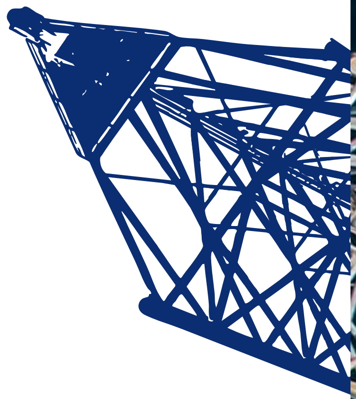
SHELF DRILLING

Annual Report 2024



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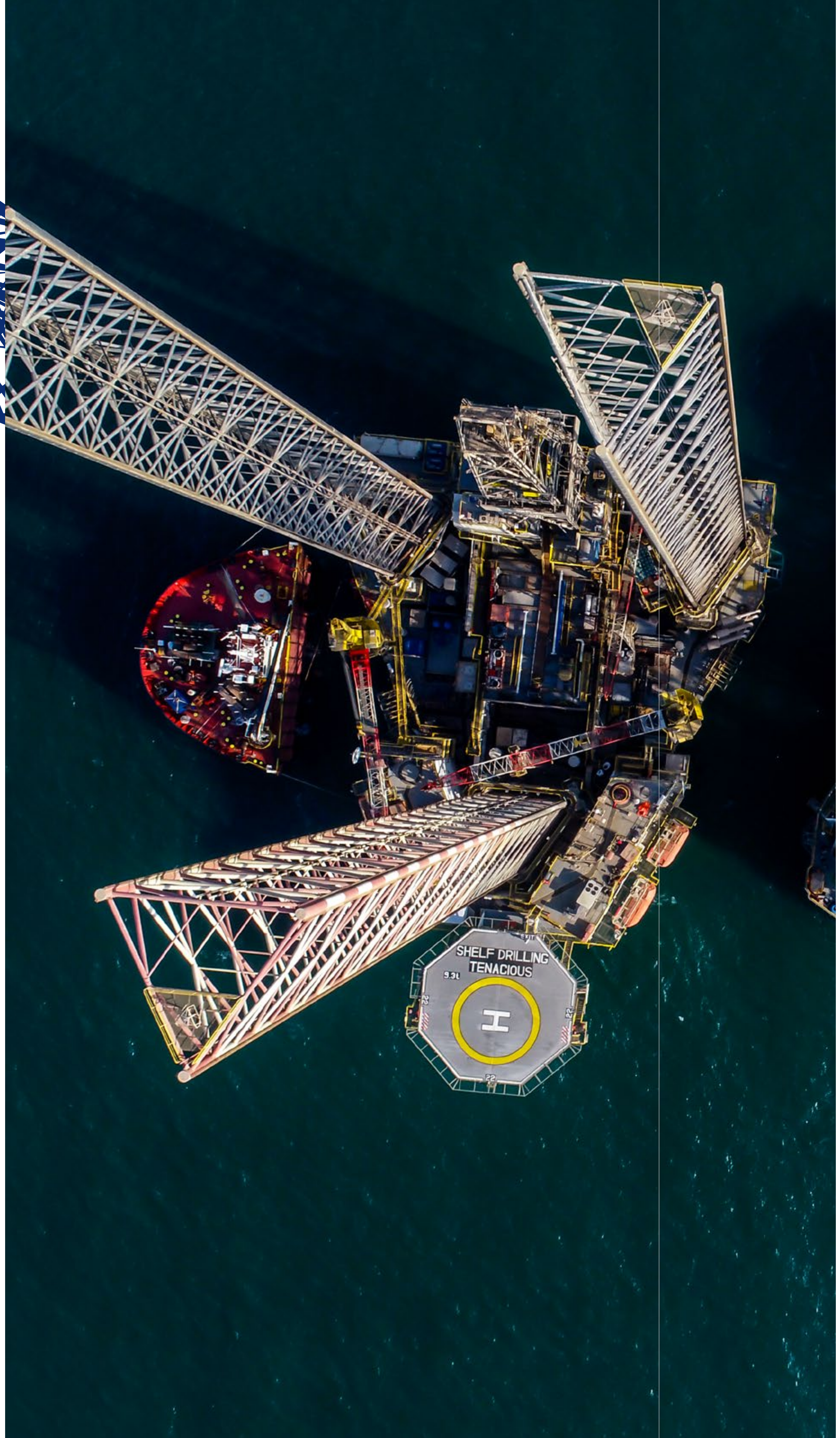
Forward-looking statements

Some of the information in this report may contain forward-looking statements, which include statements regarding the Company's expected financial position and results of operations, business plans and prospects, etc. They are generally identified by forward-looking words, such as "believe", "plan", "anticipate", "continue", "estimate", "expect", "may", "will", or other similar words. Forward-looking statements are dependent on assumptions or the basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that the actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Important Notice

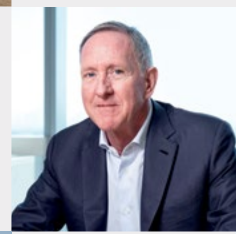
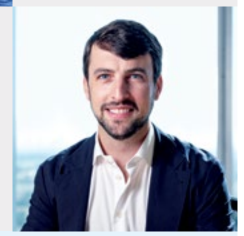
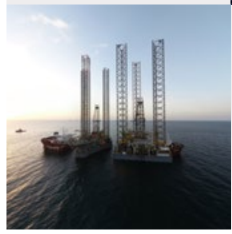
All information in the Annual Report is as at April 14, 2025, or earlier if explicitly stated. As such, the Annual Report does not reflect any Company events or changes after April 14, 2025.

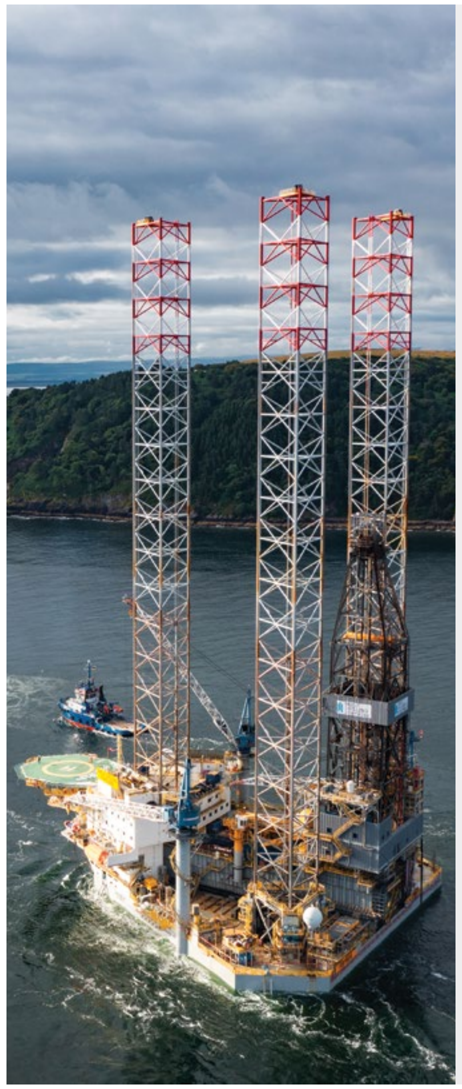


Inside the document

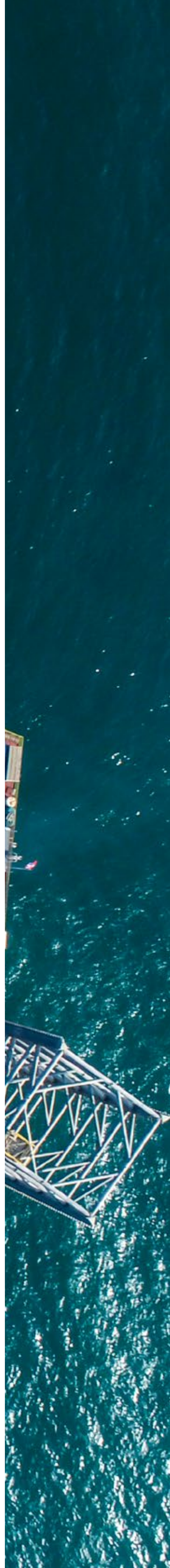
Company Overview





*Board of Directors' report includes all the sections mentioned above, except for the consolidated financial statements included in Form 10K equivalent.



Our Strategic Priorities

Focus

Jack-up operations are our sole focus.

Reliability

With safety and operational performance at the forefront of everything we do, Shelf Drilling strives to create an environment where no one gets hurt.

Relationships

Our goal is to develop long-term and mutually beneficial relationships with customers and suppliers. We aim to provide development for our people to support their long-term career goals.

Our Values

Protect

Protect yourself, your team, your asset and our environment.

Lead

We conduct business ethically, with responsibility and accountability.

Execute

We aim to consistently deliver outstanding performance for our customers, shareholders and other stakeholders.

Our Vision

To be the international jack-up contractor of choice

Who We Are

Shelf Drilling is a leading international shallow water drilling contractor with rig operations across the Middle East, Southeast Asia, India, West Africa, Mediterranean and North Sea.

Our strategy is to maintain a sole focus on shallow water operations in both benign and harsh environments, leveraging many years of industry experience and an outstanding track-record with the aim to provide best-in-class operations for our customers.

Key Highlights

0.18
TRIR for 2024
Consistently lower than IADC average

99.3%
Uptime for 2024
> 98.5% since inception

3,847
Own Workforce
58 Nationalities

26%
Females Onshore

$351MM
Adjusted EBITDA
for 2024

36%
Adjusted EBITDA Margin
>30% since inception

~ $11B
of **new contract awards** since inception

94%[1]
Marketed utilization
at year end 2024

87%[2]
Localization

~44
'000 Tonnes CO2e avoided through circularity

4.4%[3]
Reduction in Scope 1 GHG Emissions Intensity

Grade B
CDP Climate Change Rating
2024

[1] As of December 31, 2024; Trident 16 and J.T. Angel were available. Main Pass I and Trident VIII were held for sale and out-of-service, respectively. The sale of Main Pass I closed in Q1 2025.

[2] As calculated for offshore workforce, including both employees and contractors. Excludes Qatar and Malaysia as well as project teams in UAE and Singapore

[3] (tCO2e/Operated Days), reduction compared to 2023 baseline for 33 rigs

Who We Are

Jack-up Fleet

91% **Contracted Utilization**
Across 33 Jack-ups[1]

Full Ownership of Shelf Drilling North Sea & Fleet Optimization

Following our 2022 acquisition of 5 harsh environment jack-up rigs, in October 2024, we acquired the remaining 40% stake in Shelf Drilling North Sea through a cash and equity transaction – solidifying our position in the region.

In 2024, we also continued our disciplined approach to fleet optimization, consistently evaluating market dynamics, contract opportunities, and capital requirements to keep our fleet competitive and positioned for long-term value creation.

- Baltic: Sold for a long-term plug and abandonment campaign in Malaysia.
- Main Pass I: Divested for non-drilling purposes in January 2025.
- Trident VIII: Planned sale for recycling after an insurance claim resolution.

Looking ahead, we expect to sell two to three more units for non-drilling purposes in 2025, generating cost savings, cash flow, and stronger regional market balance while maintaining a high-performing, competitive fleet.

Shelf Drilling Barsk

World's Largest Jack-up Rig

Uniquely suited for Norwegian operating environment

Size enables deeper water depths than other rigs

"Right Assets in Right Locations"

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

[1] As of March 31, 2025; Shelf Drilling Victory, Parameswara and J.T. Angel were available, and Trident VIII was out-of-service. The sale of Main Pass I closed in Q1 2025.

13 x Premium[2]

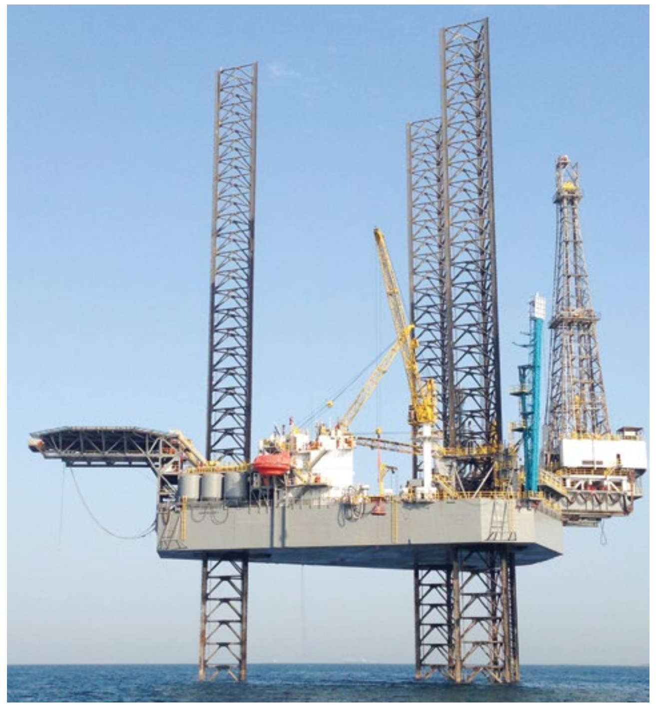
Utilization

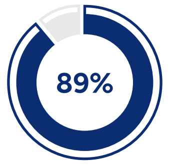
Demonstrated ability to invest and deploy

Benign Environment Premium Rigs: 9

Harsh Environment Rigs at SDNS: 4[2]

19 x Standard





Utilization

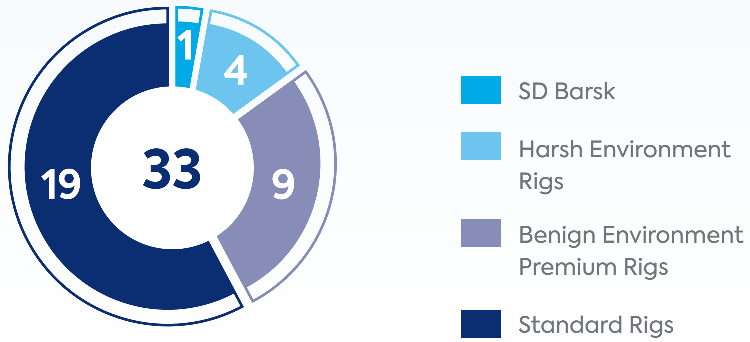
Cost efficient and well suited for brownfield activity

Middle East, Mediterranean & West Africa: 8

India & Egypt: 11

Strategic Evolution and Transformation of Jack-up Fleet

Standard 30 (2012)



33 Rigs in 2024[3]

14 Total Premium **19** Total Standard

[2] Excluding the Shelf Drilling Barsk, a CJ70.
[3] Excluding three rigs that were sold/held for sale during 2024

Who We Are

Investment Highlights

Fit-For-Purpose Strategy

Since our inception in 2012, we have applied our “fit-for-purpose strategy” centered around three key pillars to improve our business performance. By maintaining a dedicated focus on the shallow water segment, we leverage our deep industry expertize, strong customer relationships, and extensive market knowledge to optimize operations and create long-term value.

Through our strategy, we aim to consistently deliver best-in-class service and operational excellence, setting the standard for our industry.

- Right Assets in the Right Locations
- Right-sized Organization
- High Local Content

1 Fit for Purpose Strategy

Differentiated strategy focusing on quality and positioning of fleet, performance of our people and processes and strong relationships with customers and markets where we operate.

Strategy drives alignment across key sustainability issues for all stakeholders.

2 Leading Position in Key Markets

Critical mass and significant market share in our core geographic regions.

Core operating regions – activity comparatively stable, low cost and low emissions.

3 World Class Jack-up Contractor

Best-in-class operating platform and low-cost structure.

Proven track record of securing contracts and building backlog through the cycle.

Sustained performance and technical innovation creates differentiation.

4 Returns Focus

Full cycle track record of resilient margins and free cash flow generation.

Adapted capital investment strategy to changes in market dynamics.

Fleet transformation in recent years through creative, cost-effective transactions.

Well positioned to generate significant free cash flow in the coming years.

Who We Are

Where We Operate

Operating with scale in the most attractive shallow water markets

Shelf Drilling's market position

- 1
  West Africa
- 1
  India
- 3
  North Sea
- 3
  Southeast Asia
- 5
  MENAM

All information as of March 31, 2025

Executive Chairman's Statement

We have demonstrated the ability to manage through challenging environments in the past and remain committed to delivering value to our shareholders through disciplined capital allocation, operational excellence, and strategic growth initiatives.

— **David Mullen**
Executive Chairman of the Board

US$ 351MM
Adjusted EBITDA
2024

US$ 152MM
Cash Balance

The fundamentals driving oil supply and demand in 2024 were marked by extreme volatility, with heightened geopolitical tensions in the Middle East and Russia combined with macroeconomic weakness in Asia. Remarkably, however, the price of Brent crude remained between US$ 74 and US$ 90 per barrel throughout the year, making 2024 one of the most stable years in terms of oil price in recent times. The stability in price was largely attributed to OPEC's disciplined supply management, which helped offset the effects of strong non-OPEC supply growth and softer than expected demand growth in China.

Whilst oil price should have provided a supportive backdrop, the market was significantly impacted by Saudi Aramco's decision to unwind the entirety of its activity increase from the past three years. This was a result of a directive from the Ministry of Energy to revise the Kingdom's maximum sustainable capacity from 13mbpd to 12mbpd, resulting in an unprecedented increase in supply of jack-ups. Simultaneously, activity levels in India declined from an all-time high reached in late 2023, driven by limited geological success and ONGC's desire to lower oil service costs. The increased availability of jack-ups was partially offset by growing demand for shallow water rig activity across a number of our key markets, notably in West Africa and Southeast Asia.

Of the nine rigs we had working in Saudi Arabia at the beginning of 2024, seven received contract suspension notices which significantly impacted our financial outlook for the year. Actions taken by the Company resulted in two rigs being redeployed and starting new contracts in Nigeria before the year-end, with two others now scheduled to follow and begin operations by mid-2025.

We were disappointed with the rejection by the regulator of our initial application for an Acknowledgement of Compliance ("AoC") in Norway for the Shelf Drilling Barsk. Drawing from the lessons of the initial setback, we committed the necessary resources to finally secure the AoC, and the rig commenced its contract in the fourth quarter. During the year, we completed a refinancing for Shelf Drilling North Sea ("SDNS") and in the fourth quarter completed the merger of SDNS into Shelf Drilling, a transaction we had contemplated from the outset when we purchased the fleet in 2022.

