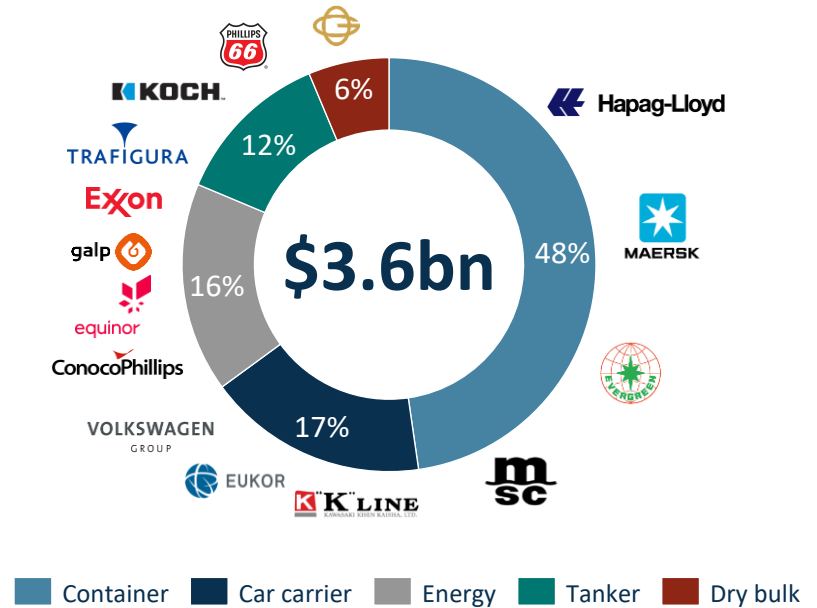
PORTFOLIO⁽¹⁾



CHARTER HIRE Q2 2023



CONTRACTED REVENUE⁽²⁾

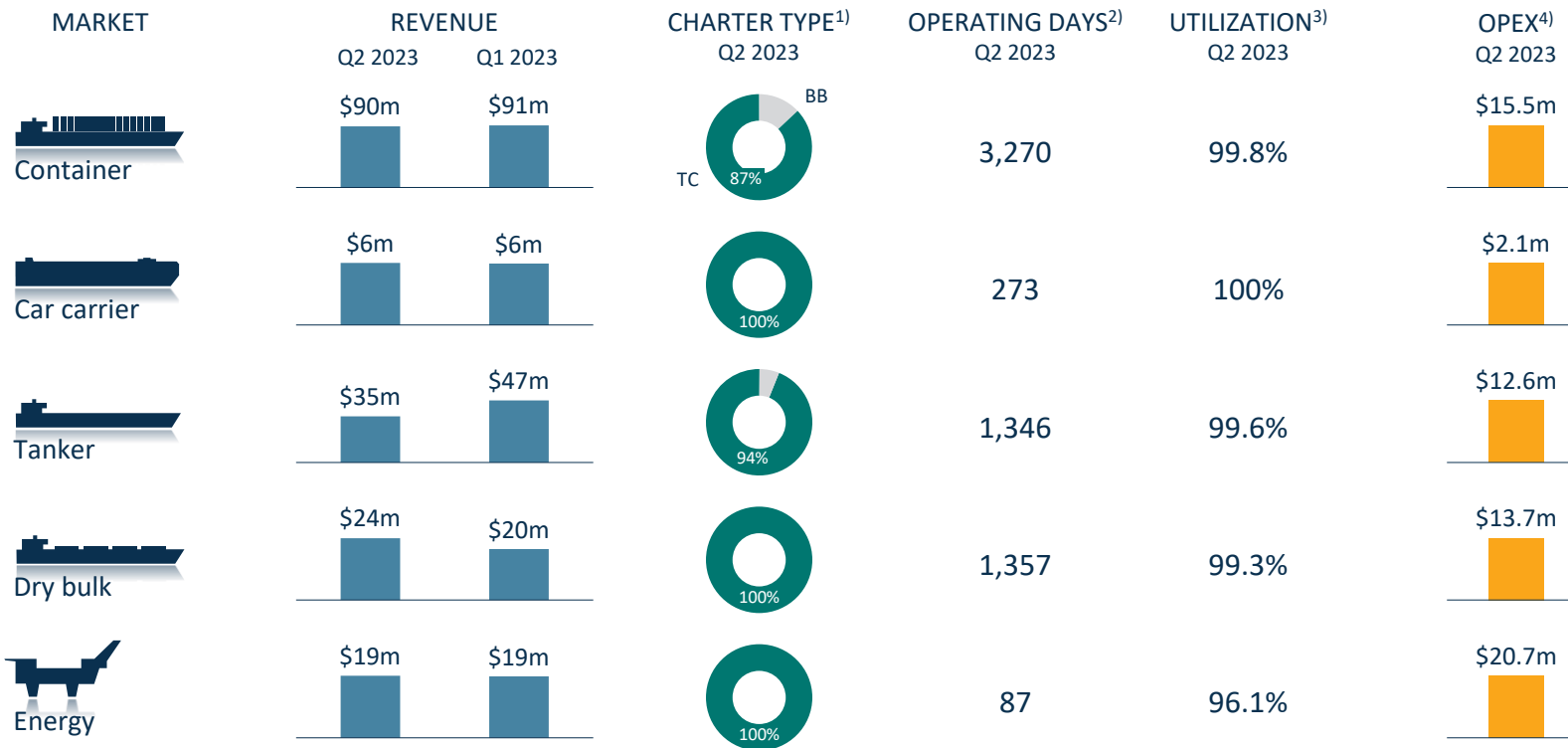


1) Including partly owned vessels and acquired vessels yet to be delivered to SFL

2) Fixed rate backlog as of June 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) Operating days equals calendar days less off hire days per vessel / rig

3) Utilization means operating days divided by calendar days. Energy utilization only including Linus as Hercules had no operating days in the quarter

4) Including voyage expenses

Continuously Reducing Greenhouse Gas Emissions



Investing in four LNG dual-fuel car carrier newbuildings

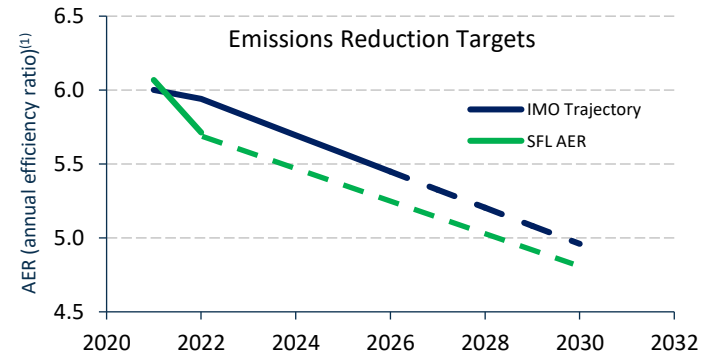
- Delivery in 2H 2023 and 1H 2024
- 10 year time charters from delivery

Key measures taken for existing fleet

- Investment in hull modifications and energy saving devices
- Performance management and data sharing
- Weather routing and speed optimization

Well ahead of IMO trajectory for carbon intensity

- SFL aims to stay ahead of the IMO trajectory
- Improvement led by fleet renewal and sale of older vessels
- Trend projected to continue in 2023 and 2024



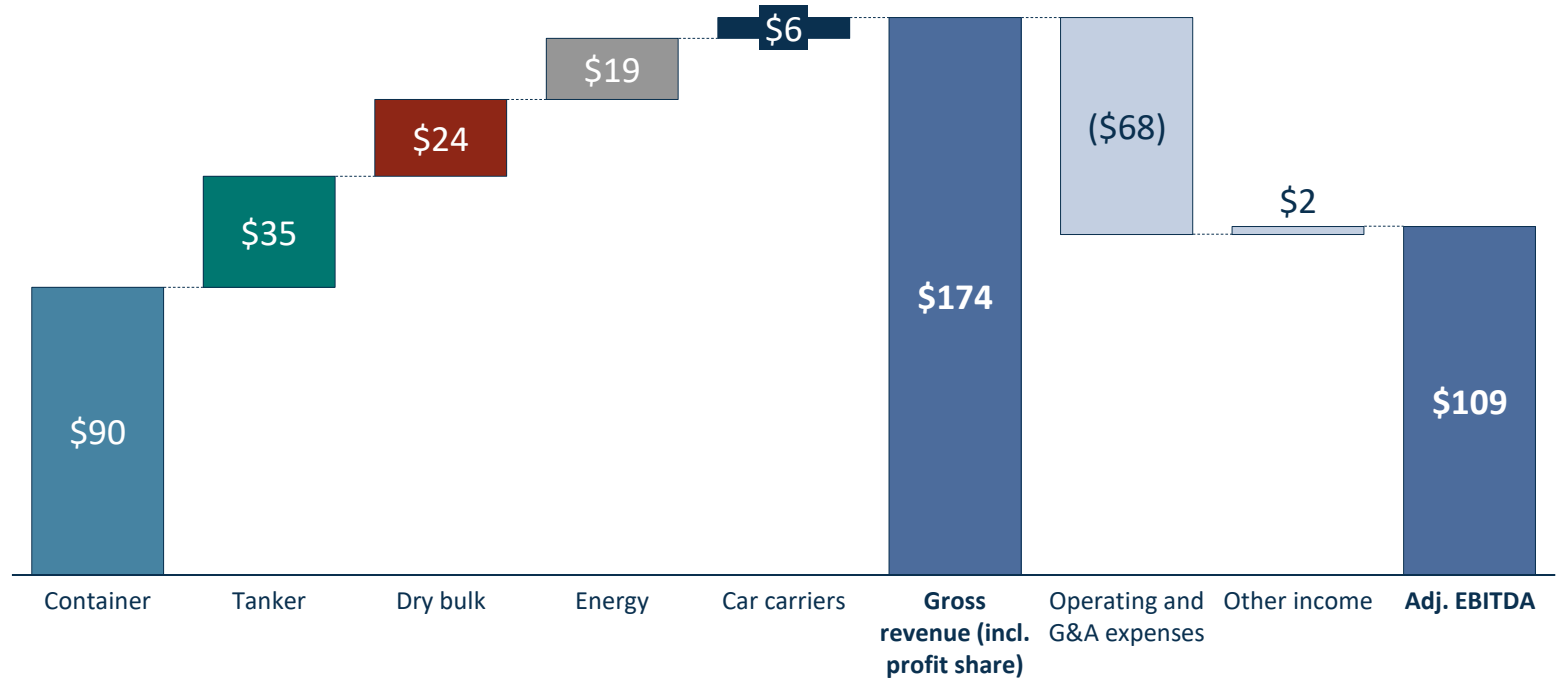
1) AER is a measure of a ship's carbon emissions per actual capacity distance (e.g., dwt/nm sailed). The AER uses the parameters of fuel consumption, distance travelled, and design deadweight tonnage