While we are confident in the long-term rig demand in the shallow water sector, we have taken steps to rationalize our fleet with the opportunistic sale of the Baltic for a long-term plug and abandonment campaign in Malaysia, the sale of the Main Pass I for non-drilling purposes, and the planned sale of the Trident VIII for recycling following the resolution of an insurance claim. As we have since inception, we will continue to work towards optimizing the size and composition of our fleet to ensure long-term value creation for our shareholders.

In response to the challenges created by the reduction in activity in Saudi Arabia and delay to the Shelf Drilling Barsk, our management team took a number of actions, including the redeployment of rigs and cost reduction efforts while winning a number of key marketing opportunities. As a result, we delivered a full year 2024 Adjusted EBITDA of US$ 351 million, an increase of ~13% over 2023 and finished the year with US$ 152 million in cash.

We experienced an increased number of low severity recordable incidents resulting in a Total Recordable Incident Rate ("TRIR") of 0.18, which was a step down from our 2023 results but remained significantly better than the industry average, and in line with our performance over the last 5 years.

Our sustainability program for 2024 was dominated by the actions taken to align our sustainability reporting with the European Union's Corporate Social Responsibility Directive ("EU CSRD") requirements, a complex but necessary step toward enhancing transparency and ensuring continued regulatory compliance. While we believe that our sustainability program and reporting platform were well established, adapting to the new standards required significant effort and investment. Our first CSRD compliant report is included in this annual report and we welcome stakeholder feedback as we refine our disclosures to meet evolving expectations.

In December 2024 we presented amendments to the Memorandum and Articles of Association of the Company that included a Nomination Committee to be comprized of individuals other than Directors, fixed terms for Directors, the provision of enhanced disclosures on Director and executive remuneration, along with other changes to our governance in line with the Norwegian Code of Practice for Corporate Governance. These changes were approved by shareholders at the Extraordinary General Meeting held on January 7, 2025. We will continue to engage with our shareholders to ensure that the actions we have taken deliver the intended improvements to accountability and transparency.

As previously announced, I stepped down from the CEO role in August 2024 and assumed the role of Executive Chairman. At the same time, Greg O'Brien stepped into the role of CEO and Ernie Danner assumed the Lead Independent Director role. I look forward to continuing to support Greg and the management team and would like to thank Ernie for his contribution and commitment to the Company since 2013. Ernie provided invaluable support during my time as CEO and continues to do so in his current role. Ian Bagshaw left the Board of Shelf Drilling North Sea subsequent to the merger with Shelf Drilling, and I would also like to thank Ian for his support since the formation of SDNS in 2022.

We fully recognize that the challenges we faced in 2024 have had a significant impact on our share price. We have demonstrated the ability to manage through challenging environments in the past and remain committed to delivering value to our shareholders through disciplined capital allocation, operational excellence, and strategic growth initiatives. We are confident that our unique operating platform, financial position, diversified customer base, and dedicated team will enable us to drive improving shareholder returns as we recover from the challenges we faced in 2024.

Thank you for your continued support and trust in our Company.

David Mullen
Executive Chairman of the Board

CEO's Statement

We maintained pricing discipline and secured key marketing opportunities, demonstrated by 13 contract wins or extensions adding nearly US$ 900 million of additional contract backlog at a weighted average dayrate of approximately US$ 129k in 2024.

— **Greg O'Brien**
Chief Executive Officer

99.3%
Uptime

The optimism we felt coming into 2024 quickly changed due to the unexpected decision by Saudi Aramco to significantly reduce their offshore capital spending program. This decision ultimately resulted in an estimated 34 rig contracts being suspended, bringing Saudi Aramco's working rig count at the end of 2024 to almost the same level it had been in 2022 when their expansion plans were launched. The fact that rig contract suspensions were announced in waves had a profound impact on our ability to make reliable plans, resulting in several adjustments to our external guidance throughout the year. We now have two rigs working in the Kingdom versus nine at the beginning of 2024 and believe that these rigs will continue to work there due to certain technical features, combined with outstanding operating performance our teams have delivered over many years.

During 2024, we, unfortunately, experienced delays in securing the approvals for the Shelf Drilling Barsk to operate in Norway. However, after several months of intensive effort involving significant resources and an extensive project to meet regulatory requirements, we received the AoC from the authorities, and the rig commenced operations during the fourth quarter of 2024. We would like to extend our thanks to Equinor for their support throughout this process and look forward to delivering exceptional service once the rig begins full drilling operations in 2025.

Our overall HSE performance in 2024 continued to make progress in several areas; although, we experienced an increase in the number of recordable incidents resulting in a TRIR of 0.18. While this represents a slight decline from our best-ever result of 0.12 in 2023, it remains 61% better than the industry average and the fourth-best year since company inception, a remarkable achievement in a year where the industry experienced significant upheaval. Encouragingly, we achieved a reduction in both the total number of injuries (including first-aid cases) and the severity of reported incidents. Additionally, for the first time, we recorded a full year without any loss of containment resulting in unplanned discharges to the sea.

Operationally, we had another excellent year as we delivered an uptime of 99.3% in 2024 despite the increased number of premium rigs in our fleet. This is a clear demonstration of the effectiveness of our highly centralized maintenance and procurement system that ensures consistent and cost-effective execution of all major maintenance tasks across the fleet as well as our singular focus on shallow water operations.

Despite the intensified competition for marketing opportunities across most of our operating regions following the contract suspensions in Saudi Arabia, customer demand continued to grow in several key markets. Marketed utilization for the global jack-up fleet remains close to 90% when adjusted for rig suspensions in Saudi Arabia, reflecting the market's underlying strength. We maintained pricing discipline and secured key marketing opportunities. This is demonstrated by 13 contract wins or extensions in 2024 adding nearly US$ 900 million of additional contract backlog at a weighted average dayrate of approximately US$ 129k.

Since inception, we have focused on building long-term relationships with our customers, employees and other key stakeholders in our operating regions. Our strategic focus on developing scale has enabled us to efficiently redeploy rigs when market conditions shift, as showcased by the successful recontracting of the Shelf Drilling Achiever and Main Pass IV from Saudi Arabia to Nigeria at improved dayrates. We are currently mobilizing the Shelf Drilling Victory and High Island II for similar opportunities, further demonstrating the strength and flexibility of the Shelf Drilling platform.

We recently announced a strategic alliance with Arabian Drilling to deploy their premium rigs outside of the Middle East through a profit-sharing arrangement leveraging our international operating platform. The strategic alliance builds on this capability and will allow us to service customers in our key markets with premium rigs operated by Shelf Drilling using our proven management system and processes. We are excited about the opportunities this collaboration presents, enabling us to pursue further growth with minimal investment.

Our Adjusted Revenue for 2024 was US$ 972 million versus US$ 894 million in 2023 with an Adjusted EBITDA of US$ 351 million versus US$ 312 million in the prior year. 2024 Adjusted EBITDA includes approximately US$ 45 million of accelerated mobilization revenue recognition related to future years as a result of the contract terminations for the Shelf Drilling Victory and Harvey Ward in Saudi Arabia. Net income attributable to controlling interest was US$ 81 million, further demonstrating the continued improvement of our business results.

Following the sale of the Baltic, the resolution of the insurance claim on the Trident VIII, and capex held to the low end of our guidance range, our cash balance at year end increased to US$ 152 million reflecting our disciplined approach.

CEO's Statement

In May 2024, we successfully refinanced the first lien bonds at Shelf Drilling North Sea, increasing the size to US$ 315 million and extending the maturity to 2028. Furthermore, we were pleased to complete the merger of our two businesses in the fourth quarter that simplified our capital structure and delivered full ownership and control over five assets expected to deliver significant cash flow in 2025 and beyond.

The year undoubtedly presented unexpected challenges, and I am proud of the way our team responded. Our financial performance reflects the significant efforts made by the team to reduce costs and implement innovative solutions to minimize out of service periods and idle time across our fleet, particularly in response to the disruptions in Saudi Arabia and Norway.

We continued to advance our sustainability initiatives expanding the number of rigs equipped with our engine and fuel monitoring system. This is a critical tool that enables our rig crews to more accurately measure and manage power requirements in support of our long-term emissions reduction goals. We also launched a fuel additive pilot in collaboration with engine manufacturers and our customers as a further tool to help reduce our emissions long-term.

Another critical sustainability initiative this year was the development of our first EU CSRD-compliant Sustainability Statement —a rigorous and complex process that required extensive effort to align with the evolving regulatory standards. This undertaking involved a comprehensive review of our sustainability data, systems, and disclosures to meet the stringent new requirements. Given the scale of this effort, the publication of this Annual Report has been later than our usual timeline. We encourage you to read the statement included as part of this integrated report and welcome your feedback as we continue to strengthen our sustainability disclosures and enhance transparency in our reporting.

As part of our announced executive transition plan, I was delighted to welcome Douglas Stewart to Shelf Drilling in October last year to replace me as CFO following my appointment as CEO in August. We have continued to focus on executive development and succession for key members of our management to further build on the stability and capability of our great team to ensure the long-term success of our Company. I would like to thank David Mullen and the Board of Directors for their help and support to me and the rest of the management team throughout this transition.

We faced a number of unique challenges in 2024 that significantly impacted our business results, however I am confident that the actions we have taken, combined with the continued strength of the shallow water market, will enable us to drive increased value for our shareholders in 2025 and beyond.

I would like to thank all our stakeholders, and especially our employees for their help and support through what was a very challenging year.

Greg O'Brien
Chief Executive Officer

First
full year **without unplanned discharges**

TRIR of 0.18
61%
better than the industry average

We faced a number of unique challenges in 2024 that significantly impacted our business results, however I am confident that the actions we have taken, combined with the continued strength of the shallow water market, will enable us to drive increased value for our shareholders in 2025 and beyond.

Our Journey

2012
Establishment of Shelf Drilling

2013
Fleet achieves substantial independence, majority of rigs transferred to Shelf Drilling operational control

2014
Signing of 5-year contracts with Chevron Thailand for two newbuild jack-up rigs – Shelf Drilling Chaophraya and Shelf Drilling Krathong

2017
Equity raise on Norwegian OTC list to acquire 3 premium jack-ups

2018
Listing on Oslo Børs and redemption of Preferred Equity

2019
Signing of transaction with China Merchants to acquire two newbuild CJ46 jack-ups

2020
Publication of first standalone Sustainability Report on full year 2019 results

2021
Closed US$ 310 million principal amount of high yield bond offering to create multi-year liquidity runway

2022
Acquisition of 5 premium harsh environment jack-ups, related private placement and debt financing

Expansion of geographic footprint in North Sea and Qatar

Shelf Drilling North Sea listing on Euronext Growth Oslo

2023
Refinanced ~US$ 1.2 billion of interest-bearing debt with ~US $1.1 billion of new notes due 2029, an equity offering, and additional short-term facilities

Instituted a new US$ 125 million revolving credit facility

14 rig projects completed, highest number during a calendar year in Company history

2024
Merged Shelf Drilling North Sea into the Company

Expanded revolving credit facility to US$ 150 million

Opportunistically sold 1 standard specification rig for US$ 60 million

Secured multiple contract extensions and new awards

Norway
Shelf Drilling Barsk extension with Equinor

Thailand
Shelf Drilling Chaophraya & Shelf Drilling Krathong extensions with Chevron

Nigeria
Shelf Drilling Mentor and Adriatic I extensions, Shelf Drilling Achiever and Main Pass IV new contracts

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Board of Directors' Report & Financial Statements

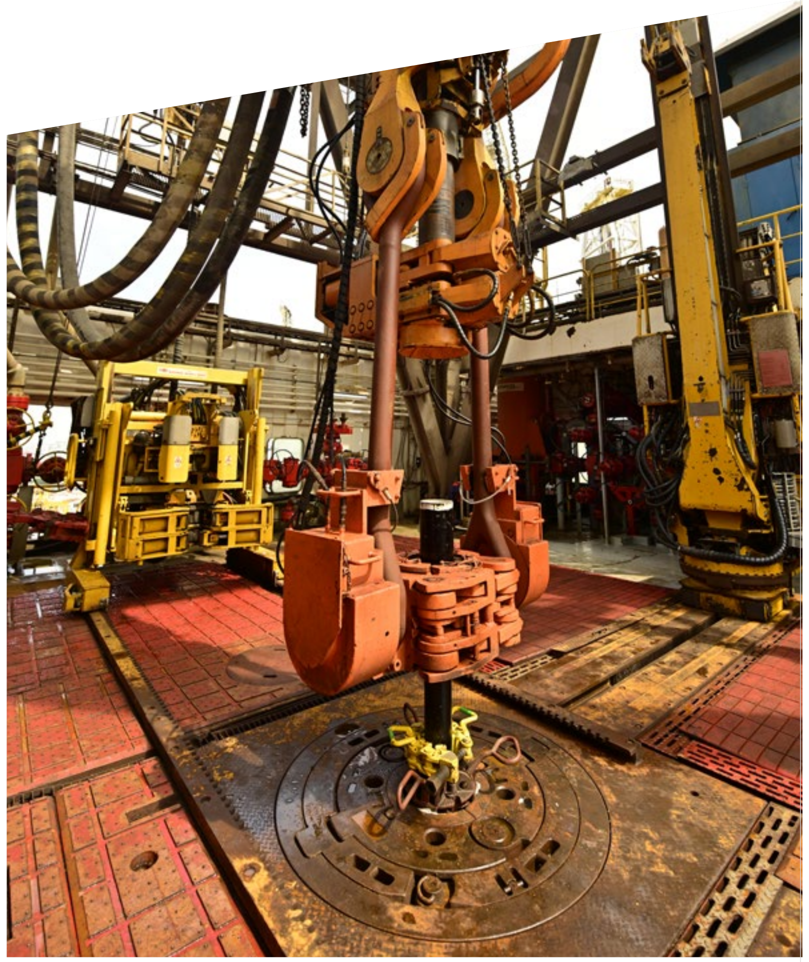
Market Review

Brent Oil Price

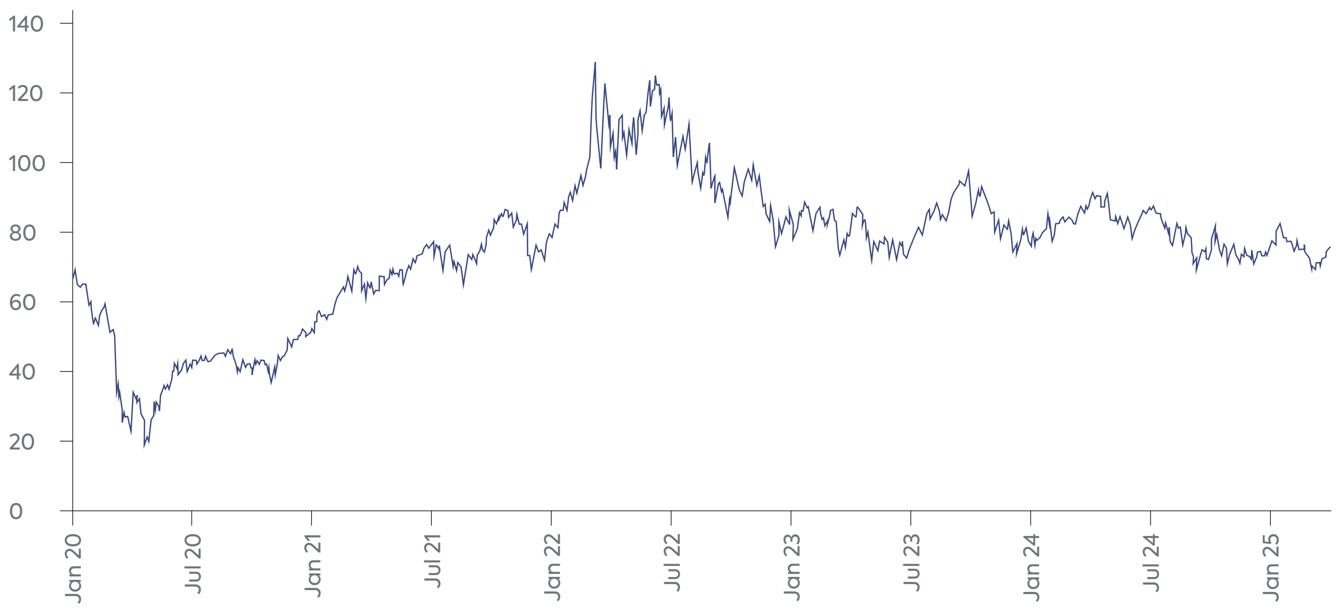
In 2024, Brent crude prices remained stable, averaging US$ 80 per barrel, and trading within a narrow range throughout the year.

This trend mirrored Brent's performance in 2023, shaped by a complex mix of competing factors. On one side, inflationary pressures, short-term global demand uncertainties, and rising non-OPEC supply exerted downward pressure on prices. On the other, continued geopolitical conflicts, prolonged OPEC production cuts, and expectations of interest rate reductions helped sustain price levels.

While investments in renewables and the increasing adoption of electric vehicles have begun to impact crude oil demand in certain countries of the world, the overall demand growth trajectory for all hydrocarbons remains positive in the foreseeable future. With global energy demand expected to rise, sustained investments in further E&P activities remains critical to meeting future energy needs.



Brent Crude Price (US$/bbl)



Source: Bloomberg, March 31, 2025

Supply & Demand Dynamics and Outlook

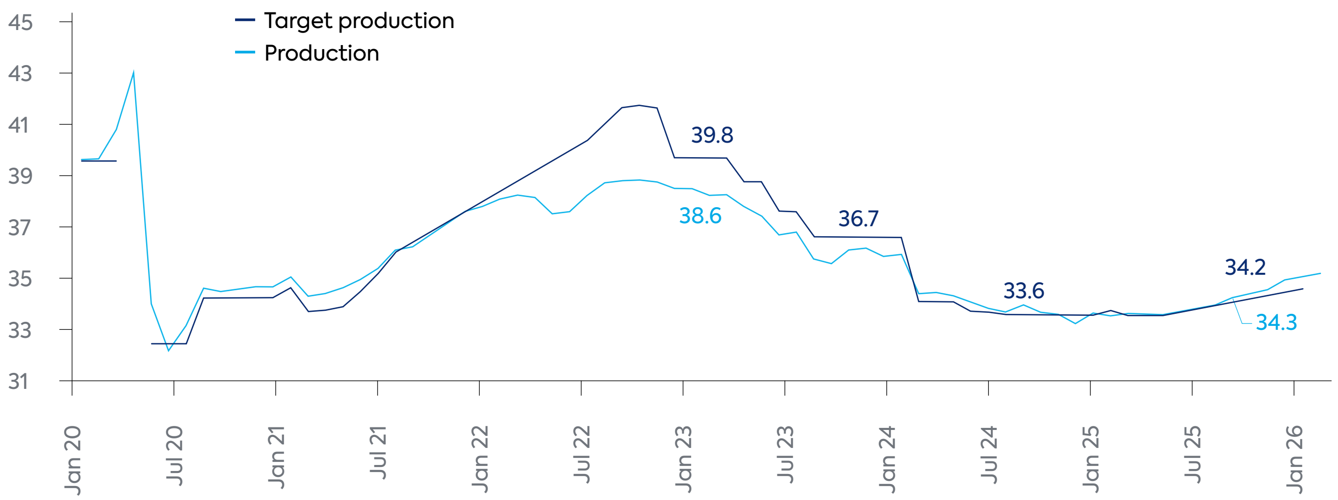
In 2024, global oil demand grew by 0.8 million barrels per day (mbpd), driven primarily by petrochemical feedstocks, while growth from road transportation slowed – most notably in China due to rising electric vehicle adoption rates and technological advancements. Oil demand growth is expected to accelerate slightly to 1.1 mbpd in 2025, led by emerging markets in Asia, according to the International Energy Agency ("IEA"). Other non-OECD nations are also expected to contribute to demand growth, albeit at a modest pace compared to recent years.

On the supply side, total global oil production increased 0.6 mbpd per day in 2024, primarily due to non-OPEC+ producers. The United States, Brazil, Guyana, Canada, and Argentina, collectively contributed 1.5 mbpd of additional supply, more than offsetting OPEC+ cuts. In March 2025, OPEC+ announced that it will proceed with the restoration of production quotas—marking the first output hike since 2022. Citing improving outlook for global supply and demand, the group will begin unwinding 5.9 mbpd of involuntary and 2.2 mbpd of voluntary production cuts from April 2025 over the subsequent 18 months. OPEC+ has emphasized that the production increase will be gradual and flexible, allowing for adjustments based on evolving market conditions to support stability.

While short-term market fluctuations continue to influence the global oil industry, the long-term demand outlook remains robust.

While short-term market fluctuations continue to influence the global oil industry, the long-term demand outlook remains robust. The slower-than-anticipated energy transition, rising energy demand—driven primarily by emerging economies, and a complex geopolitical landscape have reinforced the critical role of hydrocarbons in ensuring energy affordability, accessibility, and sustainability. As a result, hydrocarbons are expected to remain a key part of the global energy mix for decades.

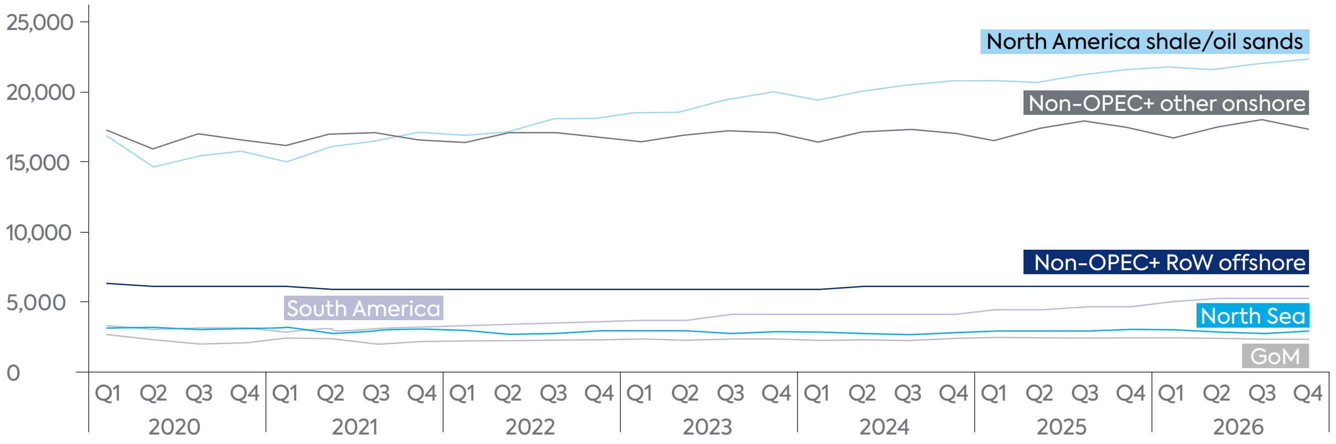
OPEC+ Actual Production vs. Quota (mbpd)



Source: Rystad Energy, January 2025
Note: Excludes countries exempted from production cuts from 2020 onwards (i.e., Iran, Venezuela, Libya, and Mexico).

Market Review

Non-OPEC+ Production Growth (mbpd)



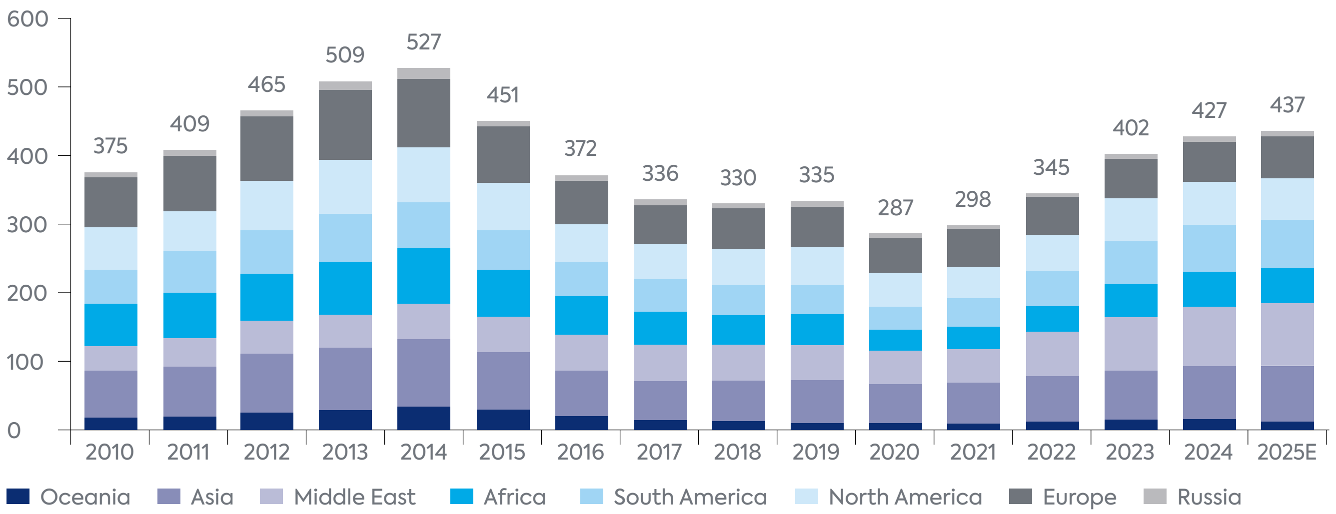
Source: Rystad Energy, January 2025

Total offshore E&P expenditures reached their highest level in nearly a decade, which is a crucial factor in sustaining productive capacity in offshore fields as they replace declining traditional onshore supply. Notably, the growth in greenfield activities outpaced other types of work, signaling a renewed risk appetite among E&P companies, particularly in West Africa, Southeast Asia, and South America throughout 2024.

Meanwhile, national oil companies ("NOCs") in the Middle East and India did not expand their shallow water drilling fleets as initially anticipated and are instead expected to maintain activity levels in line with recent trends to sustain existing production profiles. In the North Sea, E&P expenditures remain stable though there may be a short-term shift in focus from drilling to P&A activities.

While economic and geopolitical factors have introduced additional layers of uncertainty to any forward projection, current commodity price levels and the medium-term demand outlook remain supportive of continued investments in shallow water basins.

Total E&P Offshore Expenditures to Reach New Highs (US$ billions)



Source: Rystad Energy, January 2025

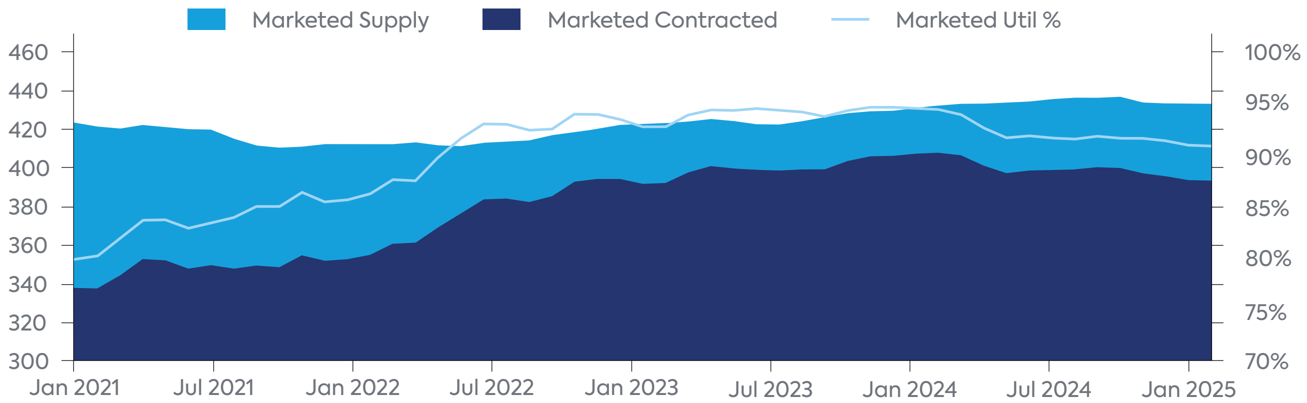
Jack-up Market Review and Outlook

Global jack-up activity in 2024 did not expand as expected, with the contracted rig count decreasing slightly from 406 at the start of the year to 400 at year end. Marketed utilization decreased by 2 percentage points to 92%, primarily due to an increase in rigs entering or returning to service.

One of the most significant developments in 2024 was Saudi Aramco's reversal of their previous expansion plans, gradually suspending and releasing at least 34 rigs over the course of the year. Although a number of these rigs have since secured new contracts, many are being marketed globally for new opportunities.

The contracted rig count and marketed utilization figures above do not fully account for rigs suspended in the Middle East that are being actively marketed for new opportunities. Adjusting for these suspended rigs, marketed utilization is estimated to have dipped below 90% in 2024 but remains at constructive levels.

Jack-up Rigs Marketed Supply, Demand & Utilization



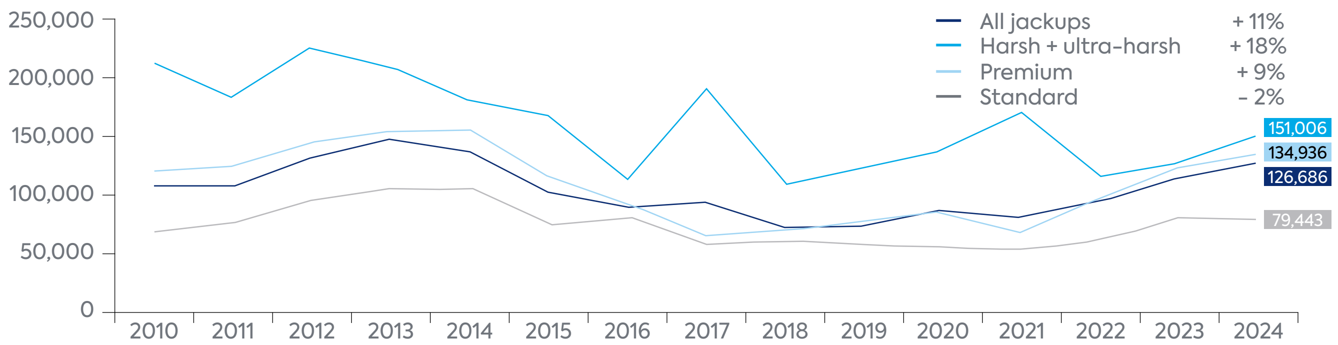
Source: IHS Petrodata, March 31, 2025

Overall dayrate trends for newly fixed jack-up contracts in 2024 posted a solid year-over-year gain, though disparities emerged across both region and assets classes. Standard jack-ups in the Middle East and India were most impacted due to rising market uncertainty. However, standard rigs with specific designs or features continued be in steady demand, as they are more cost effective particularly for brownfield and P&A activities.

Meanwhile, the market for premium jack-ups remained tight, as incremental demand in West Africa and Southeast Asia absorbed several rigs recently released from the Middle East. Harsh environment rigs saw the most significant uplift in dayrate, as the North Sea market remained balanced following the departure of multiple rigs from the region.

With respect to jack-up rig supply, only 13 jack-ups are currently under construction, highlighting the very limited new supply coming into the market. In 2024, only six newbuilds were delivered, while several older rigs were retired, further reinforcing the tight supply outlook.

Average Dayrates on New Contract Fixtures by Jack-up Class (US$ thousands)



Source: Rystad Energy, January 2025

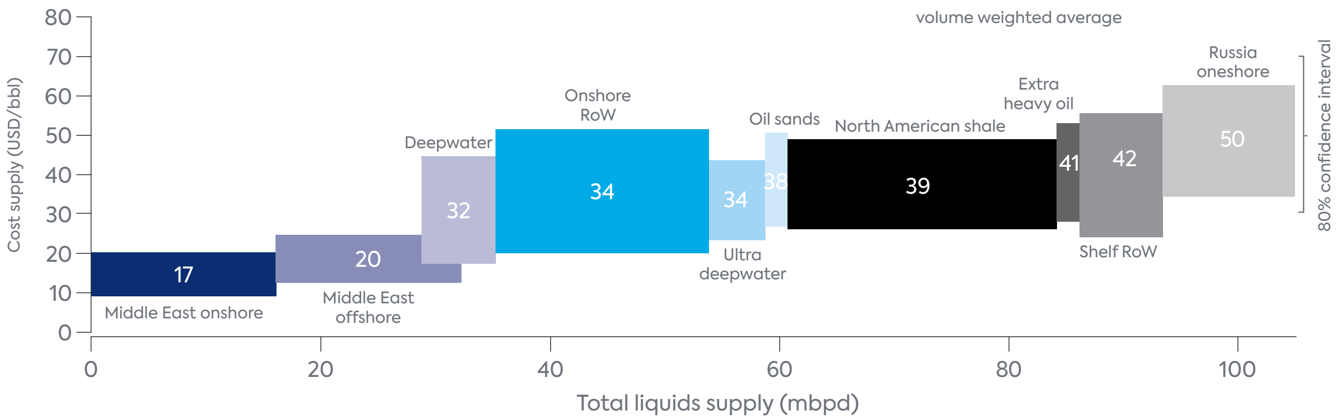
Market Review

Where We Work

Sole focus on shallow water

Shallow water basins are a key source for global crude production, representing 18% of total global and 65% of total offshore production in 2024. Low breakeven price and short lead time to production makes shallow water an attractive source as offshore E&P expenditure levels reach decade-high levels. Aside from exploration and greenfield drilling activity representing 43% of jack-up activity globally, many lower risk, and more resilient brownfield workover projects are also located in shallow water and account for 55% of the work for the global fleet. Plug & Abandonment ("P&A") projects are also poised for growth as governments are increasingly mandating E&P companies carry out decarbonization initiatives, according to Rystad Energy.

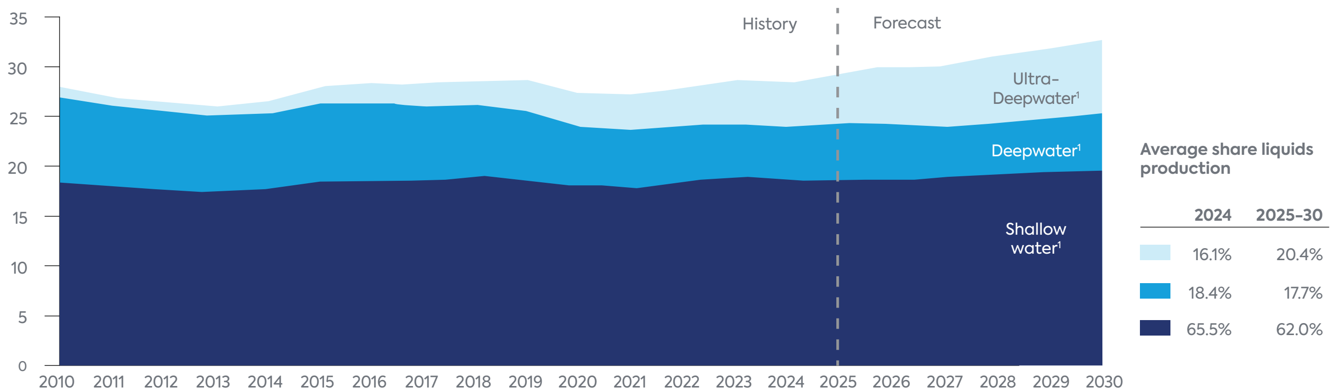
2030 Global Liquids Cost Curve[1] (mbpd)



[1]Breakeven calculated as of the current year. All historical cash flow are sunk, 10% discount rate. The vertical range illustrates an 80% confidence interval for the breakeven prices. Includes producing fields, ongoing development projects, discoveries and exploration assets.

Source: Rystad Energy, January 2025

Offshore Crude Production by Water Depth (mbpd)



[1]Shallow water: water <125m, Deepwater: 125-1500m, Ultra deepwater: >1500m.