SFL Financial Performance



ADJUSTED EBITDA Q2 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

- \$174m of charter hire, including share of revenue from associates and those classified as repayment and profit share
- Includes \$2.2m of profit share from scrubber fuel savings
- No income from Hercules due to SPS yard stay in Q2 and mobilization
- Gain of \$6m on the sale of one suezmax tanker

Net income

- \$16.9m or \$0.13 per share

Near term revenue outlook

- Full revenue effect from Hercules in Q3
- 4x PCTCs delivering from yard from Q3 to Q2 2024
- 2x PCTC 3 year charters with VW from Q4 and Q1 2024

(in thousands of \$ except per share data)

	<i>Three months ended</i>	
	Jun 30, 2023	Mar 31, 2023
Charter revenues: operating leases and revenue contracts	160,480	166,403
Charter revenues: sales-type, direct financing and leaseback assets (excluding charter hire treated as Repayments)	1,880	1,929
Profit share income	2,201	4,934
Total operating revenues	164,561	173,266
Gain on sale of assets and termination of charters	6,420	10,056
Vessel and rig operating expenses	(64,557)	(69,960)
Administrative expenses	(3,452)	(4,995)
Depreciation	(51,118)	(51,041)
Vessel impairment charge	-	(7,389)
Total operating expenses	(119,127)	(133,385)
Operating income	51,854	49,937
Results in associates	754	697
Interest income from associates	1,138	1,125
Interest income, other	2,809	2,080
Interest expense	(39,884)	(39,052)
Amortization of deferred charges	(1,805)	(1,813)
Gain/(loss) on Investments in debt and equity securities	(1,040)	248
Interest and valuation gain/(loss) on non-designated derivatives	3,112	(5,806)
Other financial items	(6)	(1,084)
Net income	16,932	6,332
Basic earnings per share (\$)	0.13	0.05

Balance Sheet



Cash and liquidity

- \$201m at quarter end
- New financings increasing liquidity by >\$100m in Q2
- Sale of bareboat chartered VLCC to increase liquidity by ~\$10m in Q3

Capital expenditure

- ~\$194m of remaining capex on four car carriers under construction fully financed with \$300m JOLCO financings
- ~\$75m of remaining rig capex from the Hercules to be paid with cash on balance sheet

Short term debt

- NOK 700m bond due in Sep 2023, of which \$48m is outstanding to be paid with cash on balance sheet

Capital structure⁽¹⁾

- Book equity ratio of 27.6%

(in thousands of \$)

ASSETS

Short term

	Jun 30, 2023	Mar 31, 2023
Cash and cash equivalents	201,466	185,193
Investment in marketable securities	5,866	7,100
Amount due from related parties	3,589	2,819
Investment in sales-type, direct financing & leaseback assets, current portion	26,505	15,349
Other current assets	83,619	87,285

Long term

Vessels and equipment, net	2,589,834	2,554,976
Vessels and equipment under finance lease, net	594,278	604,577
Capital improvements, newbuildings and vessel deposits	112,799	121,853
Investment in sales-type, direct financing & leaseback assets, long term	84,845	99,783
Investment in associates	16,542	16,508
Amount due from related parties, long term	45,000	45,000
Other long term assets	41,793	39,366

Total assets

3,806,136 **3,779,809**

LIABILITIES AND STOCKHOLDERS' EQUITY

Short term

Short term and current portion of long term interest bearing debt	347,845	647,570
Amount due to related parties	1,504	1,509
Finance lease liability, current portion	54,873	54,284
Other current liabilities	184,712	81,114

Long term

Long term interest bearing debt, net of deferred charges	1,762,203	1,497,659
Finance lease liability, long term	391,553	405,486
Other long term liabilities	12,420	23,495
Stockholders' equity	1,051,026	1,068,692

Total liabilities and stockholders' equity

3,806,136 **3,779,809**

1) Book values as of June 30, 2023