Source: Rystad Energy, January 2025

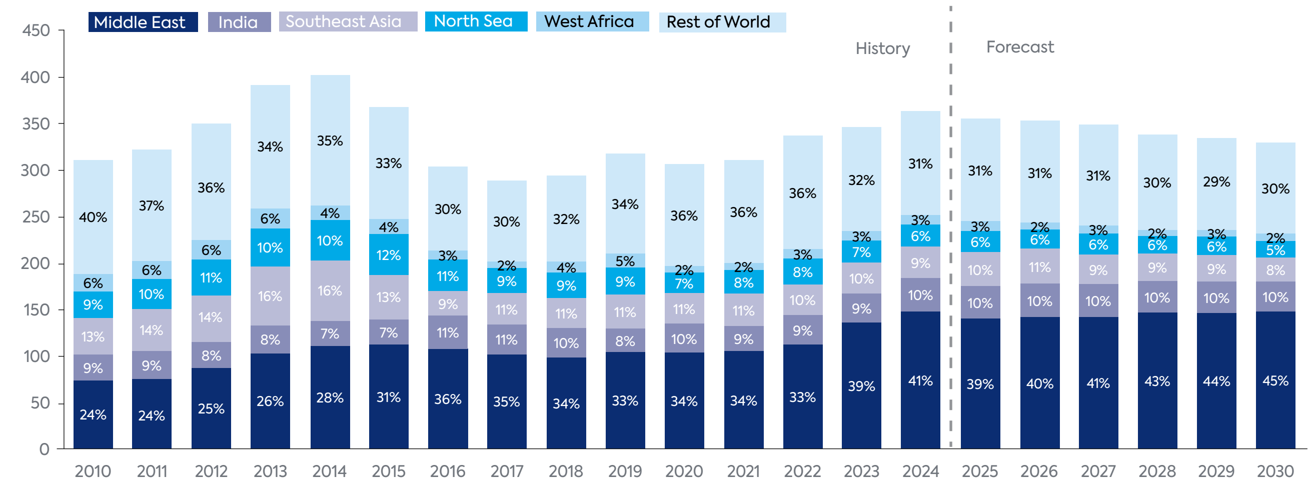
Our core operating regions are among the lowest-cost and lowest-emission supply sources globally. Despite short term disruptions since mid-2024, E&P activity has remained stable, primarily driven by NOCs, and joined by independents and IOCs. Demand across most of our operating regions remains strong with customers continuing to issue tenders, engage in direct negotiations and steadily award contracts for incremental rigs, reflecting the resilience of these markets.

Our Markets

As a leading international pure-play jack-up rig contractor, we have critical mass and significant market share in all our core operating regions. Our sole focus on shallow water operations enables us to optimize the size, scale, and management of our organization, strategically concentrating our growing fleet of rigs in the most promising markets.

Our five core operating regions – India, West Africa, Southeast Asia, MENAM and North Sea – collectively represent 70% of the global contracted jack-up fleet.

Share of Jack-up Demand by Region (Rig Years)



Source: Rystad Energy, January 2025

The **Middle East** jack-up market experienced challenges in 2024 following Saudi Arabia's unexpected decision to discontinue its maximum sustainable capacity ("MSC") expansion plans. As a result, at least 34 out of 92 rigs in Saudi Arabia were suspended and/or released from contracts over three phases in 2024, affecting both premium and standard rigs. However, the impact of these suspensions was not uniform across contractors with international players experiencing a higher percentage of their contracted fleet suspended. Of our nine rigs operating in Saudi Arabia at the start of 2024, seven were suspended by year-end. We elected to terminate three of these suspended contracts to pursue alternative opportunities for two of those rigs in other regions and sell the third rig for non-drilling purposes. Competition for the limited number of new contracts awarded in Qatar and Kuwait has been intense, and several rigs have or are expected to leave the region in the near term for opportunities elsewhere. We currently have three rigs operating in the Middle East and continue to pursue redeployment opportunities for suspended rigs in regions with stronger demand, demonstrating our ability to adapt while maintaining a presence in the region despite a more competitive bidding environment.

India remains a key market for jack-up activity, though 2024 saw a shift in rig demand as ONGC expressed its intent to reassess its fleet size following its jack-up rig count reaching an all-time high. This, combined with an influx of rigs from the Middle East, particularly standard rigs, led to heightened competition for a more limited set of opportunities, resulting in downsized and delayed tenders and softening dayrate expectations. Despite these near-term pressures, jack-up rig count in the country is expected to stabilize around its historical average of just over 30 rigs. India's long-term rig demand outlook remains positive, with the country projected to lead global oil demand growth, reinforcing the need for continued exploration and production ("E&P") investment. We remain a leading contractor in India, with six rigs under contract and two additional rigs available in-country.

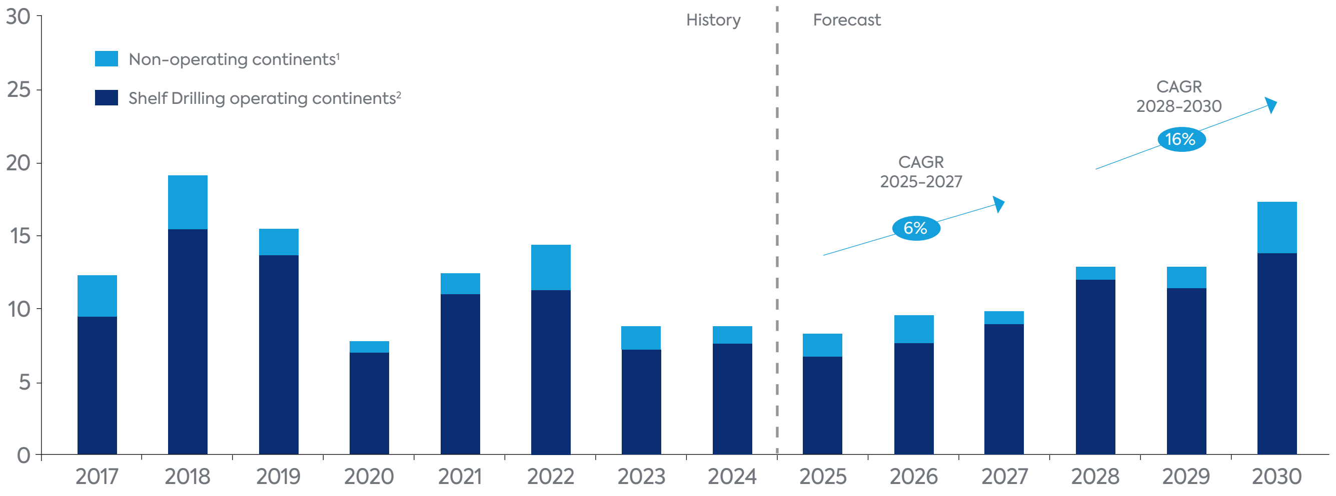
Market Review

Southeast Asia experienced strong contracting momentum throughout 2024 and into 2025. NOCs and IOCs in Thailand and Vietnam actively awarded extensions to incumbent rigs as well as many new contracts to incremental rigs expected to commence in 2025, supporting steady growth in the region. Premium rigs remain in high demand, as reflected in contracting activity across the region. However, dayrates for new contracts have varied more than usual, partly due to contractors urgently looking to redeploy the suspended rigs from the Middle East. With tenders for 2026 programs already underway, confidence in future fundamentals remains strong. We continue to have a well-established position in the region with three rigs in Thailand and one in Vietnam.

In **West Africa,** we have built a leading position with rising activity levels and increasing opportunities throughout 2024, particularly in Nigeria. We successfully secured long term extensions for our existing rigs, and redeployed two rigs from Saudi Arabia to Nigeria under multi-year contracts at improved dayrates. The contracting momentum remains strong with multiple tenders ongoing across the region. We expect to further expand our fleet in West Africa, adding two more from the Middle East to meet the growing demand in this region. Currently, we operate six rigs in West Africa, all of which are under contract.

The **North Sea ex-Norway** market in 2024 was largely in a holding pattern due to the uncertainty surrounding the UK general election. As the new government introduced higher windfall taxes and removed investment incentives for North Sea oil and gas projects, we do not foresee significant growth in drilling campaigns in the near term. However, proposed legislation mandating the decommissioning of depleted wells is expected to drive rig demand for P&A activities. The **Norwegian** market remains stable for CJ70 rigs following the departure of other jack-up designs. We maintain a strong presence, operating three rigs in this harsh environment region.

P&A Activities Projected for Rapid Growth Worldwide (Rig Years)

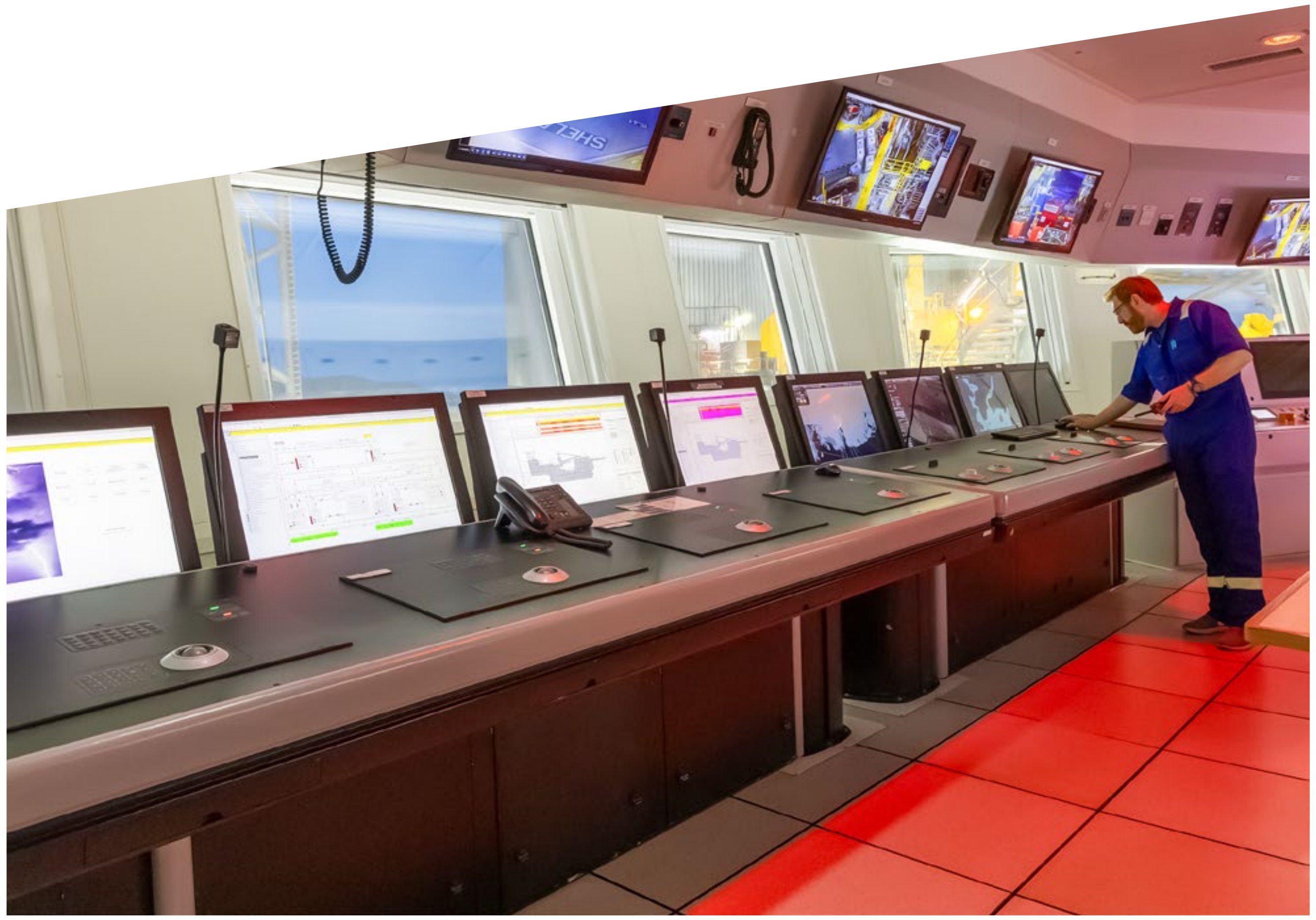


Source: Rystad Energy, January 2025

Number of Contracted Jack-ups by Region

Regions	Contracted Jack-ups		Change Since Prior Peak
	Apr-14	Mar-25	
Middle East	127	162	34
India	32	34	2
West Africa	20	17	-4
SE Asia	67	38	-29
North Sea	46	26	-20
Mexico	50	31	-19
US GOM	15	2	-13
China	30	61	31
Sub-Total	387	370	-17
Total Under Contract	429	393	-36
Available	24	40	16
Total Active Supply	453	433	-20
% Marketed Utilization	95%	91%	0
Under Construction	141	13	-128

Source: IHS Petrodata, March 31, 2025



Business Review

Our 2024 Key Performance Indicators

0.18
TRIR

99.3%
Uptime

US$2.1B
Backlog

81.0%
Effective Utilization

US$ 83.2K
Average Dayrate

34.6
Average Marketable Rigs

Safety & Operational Performance

In 2024, Shelf Drilling achieved a TRIR of 0.18, with 10 recordable incidents throughout the year. Our TRIR was 61% lower than the IADC industry average of 0.46, and our Lost Time Incident Rate ("LTIR") was 0.04, significantly below the IADC average of 0.13. While these figures represent a slight decline from our record-low performance in 2023, they remain consistent with recent years and mark our fourth-best year since inception. Notably, the recordable incidents in 2024 were mostly low in actual and potential severity. We believe these incidents were not attributed to failures in safety protocols but rather to insufficient risk assessment when working with less experienced crews. Recognizing this, we reinforced the importance of meticulous planning and proactive supervisor engagement to further enhance safety culture and protect our people, business partners, and the environment. Despite industry-wide challenges, our safety performance in 2024 demonstrated significant achievements. 28 rigs operated with zero recordable incidents throughout the year, including the entire fleet in Saudi Arabia and India, and we recorded no loss of containment leading to any unplanned discharges to the sea.

In 2024, our fleet achieved an operational uptime of 99.3%, improving from 98.8% in 2023. Notably, two of our rigs in Saudi Arabia completed the year with an impressive 100% uptime, contributing to an overall 99.7% uptime for the division. Meanwhile, our fleet in India logged the highest operating hours and closed the year with an uptime of 99.6%.

Six of our rigs completed major projects in 2024 – a level more in line with our fleet's typical operations. Four of these rigs – Shelf Drilling Perseverance, Shelf Drilling Achiever, the Main Pass IV, and Trident II – successfully completed contract preparation or 5-yearly recertification projects and were mobilized over long distances for their respective projects and contract commencements. Shelf Drilling Barsk in Norway achieved a key operational milestone by successfully securing an Acknowledgement of Compliance from the regulatory authority, enabling the rig to commence operations in Q4 2024.

28 Rigs

had **ZERO Recordable Incidents** in 2024

Business Review

Backlog

Marketing efforts in 2024 proved more challenging than anticipated, as the sudden influx of available rigs in the Middle East placed downward pressure on bidding dynamics across most benign shallow water markets. Despite this, we secured 13 new contracts, extensions, and exercized options, adding nearly US$ 900 million in gross backlog. However, this was partially offset by three early contract terminations, bringing our total year-end contracted backlog to US$ 2,141 million. Included in this figure is approximately US$ 600 million associated with the remaining four suspended rigs in Saudi Arabia.

Our diverse customer base includes NOCs, IOCs, and independent oil & gas operators, including but not limited to Chevron Corporation ("Chevron"), Oil and Natural Gas Corporation Limited ("ONGC"), Saudi Arabian Oil Company ("Saudi Aramco"), Equinor, TotalEnergies SE, Ente Nazionale Idrocarburi S.p.A ("ENI"), PetroVietnam Exploration Production Corporation ("PVEP"), QatarEnergy LNG, and PTT Exploration and Production Public Company Limited ("PTTEP").

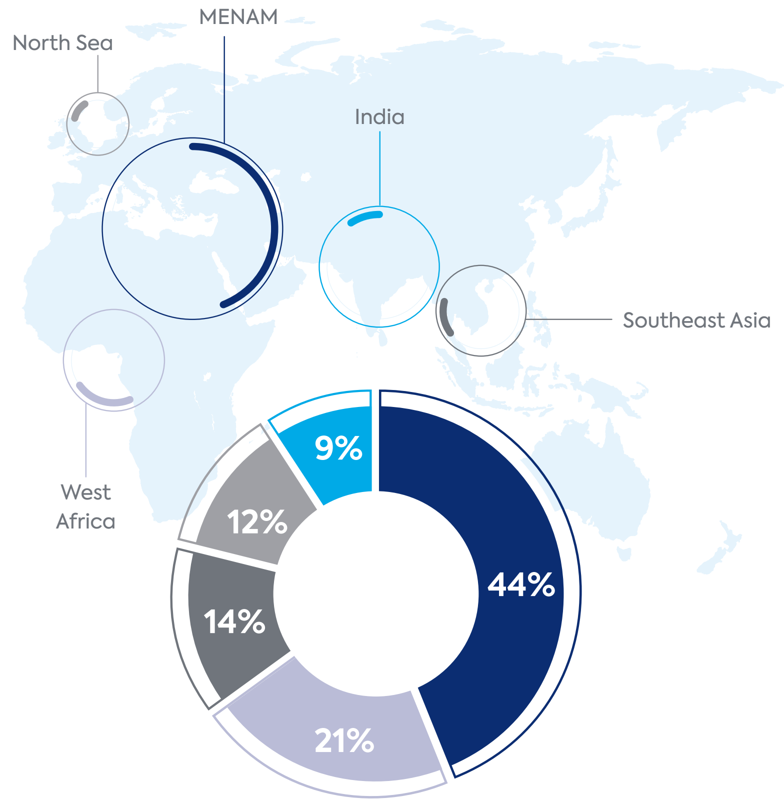
In 2024, we added 18.4 rig-years of activity, ending the year with 31 of 33 rigs contracted, representing 94% utilization and an average of 701 contracted days per rig. The Main Pass I was held for sale, and the transaction closed in Q1 2025.

Our key strategic focus in 2024 was the redeployment and recontracting of rigs suspended in the Middle East, alongside the successful commencement of operations for the Shelf Drilling Barsk. We successfully relocated two rigs to West Africa at higher dayrates, and aim to build on this momentum in 2025 by securing new opportunities for the remaining available rigs.

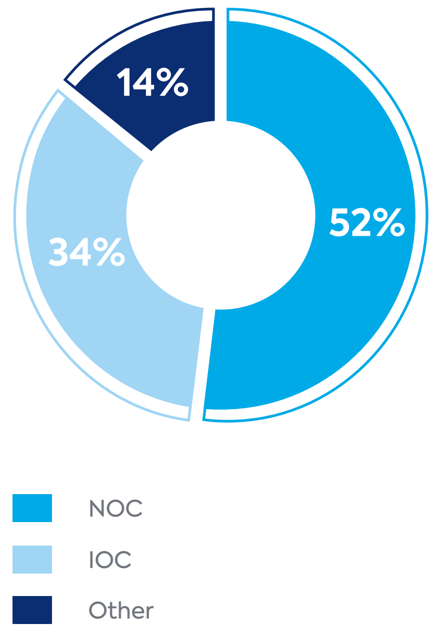
Key Contract Extensions & New Awards

- **Shelf Drilling Barsk**
  extension for 2 firm wells plus 3 optional wells with Equinor in Norway
- **Shelf Drilling Mentor**
  extension for 10 firm wells in Nigeria
- **Shelf Drilling Achiever**
  new contract for 3-year firm plus 2-year option in Nigeria
- **Adriatic I**
  extension for 2-year firm plus 1-year option in Nigeria
- **Main Pass IV**
  new contract for 2-year firm term in Nigeria
- **Shelf Drilling Chaophraya and Shelf Drilling Krathong**
  extension for 2-year firm plus 1-year option each with Chevron in Thailand

Backlog Breakdown by Geography



Backlog Breakdown by Customer Type



Other Performance Indicators

In 2024, our effective utilization, – which accounts for periods off hire and time not on full dayrate due to factors such as downtime, waiting on weather, or other operational delays, declined slightly to 81% from 83% in 2023. This decline was primarily driven by increased idle time in Saudi Arabia following the suspension of seven rigs. However, this impact was partially offset by one rig from the North Sea commencing a new contract in Southeast Asia and efficiencies gained by conducting several out-of-service projects during rig moves or executing them through more effective methods, reducing overall downtime.

The average number of marketable rigs for 2024 marginally declined to 34.6 from 35.2, reflecting the full-year inclusion of the Shelf Drilling Barsk after completing its bareboat charter in Q4 2023, partially offset by the Trident VIII going out-of-service in Q2 2024 and the sale of the Baltic in Q3 2024.

The average dayrate for rigs in operation increased to US$ 83.2k in 2024 from US$ 76.9k in 2023, mainly driven by four rigs commencing new contracts in West Africa, Southeast Asia, and Norway at higher dayrates in H2 2024. We anticipate this upward trend to continue as we redeploy suspended rigs from Saudi Arabia at more favorable dayrates and recontract rigs in India following their completion of lower dayrate contracts in late 2024 and early 2025.

Shelf Drilling North Sea Merger

The 5-rig acquisition and the establishment of SDNS in 2022 was undertaken with the intent of eventually fully integrating this fleet into our operating platform and simplifying our capital structure. However, the delayed contract commencement of the Shelf Drilling Barsk and the resulting cash shortfall at SDNS created an opportunity to accelerate full consolidation and provide the necessary financial support. As a result, in Q4 2024 we successfully completed the merger of SDNS into the Company, making it a wholly owned subsidiary. This transaction further enhances our fleet profile, and we expect these rigs to be key contributors to earnings and cash flow in 2025 and beyond.

Financial Review

The year 2024 presented significant and unexpected challenges, to which Shelf Drilling responded with disciplined capital allocation and operational excellence.

The suspension of seven of rigs in Saudi Arabia and the delayed Acknowledgement of Compliance in Norway for the Shelf Drilling Barsk impacted our financial results and liquidity. In response, we swiftly redeployed two of the suspended rigs to West Africa under new long-term contracts and are mobilizing another two of these rigs for contract commencements in the region in mid-2025. The liquidity shortfall at SDNS level was resolved through the completion of the merger of SDNS into Shelf Drilling in October 2024. We also initiated steps to improve the Company's financial flexibility by rationalizing and optimizing our fleet composition with the divestiture of certain assets. The Baltic was sold in 2024 and the Main Pass I was sold earlier in 2025. We anticipate the sale of the Trident VIII, following the resolution of an insurance claim, to occur later in the second quarter of 2025. As we recover from the challenges of 2024, we remain committed to delivering best-in-class performance to our customers and improving shareholder returns.

Our 2024 financial results reflect the Company's ability to drive efficiencies, redeploy assets, implement innovative cost-saving measures, and minimize out-of-service time for our fleet, mitigating the impact of challenges experienced in 2024 in Saudi Arabia and Norway.

Financial 2024 Key Performance Indicators

US$ 972MM
Adjusted Revenue

US$ 351MM
Adjusted EBITDA

36%
Adjusted EBITDA Margin

US$ 152MM
Capital Expenditures & Deferred Costs

Significant Transactions in 2024

2024 was one of the most stable years in recent times for Brent crude oil, with prices ranging between US$ 74 and US$ 90 per barrel, despite continued elevated geopolitical tensions, macroeconomic weakness and the interventions taken by OPEC+ in 2024 to increase non-OPEC production. Demand for jack-up rigs increased across several of our key markets, particularly in West Africa and Southeast Asia. As of December 31, 2024, our backlog was US$ 2.1 billion and our weighted average backlog dayrate was US$ 98.5k.

Of the nine Shelf Drilling rigs previously operating in Saudi Arabia at the beginning of 2024, seven received contract suspension notices from Saudi Aramco in three separate waves of suspensions. This event materially impacted the Company's financial performance in 2024 with a combined dayrate revenue loss for our Saudi operations of approximately US$ 111 million. Two of the suspended rigs – the Shelf Drilling Achiever and Main Pass IV – were swiftly redeployed to West Africa and started new long-term contracts in the last quarter of 2024. Additionally, two more suspended rigs – the Shelf Drilling Victory and High Island II – are currently being mobilized for similar opportunities in West Africa.

In Norway, the delayed commencement of operations for the Shelf Drilling Barsk with Equinor, due to the initial rejection of its Acknowledgement of Compliance application, generated a total revenue loss of approximately US$ 54 million. The merger of SDNS into Shelf Drilling, which was planned since the acquisition in 2022, upgraded our fleet but also enabled the Company to address the liquidity challenges at SDNS. We completed the merger in October 2024 for a total consideration of US$ 107 million in Company shares and cash. Earlier in May 2024, we had also successfully completed the refinancing of SDNS's debt. This included the full redemption of the US$ 237.5 million 10.25% senior secured notes due October 2025, and issuance of new US$ 315 million 9.875% senior secured bonds due November 2028, providing greater flexibility to manage future capital needs.

In addition to the Company's responses to the challenges faced in 2024, which included operating expense and capital expenditure savings, rig redeployments and optimization of rig out-of-service time, we initiated steps to rationalize our fleet. In September 2024, we completed the opportunistic sale of the Baltic for US$ 60 million, generating significant value for the business and shareholders. This was followed in early 2025 by the sale of the Main Pass I, while the sale of the Trident VIII, following the successful resolution of an insurance claim, is expected to close in the second quarter of 2025.

Financial Review

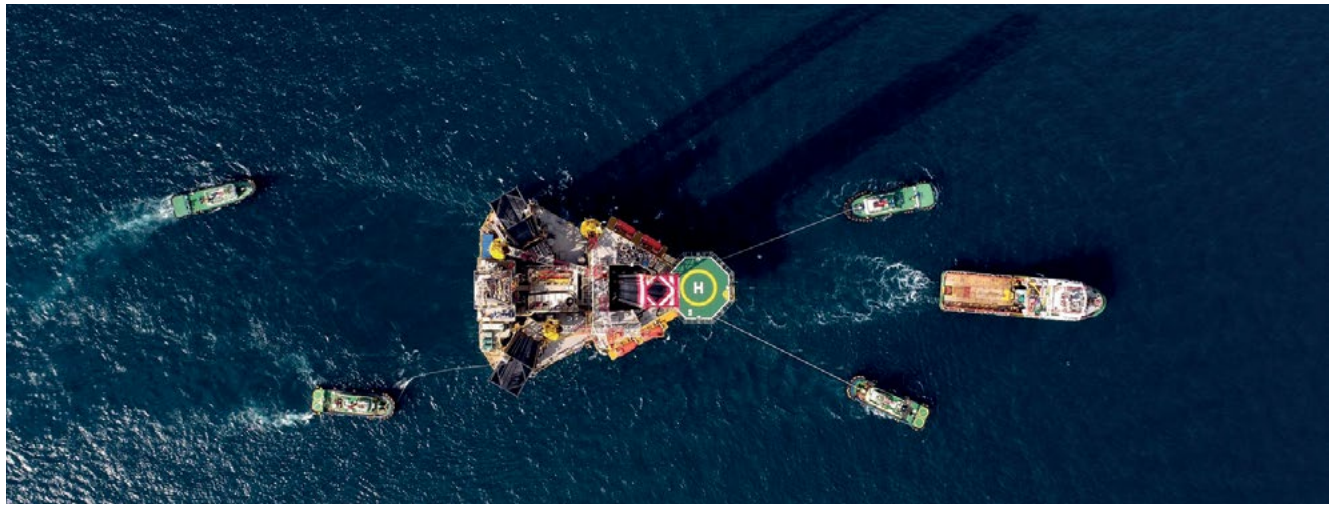
Financial Performance Summary

(Amounts millions, except ratios, percentages and share data)

Statement of Operations	Year 2024	Year 2023
Revenues	US$ 985.2	US$ 908.0
Operating and maintenance	$553.4	$512.9
Income before income taxes	$84.4	$12.5
Net income / (loss)	$52.6	$(17.2)
Balance Sheet		
Current assets	$483.7	$418.9
Long-term assets	$1,593.5	$1,679.8
Total assets	$2,077.2	$2,098.7
Current liabilities	$343.2	$313.2
Long-term liabilities	$1,305.7	$1,383.2
Equity	$428.3	$402.3
Key Ratios & Statistics		
Adjusted Revenues	$972.4	$893.8
Adjusted EBITDA	$350.7	$311.5
Adjusted EBITDA Margin	36%	35%
Adjusted free cash flow	$22.0	$(52.8)
Net debt / LTM adjusted EBITDA	3.4x	3.9x
Total contract backlog / Net debt	1.8x	1.9x
Diluted income / (loss) per share	$0.35	$(0.04)
Number of shares issued and outstanding	255.8	213.7

Total Adjusted Revenues for 2024 of US$ 972 million increased from US$ 894 million in 2023. Adjusted EBITDA was US$ 351 million and Adjusted EBITDA Margin was 36% in 2024, compared to US$ 312 million and 35%, respectively, for 2023. Adjusted EBITDA for 2024 included approximately US$ 45 million of accelerated mobilization revenue recognition resulting from the contract terminations for the Shelf Drilling Victory and Harvey H. Ward in Saudi Arabia. Net income attributable to controlling interest was US$ 81 million. Effective utilization declined to 81% in 2024 from 83% in 2023, mainly driven by the contract suspensions and associated idle time of seven rigs in Saudi Arabia, and the contract preparation and relocation from the UK to Vietnam of the Shelf Drilling Perseverance. Average earned dayrate increased to US$ 83.2 thousand in 2024 from US$ 76.9 thousand in 2023. Year-over-year, our total operating and maintenance and general and administrative expenses increased to US$ 620 million in 2024 from US$ 577 million in 2023, primarily due to the conclusion of the bareboat charter agreement for the Shelf Drilling Barsk in Norway at the end of 2023, the relocation and contract preparation of the Shelf Drilling Achiever from Saudi Arabia to Nigeria, as well as higher expenses for fleet spares. The income tax expense for 2024 was US$ 32 million or 3.2% of total revenue. Diluted net income per share was US$ 0.35.

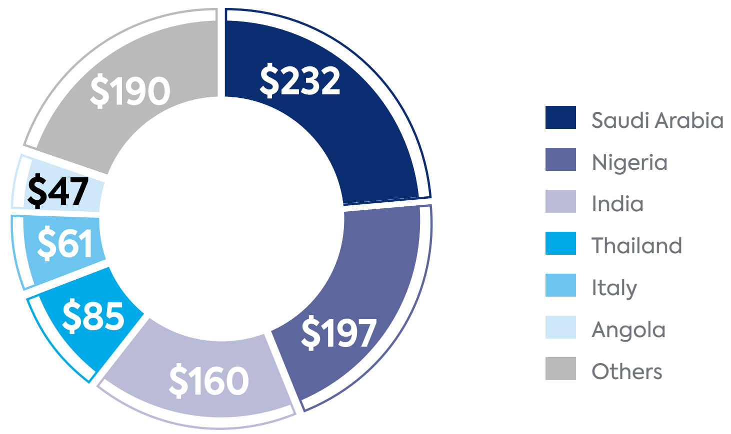
Capital expenditures and deferred costs in 2024 of US$ 152 million included US$ 117 million for regulatory, capital maintenance and rig contract preparations, as well as US$ 35 million for fleet spares and others. The 2024 capital expenditures and deferred costs included significant spending for the contract preparations of the Shelf Drilling Perseverance in Vietnam, Shelf Drilling Barsk in Norway, Main Pass IV in Nigeria, and Trident II in India.



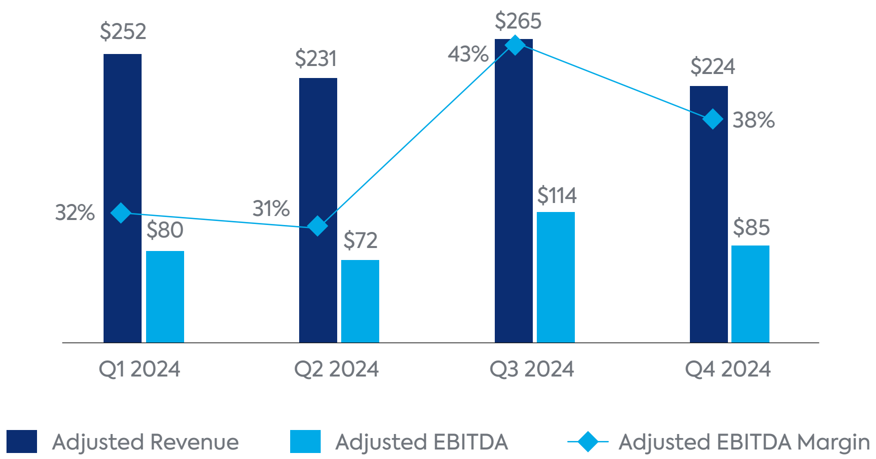
At the end of 2024, Shelf Drilling's cash balance was US$ 152 million. The net cash provided from operations in 2024 was US$ 28 million and the total debt was US$ 1.4 billion as of December 31, 2024. Our total backlog / net debt ratio was 1.8 as of December 31, 2024, compared to 1.9 in the prior year.

The year 2024 concluded as one of the most challenging years for the Company since the end of the COVID-19 pandemic, and Shelf Drilling demonstrated its adaptability to a fast-changing environment. We continue to see an increase in demand by customers in many locations, even though the competition for marketing opportunities intensified across many regions as a result of the contract suspensions in Saudi Arabia. We believe our best-in-class operating platform, ability to maintain a capital allocation and pricing discipline, as well as on-going steps to optimize our fleet composition will enable us to drive long-term value for our stakeholders in 2025 and beyond.

2024 Adjusted Revenue by Country (US$ Millions)



Quarterly 2024 Adjusted Revenues (US$ Millions), Adjusted EBITDA (US$ Millions), and Adjusted EBITDA Margin (%)



Corporate Governance

Pursuant to the Oslo Rulebook II – Issuer Rules applicable to companies listed on Oslo Børs, where the shares of Shelf Drilling, Ltd. ("Shelf Drilling" or the "Company") are actively traded, the Company is subject to the reporting requirements of the Norwegian Code of Practice for Corporate Governance, a copy of which is available at www.nues.no/english/.

The Company considers good corporate governance to be a prerequisite for value creation, building trust with its stakeholders, and for accessing sources of capital. Since inception, the Company has ensured a robust compliance culture across the organization which, combined with comprehensive policies, procedures, and systems, ensures reliable financial reporting and compliance with the legislation and regulations applicable to the Company and its subsidiaries. Details regarding the Company's approach and compliance with the Norwegian Code of Practice for Corporate Governance (most recently revised on October 14, 2021) (the "Code") are presented in sections 1 to 15 below. This report follows the same structure as used in the Code.

1. Implementation and Reporting on Corporate Governance

The board of directors of Shelf Drilling (the "Board") endeavors to comply with the recommendations set out in the Code. However, in accordance with common practice for Cayman Islands incorporated companies, there are certain deviations from the Code's recommendations.

Further information on, and the background for, the deviations are presented in the relevant sections of this report.

2. Business

Shelf Drilling was incorporated under the laws of the Cayman Islands on August 14, 2012, and is a holding company. The operations of the Company and its subsidiaries are entirely carried out by the Company's operating subsidiaries. Shelf Drilling is a leading international shallow water offshore contractor providing equipment and services for the drilling, completion, maintenance and decommissioning of oil and natural gas wells. We are solely focused on shallow water operations in depths of up to 500 feet and our fleet consists of 33 independent-leg cantilever jack-up rigs, making us one of the world's largest owners and operators of jack-up rigs by number of active shallow water rigs.

In accordance with common practice for Cayman Islands incorporated companies, Shelf Drilling's objectives are not specified in the Company's articles of association (the "Articles"), contrary to what is recommended in the Code.

The Board seeks to define clear objectives, strategies, and risk profiles for the Company's business activities such that it creates value for its shareholders in a sustainable manner, among other things by way of challenging management on proposals made to deploy capital in strategic investments and authorizing spending to established limits through the annual budget process. The Board regularly assesses the Company's performance and adjusts plans when deviations are observed.

The Company continuously develops strategies and plans to secure its long-term sustainability and profitability, creating value for investors while balancing these efforts with the interests of other stakeholders (employees, creditors, suppliers, customers, local communities, for example) and ensuring compliance with internal and external regulations. For further details please see page 8 for the section on Strategy and Competitive Strengths in the Form 10-K equivalent included in this report.

The Board evaluates the Company's objectives, strategies and risk profile on an annual basis. Further, the Board reviews the Group's environmental, social and governance ("ESG") policies, including its Sustainability Policy and Code of Business Conduct and Ethics which provide information on matters relating to the environment, social issues, the working environment, equality and non-discrimination, respect for human rights, and anti-corruption and bribery. The Board also evaluates climate risks and opportunities and makes regular assessments of the Group's ESG policies in order to ensure high standards. For further details about our ESG policies, please see our Sustainability Statement contained in this Annual Report.

3. Equity and Dividends

Capital Structure

As of December 31, 2024, the total issued share capital of the Company amounted to US$ 2,558,466.52, divided into 255,846,652 common shares, each with a par value of US$ 0.01. The Board considers the Company's capital structure to be appropriate with regard to the Company's objectives, strategy and risk profile.

The Company's financing arrangements as of December 31, 2024, were comprized of US$ 1,057.5 million of 9.625% senior secured notes due April 2029, US$ 315.0 million of 9.875% senior secured bonds due November 2028, US$ 25 million of term loan due March 2025 and US$ 150.0 million revolving credit facility. As of December 31, 2024, the Company had a total principal amount of indebtedness of US$ 1.4 billion. The Company did not distribute any dividends for the financial year ended December 31, 2024.

Dividend Policy

The Company's future dividend policy is within the discretion of the Board, who will consider issuing dividends to holders of common shares with other relevant considerations and factors, including but not limited to the Company's working capital and capital expenditure needs, results of operations, financial condition, and investment opportunities. Certain of the Company's debt agreements contain covenants that limit the payment of dividends.

Authorization to the Board

In accordance with Cayman Islands law and common practice for Cayman Islands incorporated companies and subject to the provisions of the Articles, the Board has wide powers to issue any authorized but unissued shares on such terms and conditions as it may decide,

Corporate Governance

and any shares or class of shares may be issued with preferred, deferred or other special rights or such restrictions, whether with regard to dividend, voting, return on capital, or otherwise as the directors may prescribe. Accordingly, this represents a deviation from section 3 of the Code. Further, the Board also has the power to authorize the Company's purchase of its own shares, whether for cancellation or to hold as treasury shares and the power to declare dividends. These powers are neither limited to specific purposes nor to a specified period as recommended in the Code. This represents a deviation from section 3 of the Code.

4. Equal Treatment of Shareholders

Shelf Drilling has one class of shares ("common shares"). Each common share carries one vote, and all common shares carry equal rights. In the event of an increase in share capital through the issue of new common shares where a decision to waive the existing shareholders' pre-emptive rights is made, the justification for such waiver will be publicly disclosed in a stock exchange announcement issued in connection with the share issuance. Transactions in the Company's own common shares are carried out either through the stock exchange or at prevailing stock exchange prices to seek to facilitate equal treatment of all shareholders. In the event that there is limited liquidity in the Company's shares, the Company will consider other ways to ensure equal treatment of shareholders.

5. Shares and Negotiability

The common shares of Shelf Drilling are freely negotiable and there are no restrictions on any party's ability to own, trade or vote a share in the Company.

6. General Meetings

In respect of general meetings, the Board ensures that as many shareholders as possible can participate in the general meeting; the resolutions and any supporting documentation are sufficiently detailed and comprehensive allowing shareholders to understand and form a view on all matters to be considered at the meeting; and members of the Board attend the general meeting.

Effective as of the Company's Extraordinary General Meeting ("EGM") held on January 7, 2025, the Articles provide that shareholders at the general meeting may elect an independent chair for the general meeting. The Articles do not provide for any deadline for the shareholders to give notice of their attendance at the general meeting. The Board may still encourage shareholders to give such notice within a set deadline.

Shareholders who are unable to be present at the general meeting will be given the opportunity to vote by proxy. The Company will in this respect provide information on the procedure and prepare a proxy form, which will be set up so that it is possible to vote on each of the items on the agenda and candidates that are nominated for election.

7. Nomination Committee

Effective as of the EGM on January 7, 2025, the Articles provide that the Company shall establish a Nomination Committee. The EGM on January 7, 2025 elected Ryan E. Schedler ("Chair"), Manuel Garcia and David A. Castle to the Nomination Committee for the period until the next annual general meeting of the Company. The committee members are independent of the Board and executive management.

The next annual general meeting of the Company shall stipulate the guidelines for the duties of the Nomination Committee and determine the remuneration of the committee members.

8. Board of Directors: Composition and Independence

The Board is responsible for the overall management of the Company and may exercise all powers of the Company not reserved to its shareholders by the Articles or pursuant to Cayman Islands law. The Company is of the opinion that the composition of the Board ensures that the Board can attend to the common interests of all shareholders and that it meets Shelf Drilling's need for expertise, capacity and diversity. The Company pays attention to ensuring that the Board functions effectively as a collegiate body.

As of December 31, 2024, the Board comprized the following persons:

David Mullen
Executive Chairman

Ernie Danner
Lead Independent Director

John K. Castle
Director

Xianzhi Mei
Director

David Pittaway
Director

Benjamin Sebel
Director

Usama Trabulsi
Director

David Williams
Director

Further information on each of the above directors, including information about their expertise, is included on the Company's website and in their biographies on pages 66-68 of this Annual Report.

Effective as of the EGM on January 7, 2025, the directors are appointed for a term of one year and the current term of each director shall expire at the next annual general meeting of the Company. The general meeting elects the Chair of the Board.

The directors Ernie Danner, Benjamin Sebel, Usama Trabulsi and David Williams are independent of the Company's main shareholders. Further, all of the directors are independent of the Company's material business contacts and executive personnel is not represented on the Board, with the exception of David Mullen, the Executive Chairman of the Board.

Attendance by the directors at meetings during 2024 is reflected in the following table:

Board Member	Board	Audit Committee	Compensation Committee
David Mullen	11/11		
Ernie Danner[1]	11/11	4/4	2/2
John K. Castle	11/11		4/4
Xianzhi Mei	4/11		
David Pittaway	11/11		
Benjamin Sebel	11/11[2]	8/8	4/4
Usama Trabulsi	11/11	8/8	
David Williams	11/11[3]	8/8	

[1] Ernie Danner was appointed to the Compensation Committee and stood down from the Audit Committee on May 15, 2024
[2] one of which by proxy
[3] two of which by proxy

Directors are not required to own any shares in the Company. As of December 31, 2024, David Mullen owned 1,098,942 shares in the Company, Ernie Danner owned 674,992 shares in the Company, John K. Castle owned 500,000 shares in the Company, Benjamin Sebel (partly through a close associate) owned 226,548 shares in the Company, Usama Trabulsi owned 126,548 shares in the Company and David Williams owned 118,520 shares in the Company.

Corporate Governance

9. The Work of the Board of Directors

General

The Board produces an annual plan for its work, with particular focus on objectives, strategy, and implementation. The Board has implemented instructions for the Board and executive management, focusing on determining the allocation of internal responsibilities and duties. The objectives, responsibilities and functions of the Board and the Chief Executive Officer are in compliance with rules and standards applicable to Shelf Drilling, which are described in the Company's 'Instructions for the Board of Directors'.

The Board will evaluate its performance and expertise on an ongoing basis. Such evaluations will include the composition of the Board and the manner in which its members function, both individually and as a group, in relation to the objectives set out for its work.

Members of the Board and executive personnel must notify the Board when such members have any significant, direct or indirect, interest in a transaction carried out by the Company. Guidelines for such notification have been established to ensure that the Board is notified when a member of the Board or executive personnel has a material interest in a transaction or other matter involving the Company.

The Company's 'Instructions for the Board of Directors' further states how agreements with related parties shall be handled. In the event of a not immaterial transaction between the Company and its shareholders, a shareholder's parent company, members of the Board, executive management or closely related parties of any such parties, the Board will arrange for a valuation to be obtained from an independent third party. All agreements with related parties will be disclosed in the annual director's report.

To the extent a matter of a material nature in which the Chairman of the Board is, or has been, personally involved, the Board considers on a case-by-case basis whether to implement appropriate measures to ensure that conflicts of interest do not affect the decision of the Board.

The Audit Committee

The Board has elected an Audit Committee among the members of the Board. As of December 31, 2024, the Audit Committee comprized David Williams ("Chair"), Benjamin Sebel and Usama Trabulsi, all of whom are independent.

The primary purposes of the Audit Committee are and have been to:

- Assist the Board in discharging its duties relating to the safeguarding of assets; the operation of adequate systems and internal controls; control processes; and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards
- Provide support to the Board on the risk profile and risk management of the Company
- Be responsible for the relationship with the external auditor
- Provide oversight of the internal audit activity
- Provide oversight of the compliance and whistleblowing activity
- Provide oversight of the sustainability activity

The Audit Committee reports and makes recommendations to the Board; however, the Board retains responsibility for implementing such recommendations.

The Compensation Committee

The Board has established a Compensation Committee which, as of December 31, 2024, comprized the directors. Benjamin Sebel ("Chair"), John K. Castle and Ernie Danner, all of whom are independent of the Company's executive management.

The Compensation Committee assists the Board in its oversight of all compensation and benefits related matters of the Company and its affiliates. The Compensation Committee is responsible for evaluating and approving the compensation plans, policies, and programs of the Company.

Further, the Compensation Committee is responsible for establishing general compensation guidelines and policies for executive employees. The Committee determines the compensation and other terms of employment for executives (including salary, bonus, equity participation, benefits and severance terms) and periodically reviews the Company's compensation strategy and compensation levels to ensure the ability to attract, retain and motivate executives and other employees. The Committee is also responsible for approving any equity incentive plans or arrangements and any guidelines or policies for the grant of equity incentives thereunder to Company employees. It oversees and periodically reviews all annual bonus, long-term incentive plans, retention plans, stock options and employee pension and welfare benefit plans.

The Nomination Committee

Please see section 7. Nomination Committee on page 40.

10. Risk Management and Internal Control

It is ultimately the responsibility of the Board to ensure that the Company has sound and appropriate internal control systems and risk management systems and that these are proportionate to and reflect the extent and nature of the Company's activities. Sound risk management is an important tool to create trust and enhance value creation.

Internal control should ensure effective operations and prudent management of significant risks that could prevent the Group from attaining its targets. Shelf Drilling's internal controls and systems also cover the Company's corporate values, ethical guidelines and principles of corporate social responsibility.

Having in place an effective internal control system means that the Company is better suited to manage commercial risk, operational risk, the risk of breaching legislation and regulations as well as other forms of risk that may be material to the Company. As such, there is a correlation between the Company's internal control systems and effective risk management.

The internal control system also addresses the organization and execution of the Company's financial reporting, and covers the Company's corporate values, ethical guidelines and principles of corporate social responsibility.

The Company has adopted a separate code of conduct, sustainability policy and HSE policy and uses its best efforts to maintain a comprehensive set of relevant corporate manuals and procedures, which provide detailed descriptions of procedures covering all aspects of the Company's operational management. These procedures and manuals are continually revised to reflect best practice, derived from experience or adopted through regulations. For further details please see our Sustainability Statement and the sections Health, Safety and Environment and Maintenance and Certifications, in the Form 10-K Equivalent included in this report.

Shelf Drilling complies with the laws and regulations that apply to the Company's operations.

Corporate Governance

The Board conducts annual reviews of the Company's most important areas of exposure to risk and such areas' internal control arrangements.

11. Remuneration of the Board of Directors

The remuneration of the Board reflects the Board's responsibility, expertise and time commitment and the complexity of the Company's activities. Further, the remuneration of the Board is not linked to the Company's performance, and the Company does not grant share options to members of the Board. However, members of the Board have, contrary to what is recommended in the Code, been awarded restricted share units ("RSUs").

In November 2024, Ernie Danner received 51,923 common shares of the Company and the other non-executive directors ("NEDs") or the shareholder firms they represent received 17,308 common shares of the Company per NED, in each case in settlement of the RSU awards granted in November 2023 as part of their compensation as Chairman of the Board and NEDs, respectively. In November 2024, the Board approved an annual equity award targeted at US$ 50,000 for all NEDs in the form of 33,716 RSUs. For further details please see page F-38 Note 19 – Share-based Compensation to the Consolidated Financial Statements in the Form 10-K Equivalent included in this report.

Except for David Mullen, who is Executive Chairman of the Board, none of the directors, or companies with which they are associated, has taken on specific assignments for the Company in addition to their appointment as a director. If, however, any of the above-mentioned persons takes on such assignments, this will be disclosed to the Board, and remuneration for such additional duties shall be subject to Board approval.

David Mullen receives no additional compensation for his role as a director over and above that which has been agreed for his role as Executive Chairman of the Board.

12. Remuneration of Executive Personnel

Shelf Drilling is an exempted company incorporated in the Cayman Islands and is not subject to the rules of the Norwegian Public Companies Act. Consequently, the Board has until now not prepared written guidelines for the remuneration of the members of the Company's management. However, in accordance with the resolutions of the EGM held on January 7, 2025, the Company shall present its first remuneration statement for shareholder vote at its next annual general meeting. A draft of the Remuneration Statement is included in this Annual Report for information and reference. The Company's 2024 Remuneration Report is also included in this report and shall be presented to shareholders for an advisory vote at its next annual general meeting.

The remuneration of executive personnel of the Company is based on the objective to attract, retain and motivate senior management to achieve the strategic objectives of Shelf Drilling and provide value to its shareholders. The remuneration of executives, including the CEO, is benchmarked against comparable companies in our industry.

The Company provides for performance-related remuneration of the executive management in the form of an annual bonus program, cash retention and share based long-term incentives, which are linked to the Company's profit over time and value creation for shareholders. Such arrangements are based on quantifiable factors that the employee may influence. Performance-related remuneration is subject to a cap. In accordance with the above, the Company does not deviate from section 12 of the Code other than with regard to provisions that are of a Norwegian company law specific nature.

13. Information and Communications

Shelf Drilling is obligated to continuously provide its shareholders, Oslo Børs and financial markets in general with timely and precise information about the Company and its operations. Relevant information is given in the form of annual reports, quarterly reports, press releases, notices to the stock exchange and investor presentations in accordance with what is deemed appropriate from time to time. To this end the Company has established guidelines for communication with financial markets. The Company publishes an annual, electronic financial calendar with an overview of dates for important events, such as the annual general meeting, interim financial reports and public presentations, if applicable.

The Company seeks to clarify its long-term potential, including strategies, value drivers and risk factors, and maintains an open and proactive policy for investor relations, a website designed to incorporate 'sound practices', and gives regular presentations in connection with annual and quarterly results.

The Board seeks to make suitable arrangements for shareholders to communicate with the Company. Communications with shareholders are in compliance with the provisions of applicable laws and regulations and in accordance with the principle of equal treatment of the Company's shareholders. Information to shareholders is published on the Company's website.

The Company has created a dedicated investor relations email ID, investor.relations@shelfdrilling.com, for the convenience of shareholders and investors in case of any queries or requests. Investor contact and investor relations activities are conducted by the investor relations team in accordance with relevant policies.

14. Take-Overs

The Board complies with applicable Norwegian and Cayman Islands laws and regulations regarding take-over offers. The Board has established the main principles for its actions in the event of a take-over offer.

In a take-over process, the Board will endeavor to facilitate that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The Board will further seek to facilitate that the shareholders are given sufficient information and time to assess the offer.

In the event of a take-over process, the Board will seek to abide by the principles of the Code. Further, the Board will, subject to its overriding fiduciary duties, ensure that the following take place:

- the Board will not seek to hinder or obstruct any takeover offer for the Company's operations or shares unless they have valid and particular reasons for doing so;
- the Board shall not exercise mandates or pass any resolutions with the intention of obstructing the takeover offer unless this is approved by the general meeting following announcement of the offer or the Board had justifiable reasons for such actions;
- the Board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
- the Board shall not enter an agreement with any offer or that limits the Company's ability to arrange other offers for the Company's shares, unless it is self-evident that such an agreement is in the common interest of the Company and its shareholders;
- the Board and executive management shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- the Board must be aware of the particular duty it has to ensure that the values and interests of the shareholders are protected.

In the event of a take-over offer, the Board will, unless there are any reasons to the contrary, seek a valuation from an independent third party. On this basis, the Board will make a recommendation as to whether or not the shareholders should accept the offer.

The Board shall strive to ensure that neither inside information about the Company, nor any other information that must be assumed to be relevant for shareholders in a bidding process, remains unpublished.

Shelf Drilling was not subject to any takeover bids in 2024.

15. Auditor

The Company's independent auditor is PricewaterhouseCoopers Limited Partnership Dubai Branch ("PwC"). PwC has been the Company's auditor since its inception in 2012.

At least once a year, the Audit Committee of the Board reviews the Company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement. In order to ensure the auditor's independence of the Company's executive management, the Board has specified the executive management's right to use the auditor for purposes other than auditing.

The auditor participates in meetings of the Audit Committee of the Board considering annual accounts, accounting principles, assessment of any important accounting estimates and other matters of importance. At these meetings, the auditor reports on any material changes in the Company's accounting principles and key aspects of the audit, comments on any material estimates, accounting figures and judgments, and reports all material matters on which there has been a disagreement between the auditor and the executive management of the Company and/or the Audit Committee.

The Audit Committee holds a meeting with the auditor at least once a year in which no representative of the executive management is present. In order to strengthen the Board's work on financial reporting and internal control, the auditor provides a report to the Audit Committee on the main elements of the audit of the previous financial year and reports any significant deficiency and material weakness identified in the internal control relating to the financial reporting process.

2024 Remuneration Report

Shelf Drilling, Ltd. Annual Remuneration Report for 2024

Letter from the Compensation Committee Chair

Dear Shareholder,

This remuneration report sets out the remuneration decisions and outcomes for Senior Executives and Board Directors for the 2024 financial year and will be submitted for an advisory vote at the 2025 AGM. In this letter we have set out a summary of the key decisions relating to remuneration taken during the year.

This remuneration report has been prepared in accordance with the principles in the Norwegian Public Limited Liability Companies Act, section 6-16b supplemented by the Regulation on guidelines and report on remuneration for leading personnel of 11 December 2021 No. 2730. These disclosure requirements adopt those of section 5 of the Commission Recommendation of 14 December 2004 (2004/913/EC) as amended, as required by article 46.1 of our Articles of Association.

"Earned" remuneration in this report is recognized as an expense and disclosed in the financial statements for the reporting year. The relevant accounting principles are described in Note 2 – Significant Accounting Policies in the financial statements that were initially published on March 3, 2025, and are incorporated within the annual report.

Changes to the Board and Senior Executive team

As announced on February 7, 2024, the Board approved a transition plan, effective August 2024, where David Mullen would step down from the role of Chief Executive Officer ("CEO") and assume that of Executive Chairman of the Board. At the same time, Greg O'Brien would be appointed as CEO. Concurrently, Ernie Danner would step down as Chairman of the Board and then serve as Lead Independent Director.

Further detail on the treatment of remuneration for these roles is set out in this report, but in summary:

- Greg O'Brien's remuneration was set at the same level as for the former CEO.
- David Mullen received his remuneration as CEO until the date on which he stepped down, and he received a bonus for 2024, but pro-rated based on time served as CEO. Going forward, his remuneration as Executive Chairman will consist of a base fee of US$ 400k plus continuation of certain benefits including pension and medical.
- Ernie Danner's base fee was reduced from US$ 150k to US$ 130k effective December 1, 2024. His 2024 target equity award was reduced from US$ 150k to US$ 50k, the same level as other Non-Executive Directors. At the same time, the base fee for Ben Sebel was increased by US$ 15k to US$ 115k in recognition of his role as Compensation Committee Chair.
- Finally, during the year we appointed Douglas Stewart as CFO. His base salary was set at US$ 435k with all other elements of his remuneration in-line with our remuneration policy. For 2024, he received a pro-rated bonus for the year and participated in the 2024 LTIP award cycle together with other Senior Executives.

Base salary increases during 2024

Base salaries are reviewed annually after considering the peer group review prepared by our external compensation consultant, changes in roles and responsibilities and what has been done for the broader employee base in Dubai. At the annual salary review in 2024, no base salary increases were applied for our Senior Executives other than those described above.

Our compensation peer group consists of other drilling contractors and oilfield service companies. The peer group was established in 2019 and has remained largely the same since then, other than changes due to M&A. During the 2024 review, the Committee evaluated Shelf Drilling against the median of the peer group for enterprise value, market cap, revenue and total assets. Based on this assessment, the Committee considered that the peer group remained relevant. The companies included in the peer group are Transocean Ltd, Noble Corporation PLC, Valaris Ltd, Nabors Industries Ltd, Archrock Ltd, Tidewater Inc, Diamond Offshore Drilling Inc, Helix Energy Solutions Group Inc, Dril-Quip Inc, Oil States International Inc, Tetra Technologies Inc and Forum Energy Technologies Inc.

Variable remuneration outcomes for 2024

The Company faced significant challenges in 2024, driven in large part by the reduction in activity in Saudi Arabia, combined with the delay in receiving the Acknowledgement of Compliance ("AoC") for the Shelf Drilling Barsk in Norway. A number of actions were taken to mitigate these impacts, however our financial results – as measured by our Adjusted EBITDA – were well below our original guidance.

Against this backdrop, the Committee assessed performance for the annual bonus against targets set at the beginning of the year and determined that bonus payments of 60% of target should be made. Further detail is set out later in this report.

No LTIP awards had a performance period ending in 2024 as our normal LTIP granting cycle was paused following the market downturn that started in 2020.

LTIP grants in 2024

In 2024, it was decided to resume our normal LTIP grant process, and as a result, LTIP awards were granted to all of our Senior Executives in February. LTIP award sizes were benchmarked against our peer group and are set out in this report. As part of the CEO transition arrangements announced in February, the Committee awarded Greg O'Brien an LTIP award at the level of the CEO in anticipation of him stepping into this role.

LTIP awards were made in an equal mix of Performance Share Units ("PSU"s) and Restricted Share Units ("RSU"s). RSUs vest in equal tranches over 3 years based on continued service. PSUs vest subject to a performance condition based on Shelf Drilling's Total Shareholder Return ("TSR") compared to the median TSR of a defined group of other drilling contractors and oilfield service companies. The Committee considers TSR to be a good long-term measure of Shelf Drilling's performance, and to be a measure which creates alignment between the interests of our executives and those of our shareholders.

Senior Executive Remuneration

This section sets out the remuneration of our Senior Executives, which have been defined as the CEO, CFO, and COO.

2024 Remuneration Report

Summary of Senior Executive remuneration

The table below sets out the salary, benefits, pension, bonus and long-term incentives relating to 2023 and 2024.

Amounts shown in US$ 000s

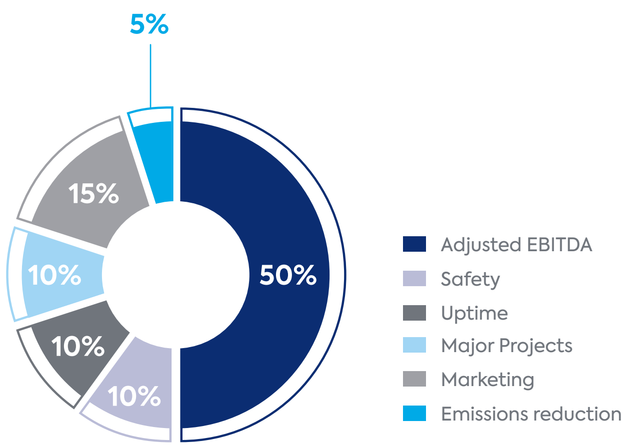
Senior Executive	Position	Year	Fixed		Variable		Extraordinary Items[6]	Pension[7]	Total	Proportion fixed and variable[8]
			Salary[1]	Benefits[2]	Bonus[3]	LTIP[4,5]				
Greg O' Brien	CEO	2024	279	112	167	463	0	2	1023	38 / 62
	CFO	2024	293	166	141	663	266	38	1567	32 / 68
	CFO	2023	473	23	340	298	531	36	1,702	31 / 69
David Mullen	Executive Chairman	2024	152	7	0	623	0	15	797	22 / 78
	CEO	2024	456	95	274	925	579	55	2,384	25 / 75
	CEO	2023	735	155	662	718	1158	85	3,512	28 / 72
William Hoffman	COO	2024	504	180	242	903	340	40	2,209	33 / 67
		2023	504	174	363	416	680	38	2,175	33 / 67
Douglas Stewart	CFO (from Oct 14, 2024)	2024	94	31	45	65	0	9	244	55 / 45

1. Salary for G. O'Brien as CEO was set at the same level as the former CEO, US$ 735k. Salary for the Executive Chairman was set at US$ 400k per year.
2. Benefits include housing allowance, transportation, schooling, medical and insurance. As Executive Chairman, D. Mullen no longer receives housing, transportation or schooling benefits.
3. The annual bonus outcome for 2024 was 60% of target. Further information is provided later in this report.
4. This column includes the value of multi-year share-based incentive plans, i.e. RSU, PSU and share-options earned in each year. The LTIP is reported on an expense basis, i.e., the cost of all active plans in 2024 and 2023 are reported in the table. Further detail is provided later in this report.
5. LTIP Remuneration for 2023 is updated from that shown in the previously published 2023 Remuneration Report due to the change in the method used to report LTIP values as described in note 4.
6. Extraordinary items represent the cash amounts that were earned in the respective year relating to a one-off performance-based cash retention award that was issued and paid in 2021 upon achievement of the performance goal. This award had a clawback provision whereby the Executive would repay the Company in full if he voluntarily terminated employment prior to June 2024. No clawback provision was triggered.
7. Senior executives can receive a company pension contribution up to 12.5% of base salary, subject to statutory caps. In 2024, G. O'Brien, D. Mullen and W. Hoffman received pension contributions of 11.5%. D. Stewart received a pension contribution of 10.5%.
8. For the purposes of this calculation, fixed remuneration includes salary and all benefits, including housing, schooling and pension.

Annual bonus outcome for 2024

For 2024, the target annual bonus opportunity for Greg O'Brien was 80% of base salary for the period before his appointment as CEO, and 100% of salary thereafter. For David Mullen, the target annual bonus was 100% of base salary, but only for his time served as CEO. For other Senior Executives, including Douglas Stewart our new CFO, the target annual bonus was 80% of base salary.

The annual bonus is paid in cash, and payments can range from 0x to 2x the target bonus opportunity based on both a quantitative and qualitative assessment of the Company's performance by the Committee. The quantitative assessment was based on the following weightings for each of the specific targets established at the beginning of the year:



The Adjusted EBITDA for 2024 was US$ 351 million, including approximately US$ 45 million of accelerated mobilization revenue. This was below the range that was published in March 2024, but above the upper end of the guidance from November 2024. By redeploying two of the suspended rigs from Saudi Arabia into West Africa at higher dayrates, combined with cost reduction efforts across the fleet, the impact of the negative factors mentioned earlier were partially offset.

The Company delivered a safety performance, as measured by the Total Recordable Incident Rate, of 0.18 which was below the target set for this measure. A number of improvements were noted including a lower number of overall injuries as well as a reduction in the potential severity of all incidents.

Uptime performance of 99.3% was an outstanding achievement, and a demonstration of the effectiveness of our highly centralized maintenance and procurement systems. This was the second-best result in the Company's history and above the target set for this measure.

In 2024 we completed 6 major projects, including one life extension project with over 1 million man-hours that was completed incident free. The rig has subsequently performed with an uptime of 99.9% demonstrating the effectiveness of our project teams. All 6 projects were completed within budgeted time and costs, excluding weather-related delays for two rigs that moved to West Africa.

We signed new contracts and contract extensions in 2024 with attractive day rates that resulted in approximately US$ 900 million of new contract backlog. This was despite the increased competition for available work from the rigs suspended in Saudi Arabia resulting in a softening dayrate environment for some key markets.

We did not meet our targeted Scope 1 intensity reduction goal that was based on the prior measurement criteria. As outlined in the Sustainability Statement, we established a long-term Scope 1 intensity reduction target in 2024 that is based on total rig diesel consumption in order to have a fully auditable data set.

A number of steps were taken in 2024 to address cash shortfalls at Shelf Drilling North Sea ("SDNS"), including a refinancing of the debt that closed in the second quarter combined with the merger of SDNS into the parent that closed in the fourth quarter. These actions enabled the Company to more efficiently manage short-term cash requirements as a result of the delayed start up for the Shelf Drilling Barsk.

The efforts made to close the sale of the Baltic and insurance claim on the Trident VIII, combined with the marketing and cost reduction results mentioned above, offset the shortfall to cash as a result of the impact to revenue from the Saudi suspensions and delayed start-up of the Shelf Drilling Barsk.

The Committee considered the outcomes for both the qualitative and quantitative components and determined that the bonus outcome for Senior Executives would be 60% of their target opportunity. Amounts paid to each Executive for the 2024 annual bonus are shown in the table above.

LTIP awards with a performance period ending in 2024

No LTIP awards had a performance period ending in 2024.

2024 Remuneration Report

LTIP awards granted in 2024

In 2024 we resumed our normal practice of granting annual LTIP awards to Senior Executives in a mix of PSUs and RSUs. Each Senior Executive was allocated a target LTIP amount as a multiple of base salary that was then converted to a fixed number of units using the 30-day Volume Weighted Average Price ("VWAP") of the Shelf Drilling shares (in US$). The number of units awarded was then equally split between PSU and RSU awards as shown in the table below:

Name and Position	Target Award		Number of RSU[1]	Number of PSU[1]	Value on date of Award[3]
	% of Base Salary	Target Award US$			
Greg O'Brien CEO (from Aug 15, 2024)	350%	2,572,500	431,874	431,874	2,271,657
David Mullen Executive Chairman (CEO to Aug 15, 2024)	350%	2,572,500	431,874	431,874	2,271,657
William Hoffman COO	300%	1,512,000	253,836	253,836	1,335,177
Douglas Stewart[2] CFO	250%	1,087,500	182,570	182,570	653,601

1. The number of RSUs granted was determined from the target LTI value (in US$) divided by the 30-day trailing volume weighted average share price (in US$) ending February 6, 2024. Conversion price used was US$ 2.9783.
2. Douglas Stewart participated in the normal LTIP award cycle upon his appointment. The award granted was treated "as-if on payroll in February" consistent with other Senior Executives.
3. Value calculated using the closing price and exchange rate on date of award. For G. O'Brien, D. Mullen and W. Hoffman values used were a share price of NOK 27.85 and an exchange rate of 1 US$: 10.5826 NOK
   For D. Stewart, values used were a share price of NOK 19.18 and an exchange rate of 1 US$: 10.6921 NOK

The RSU awards vest in equal annual tranches on the first, second and third anniversary of grant. PSU awards are subject to a relative Total Shareholder Return ("TSR") performance condition over a period that commences on January 1, 2024 and ends on December 31, 2026. TSR is measured over the three months prior to the commencement of the performance period and the three months prior to the end of the performance period. The Committee will determine the number of PSUs that vest (if any), within three months of the end of the performance period using the methodology outlined below:

Metric	Weighting	Threshold (25% vests)	Target (100% vests)	Maximum (200% vests)
Relative TSR: Shelf Drilling TSR vs. peers[1]	100%	Median TSR less 10% per annum[2]	Median TSR	Median TSR plus 10% per annum[3]

1. Peer group includes the following companies: Borr Drilling, Diamond Offshore Drilling, Dril-Quip, Forum Energy Technologies, Helix Energy, Nabors Industries, Noble Corporation, Oil States International, Seadrill, Tetra Technologies, Tidewater, Transocean, Valaris
2. Approximates the 25th percentile
3. Approximates the 75th percentile

For performance between the above performance levels, vesting is calculated on a straight-line basis. The Committee may adjust downwards the number of PSUs that would otherwise vest in the case where the TSR over the performance period is negative, or the Company is impacted by a significant or extraordinary event.

Severance payments

No Senior Executives departed from Shelf Drilling during 2024.

Summary of outstanding awards

As of December 31, 2024, Senior Executives held unvested awards under the LTIP and unvested option awards which were granted in 2021, as set out below.

Outstanding LTIP awards

Name	The main conditions of the share awards				Changes during 2024				
					Opening balance	During the year		Closing balance	
	Plan name	Performance Period	Award Date	Final Vesting Date[2]	Target number of awards	Target number awarded[3]	Number vested	Subject to a performance condition	Unvested
Greg O'Brien, CEO	2024 PSU	2024 to 2026	Feb 7, 2024	Dec 31, 2026	–	431,874	–	431,874	–
	2024 RSU		Feb 7, 2024	Feb 7, 2027	–	431,874	–	–	431,874
David Mullen, Executive Chairman	2024 PSU	2024 to 2026	Feb 7, 2024	Dec 31, 2026	–	431,874	–	431,874	–
	2024 RSU		Feb 7, 2024	Feb 7, 2027	–	431,874	–	–	431,874
William Hoffman, COO	2024 PSU	2024 to 2026	Feb 7, 2024	Dec 31, 2026	–	253,836	–	253,836	–
	2024 RSU		Feb 7, 2024	Feb 7, 2027	–	253,836	–	–	253,836
Douglas Stewart, CFO	2024 PSU	2024 to 2026	Oct 14, 2024	Dec 31, 2026	–	182,570	–	182,570	–
	2024 RSU		Oct 14, 2024	Feb 7, 2027	–	182,570	–	–	182,570

1. No awards are subject to a holding period after vesting.
2. Number of PSUs that vest will be determined within three months of December 31, 2026.
3. Please refer to the Table under LTIP awards granted in 2024 for information on the determination of the awards granted and their values.

Outstanding option awards

Name	The main conditions of the options awards					Changes during 2024			
						Opening balance	During the year		Closing balance
	Plan name	Award Date	Vesting Date	Exercise period	Exercise price ("NOK")	Number of options	Options awarded	Options vested	Unvested
David Mullen, Executive Chairman	2021 Stock Options	Aug 10, 2021	Feb 15, 2025	Feb 15, 2025 – Feb 15, 2030	4.60	5,176,183	–	–	5,176,183
William Hoffman, COO	2021 Stock Options	Aug 10, 2021	Feb 15, 2025	Feb 15, 2025 – Feb 15, 2030	4.60	2,957,819	–	–	2,957,819
Greg O'Brien, CEO	2021 Stock Options	Aug 10, 2021	Feb 15, 2025	Feb 15, 2025 – Feb 15, 2030	4.60	2,341,607	–	–	2,341,607

1. Option awards are not subject to a performance condition or holding period after vesting.
2. Options must be exercised within the specified exercise period or earlier if the executive's employment is terminated. The reduced exercise period may be adjusted based on the circumstances of the termination.

2024 Remuneration Report

Remuneration decisions for 2025

The following decisions were taken for remuneration in 2025:

- Base salaries: There are no planned salary increases for Senior Executives in 2025.
- Annual bonus: To better align with market practice at our US listed peers, for 2025 the Committee changed the approach for evaluating the bonus outcome and established threshold, target and maximum levels for each of the quantitative bonus metrics. Payouts of 50%, 100% and 200% would be determined for each metric at these levels respectively, with linear extrapolation in between. Below threshold no payout for that metric would be made. A strategic goals component was also introduced with a determination of that outcome to be assessed by the Committee. The relative weightings of each metric was adjusted to accommodate the strategic goals component, however Adjusted EBITDA retained a 50% weighting.
- LTIP: Considering the significant deterioration in the Company's share price in 2024, the Committee adjusted the methodology used to convert the target US$ awards into the number of RSUs and PSUs awarded. Instead of a 30-day volume-weighted-average share price ("VWAP") which had been the method used to date, the Committee used a VWAP calculated over the second half of 2024. This reduced the value of the award at time of grant by almost 30% compared to the prior method thereby limiting overall dilution for shareholders. RSUs will vest in equal increments over 3 years and PSUs will be assessed based on TSR performance against a defined peer group of companies over a 3-year performance period ending December 31, 2027.

Non-Executive Director Remuneration

Non-Executive Director ("NED") remuneration consists of base fees, additional fees for the chairing of the audit committee and, as of December 1, 2024, the compensation committee, and an annual equity award. The amounts paid to Non-Executive Directors in 2024 and 2023 are set out below. Non-Executive Directors do not receive benefits, variable compensation, extraordinary items or pension contributions.

Amounts shown in US$ 000

Director	Position	Year	Fixed		Variable		Extraordinary Items	Pension	Total	Proportion fixed and variable
			Fees[1]	Benefits	Bonus	LTIP[2]				
Ernie Danner	Lead Independent Director	2024	148	-	-	129	-	-	277	53 / 47
		2023	150	-	-	173	-	-	323	46 / 54
John K. Castle	NED	2024	100	-	-	47	-	-	147	68 / 32
		2023	100	-	-	58	-	-	158	63 / 37
David B. Pittaway	NED	2024	100	-	-	47	-	-	147	68 / 32
		2023	100	-	-	58	-	-	158	63 / 37
Benjamin Sebel	NED	2024	101	-	-	47	-	-	148	68 / 32
		2023	100	-	-	58	-	-	158	63 / 37
Usama Trabulsi	NED	2024	100	-	-	47	-	-	147	68 / 32
		2023	100	-	-	58	-	-	158	63 / 37
David Williams	NED	2024	125	-	-	47	-	-	172	73 / 27
		2023	125	-	-	58	-	-	183	68 / 32
Xianzhi Mei	NED	2024	-	-	-	41	-	-	41	0 / 100
		2023	-	-	-	7	-	-	7	0 / 100
John Reynolds[3]	NED	2024	24			-			24	100 / 0
		2023	100			58			158	63 / 37

[1] The NED base fee is US$ 100,000. Additional cash fees of US$ 25,000 are paid for chairing the Audit Committee, and, as of December 1, 2024, US$ 15,000 for chairing the Compensation Committee. Effective the same date, Ernie Danner's base fee was reduced from US$ 150,000 to US$ 130,000 as a result of his transition from Chairman to Lead Independent Director. The base fee for Xianzhi Mei was waived.

[2] The LTIP is reported on an expense basis, i.e., the cost of all active plans in 2024 and 2023 are reported in the table. Further detail is provided in the next table of this report

[3] LTIP Remuneration for 2023 is updated from that shown in the previously published 2023 Remuneration Report due to the change in the method used to report LTIP values as described in note 2.

[4] John Reynolds resigned from the Board in March 2024 and the RSUs granted to Lime Rock in November 2023 were forfeited.

During the year, Ernie Danner stepped down as Chairman and was appointed the Lead Independent Director. As a result of this transition, and as described earlier, his fixed fee was reduced from US$ 150k per year to US$ 130k, effective December 1, 2024.

The Committee also approved an increase in the base fee of Ben Sebel from US$ 100k to US$ 115k, effective the same date.

It should be noted that Committee members that were impacted by these changes did not participate in any vote on their own compensation.

Outstanding RSU awards together with those granted and vesting during the year are set out in the table below. As described earlier, Ernie Danner's target RSU award was reduced from US$ 150k to US$ 50k following the change in his responsibilities.

Name	The main conditions of the share awards			Changes during 2024			
				Opening balance	During the year		Closing balance
	Plan name	Award Date	Vesting Date	Number of awards	Number awarded	Number vested	Unvested
Ernie Danner	2024 NED RSUs	Nov 14, 2024	Nov 14, 2025	51,923	33,716	51,923	33,716
John K. Castle	2024 NED RSUs	Nov 14, 2024	Nov 14, 2025	17,308	33,716	17,308	33,716
David B. Pittaway	2024 NED RSUs	Nov 14, 2024	Nov 14, 2025	17,308	33,716	17,308	33,716
Benjamin Sebel	2024 NED RSUs	Nov 14, 2024	Nov 14, 2025	17,308	33,716	17,308	33,716
Usama Trabulsi	2024 NED RSUs	Nov 14, 2024	Nov 14, 2025	17,308	33,716	17,308	33,716
David Williams	2024 NED RSUs	Nov 14, 2024	Nov 14, 2025	17,308	33,716	17,308	33,716
Xianzhi Mei	2024 NED RSUs	Nov 14, 2024	Nov 14, 2025	17,308	33,716	17,308	33,716

[1] Awards are not subject to a performance condition or holding period after vesting.

[2] The number of RSUs granted was determined from the target LTI value (in US$) divided by the 30-day trailing volume weighted average share price (in US$) ending November 12, 2024. Conversion price used was US$ 1.483.

2024 Remuneration Report

Other Disclosures

Senior Executive and Non-Executive Director shareholdings

Shelf Drilling operates a shareholding requirement for Senior Executives to reach a shareholding of 5x of annual base salary for the CEO, and 3x annual base salary for other Senior Executives. Following the transition of David Mullen to Executive Chairman, the shareholding requirement was amended to include the requirement that the Executive Chairman holds 5x the annual fee. There is no shareholding requirement in place for Non-Executive Directors, but they are encouraged to hold shares in the Company. The current shareholdings of each Senior Executive and Non-Executive Director are set out below:

Name	Shareholding		Unvested PSUs		Unvested RSUs		Unvested Options[1]		Vested but unexercised share options		Shareholding as a % of salary[2,3]
	Jan 1, 2024	Dec 31, 2024[4]	Jan 1, 2024	Dec 31, 2024	Jan 1, 2024	Dec 31, 2024	Jan 1, 2024	Dec 31, 2024	Jan 1, 2024	Dec 31, 2024	Dec 31, 2024
Greg O'Brien	254,946	504,946	-	431,874	-	431,874	2,341,607	2,341,607	-	-	309%
David Mullen	1,098,942	1,098,942	-	431,874	-	431,874	5,176,183	5,176,183	-	-	568%
William Hoffman	581,470	581,470	-	253,836	-	253,836	2,957,819	2,957,819	-	-	385%
Douglas Stewart	0	0	-	182,570	-	182,570	-	-	-	-	35%
Ernie Danner	623,069	674,992	-	-	51,923	33,716	-	-	-	-	n/a
John K. Castle	500,000	500,000	-	-	0	0	-	-	-	-	n/a
David B. Pittaway	0	0	-	-	0	0	-	-	-	-	n/a
Benjamin Sebel	209,240	226,548	-	-	17,308	33,716	-	-	-	-	n/a
Usama Trabulsi	109,240	126,548	-	-	17,308	33,716	-	-	-	-	n/a
David Williams	109,240	118,520	-	-	17,308	33,716	-	-	-	-	n/a
Xianzhi Mei	0	0	-	-	0	0	-	-	-	-	n/a

1. See table provided earlier for details on the option award made in 2021.
2. Includes actual shareholdings, shares subject to unvested RSUs and the number of shares subject to unvested and vested options that would be held if the option holder had exercised the share option and sold sufficient shares to cover the exercise price in all cases based on the year end share price. Calculation based on December 31, 2024 closing share price of NOK 9.415 and exchange rate of 11.384 NOK/ USD.
3. Unvested PSUs are excluded from the calculation.
4. G. O'Brien purchased 250,000 shares in the Company on November 27, 2024. Increase in NED shareholding on December 31, 2024 (where relevant) reflects RSUs vested during the year as shown in the prior table.
5. NED RSUs are granted to each Director or, if applicable, to the sponsor firm they represent and therefore upon vesting, shares are issued in settlement of RSUs to Castle Harlan in respect of John K. Castle and David Pittaway's directorships and to an affiliate of China Merchants in respect of Xianzhi Mei's directorship. John K. Castle and David Pittaway have economic interests in and voting rights over 19.9M shares in the Company held by affiliates of Castle Harlan.

Percentage change in remuneration

The table below sets out the percentage change in remuneration for each Senior Executive and Non-Executive Director compared to select financial measures and the average change in employee pay. Remuneration has been calculated as set out in the table at the beginning of this report. The changes for Senior Executives relate to the resumption of LTIP grants after a period of no LTIP grants, and changes in role, and therefore are not extraordinary increases.

Name and Title	Remuneration (in $K)	2020	2021	2022	2023	2024
Greg O'Brien [1] CEO	Total Remuneration	1,391	2,049	2,072	1,702	2,590
	Change in %	30%	47%	1%	-18%	52%
David Mullen [2] Executive Chairman	Total Remuneration	2,653	4,301	4,325	3,512	3,181
	Change in %	14%	62%	1%	-19%	-9%
William Hoffman COO	Total Remuneration	1,688	2,708	2,678	2,175	2,209
	Change in %	15%	60%	-1%	-19%	2%
Douglas Stewart CFO	Total Remuneration	-	-	-	-	244
	Change in %					N/A
Ernie Danner Lead Independent Director	Total Remuneration	206	212	328	323	277
	Change in %	-13%	3%	55%	-2%	-14%
John K. Castle NED	Total Remuneration	29	81	159	158	147
	% Change	-71%	177%	97%	-1%	-7%
David B. Pittaway NED	Total Remuneration	29	81	159	158	147
	Change in %	-71%	177%	97%	-1%	-7%
Benjamin Sebel NED	Total Remuneration	86	104	159	158	148
	Change in %	-14%	21%	53%	-1%	-6%
Usama Trabulsi NED	Total Remuneration	86	104	159	158	147
	Change in %	-14%	21%	53%	-1%	-7%
David Williams NED	Total Remuneration	107	128	184	183	172
	Change in %	-14%	19%	44%	-1%	-6%
Xianzhi Mei NED	Total Remuneration	-	-	-	7	41
	Change in %					502%
Dongyang Lou NED	Total Remuneration	-	10	59	-	-
	Change in %			495%	-	-
John Reynolds NED	Total Remuneration	29	81	159	158	24
	Change in %	-71%	177%	97%	-1%	-85%
Will Franklin NED	Total Remuneration	29	81	159	18	-
	Change in %	-71%	177%	97%	-88%	-100%
Adjusted EBITDA	Total	200.3	158.3	248.6	311.5	350.7
	Change in %	13%	-21%	57%	25%	13%
Employees[5]	Average Total Remuneration	199	218	247	246	248
	Change in %	-12%	9%	14%	-1%	1%

1. G. O'Brien's total remuneration for 2024 reflects his total earnings as both CEO and CFO.
2. D. Mullen's total remuneration for 2024 reflects his total earnings as both Executive Chairman and CEO.
3. The % change is not representative of a change in pay level for the CEO role as G. O'Brien was not in the position of CEO throughout 2024 resulting in data incomparable with the prior year.
4. The % change is not representative of a change in pay level for the Executive Chairman role as D. Mullen was not in the position of Executive Chairman throughout 2024 resulting in data incomparable with the prior year.
5. Includes all shore-based employees in UAE where the Senior Executives are assigned.

2024 Remuneration Report

Derogations from the policy

Included in the next section of the annual report is the Remuneration Statement that sets out the remuneration policy for Senior Executives, Board Chair and Non-Executive Directors. This remuneration statement will be presented to shareholders for a binding vote at the 2025 Annual General Meeting. While the Remuneration Statement was not formally in place during 2024, there were no derogations to the policy as outlined within.

Shareholder engagement

We welcome feedback and engagement with our shareholders to understand their views on remuneration. We look forward to engaging further with our shareholders ahead of the 2025 AGM where this report will be presented for an advisory vote.

To the General Meeting of Shelf Drilling, Ltd.

Independent auditor's assurance report on report on salary and other remuneration to directors and senior executives

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Shelf Drilling, Ltd. report on salary and other remuneration to directors and senior executives (the remuneration report) for the financial year ended 31 December 2024 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our Independence and Quality Management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy pending approval by the 2025 general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Oslo, 14 April 2025
PricewaterhouseCoopers

Øystein Blåka Sandvik
State Authorised Public Accountant

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Remuneration Statement

Shelf Drilling, Ltd. Remuneration Statement

Introduction

This document sets out the remuneration policy for Senior Executives, Board Chair and Non-Executive Directors of Shelf Drilling, Ltd. ("Shelf Drilling" or the "Company").

This remuneration statement has been prepared in accordance with the principles in the Norwegian Public Limited Liability Companies Act, section 6-16a supplemented by the Regulation on guidelines and report on remuneration for leading personnel of 11 December 2021 No. 2730. These disclosure requirements adopt those of section 3 of the Commission Recommendation of 14 December 2004 (2004/913/EC) as amended, as required by article 45.2 of our Articles of Association. This remuneration statement will be submitted to the 2025 Annual General Meeting of shareholders for a binding vote.

As a non-Norwegian incorporated company, Shelf Drilling does not need to comply with the requirements of the provisions of the Norwegian Public Limited Liability Companies Act, section 6-16a and supplementing regulations; however, it has chosen to do so voluntarily.

Application of the policy

This policy is divided in two. The policy for Senior Executives (defined as the CEO, CFO and CCO), and the policy for the Board Chair and Non-Executive Directors. In the case that a Board Director also serves as an Executive of Shelf Drilling, the policy for Senior Executives may be applied for that role.

It is intended that this policy will apply for the four financial years 2025, 2026, 2027 and 2028, during which time it will be implemented by the Compensation Committee as described below.

Role of the Compensation Committee

Shelf Drilling's Board has established a Compensation Committee ("the Committee") whose members are made up of Non-Executive Directors who are free of any relationship to Senior Executive management that may interfere with his or her ability to make independent decisions. The Board appoints a Committee Chair whose role is to ensure that the Committee applies this policy as intended and reports back to the Board on the actions taken by the Committee at each meeting.

The Committee has responsibility to oversee and administer all elements of executive compensation including setting base salaries, target bonus opportunities and long-term incentive awards. The Committee administers the annual bonus plan including setting targets (that are subsequently reviewed by the Board), approving actual bonus outcomes and applying their discretion, where warranted, to the overall plan outcome or individual executive results. The Committee approves the quantum, form and targets for all long-term incentive awards, including that of the CEO.

The Committee also oversees all benefit plans which the Senior Executive management participate in.

The Committee is responsible for this remuneration policy and annual remuneration reports that are subsequently approved by the Board for presentation to shareholders.

The Committee has, and may, engage with external advisors to provide relevant information to assist them in making their decisions.

Role of the Nomination Committee

A Nomination Committee has been established whose members have been elected by shareholders at a general meeting. Members of the Nomination Committee are not Executives of the Company, or any Director who is standing for re-election to the Board of Directors.

The Nomination Committee reviews relevant market data (as further described below) and subsequently presents to shareholders for approval at the general meeting their recommended compensation for all Directors, including the Executive Chair. Compensation may include cash fees, equity awards and any other compensation that may be paid to Directors for their services to the Board.

Remuneration Statement

Underlying Principles

This policy has been developed in the context of our business goals, the competitive market for the talent we require to support these goals and market practice in our sector. It is intended to attract, motivate and retain high-calibre Senior Executives, to promote the long-term success of Shelf Drilling, and to be in line with best practice and the interests of our shareholders. Ensuring the long-term stability of our Senior Executive management team has been and is considered a critical factor in driving the Company's success.

Shelf Drilling is a leading international shallow water offshore drilling contractor with rig operations across Middle East, Southeast Asia, India, West Africa, Mediterranean and North Sea and has established itself as a leader within its industry through its fit-for-purpose strategy and close working relationship with industry leading clients, for whom we strive to provide best-in-class operations.

The primary competitive market for talent we require are our direct peers who are predominantly US listed offshore drilling contractors as well as other more regional drilling contractors. The broader oilfield service sector has also proven to be an area where talent can easily move within our industry.

When considering market practice, the Committee looks at pay levels and pay practices at a comparator group of offshore drilling contractors and service companies within the oil and gas industry. The comparator group is established taking into consideration a number of factors including revenue, total assets, enterprise value and market capitalization whose median values are comparable to Shelf Drilling, while taking into account the individual circumstances of different comparator companies. All of the peer group companies are listed in the US as this includes the majority of our major peers and ensures that consistent and reliable information is available through published annual reports.

Market benchmarks are used as one of many reference points when implementing the remuneration policy, with emphasis given to other factors such as how the policy will support the successful operation of our business and execution of the strategy, and how it will align the interests of our Senior Executives and Board Directors with those of shareholders. Further consideration is also given to the salaries and employment terms of the Company's other employees, e.g. information concerning the employees' remuneration and remuneration components.

In general, the target is to align to the median of the peer group for base salary, target annual bonus opportunity and long-term incentive opportunity for comparable positions however the factors outlined above can influence the final outcome.

Remuneration Policy for Senior Executives

The remuneration of Senior Executives comprises the elements described in this section.

Base Salary

Base salaries are normally reviewed on an annual basis against the peer group through a detailed report prepared for the Committee by external advisors using published annual proxy reports. Salary levels and potential adjustments take into consideration:

- The individual's role, performance and experience,
- Any changes in responsibilities, scope or scale,
- The peer group market benchmark, and
- The broader salary increases for non-executive positions

Individuals who are promoted into roles of increasing responsibilities may initially have their salary set at a level below the market benchmark. In subsequent years, their increase may be above that provided to other executives or the broader employee base in order to achieve the targeted level.

There are no set minimum or maximum increases that may be granted on an annual basis.

Annual Bonus

The annual bonus is designed to incentivize management, including the Senior Executives, to deliver against the Company's agreed goals and objectives for the calendar year.

Through to the year-end 2024 the annual bonus was made up of two components:

- Quantitative objectives: where each element had a defined target that was approved by the Committee at the beginning of the year, and subsequently reviewed with the Board. The weighting given to each element was adjusted from time to time as priorities changed.
- Qualitative assessment: where the Committee, taking into consideration the outcome of the quantitative objectives, could adjust the overall bonus payout based on the achievement of certain strategic objectives or an assessment by the Committee of relative performance of the Company against our peers or significant outperformance of any of the quantitative goals.

The maximum payout for the annual bonus plan was capped at 200% of target based on the combination of the quantitative and qualitative elements described above.

To better align with market practice at our US listed peers, beginning with the annual bonus for calendar year 2025, the number of elements within the bonus program was reduced and ranges were defined for those objectives that had a numerical target. Threshold, target and maximum levels for each of the quantitative bonus metrics are established with payouts set at 50%, 100% and 200% respectively based on an assessment of the outcome at year-end. Below threshold no payout for that element would be made with linear extrapolation in between each level.

A strategic goals component was also introduced with a determination to be made by the Committee based on an evaluation of the Company's performance against specific goals set for the year.

The maximum payout for the annual bonus plan remains at 200% of target should all goals meet or exceed the maxim's set. The structure of the bonus plan for future years will follow this construct.

The Committee makes the final assessment of the annual bonus outcome and reports back to the Board on their decision. The Committee may exercise discretion in making their assessment, including cancelling any or all of the annual bonus in the case of a major unplanned event that was within the control of the Company. Bonus payments are made in cash through the payroll following the Committee's determination of the outcome.

Bonus opportunities for each Senior Executive are set based on the assessment against the peer group. Current target bonus opportunities are 100% of annual base salary for the CEO and 80% for other Senior Executives. Maximum bonus payouts are therefore 200% of annual base salary for the CEO and 160% for other Senior Executives. Target bonus opportunities are reviewed against the peer group and may be adjusted if there are significant movements in the peer group median.

Long-Term Incentive Awards

The long-term incentive program is intended to incentivize and reward Senior Executives for executing the Company's strategy, driving improved performance against our peers and delivering increased value for our shareholders.

Senior Executives are eligible to receive an annual award that is currently delivered in both time-vested restricted-stock units ("RSUs") plus performance-based restricted-stock units ("PSUs"). Target awards are split equally between RSUs and PSUs. The Committee has the discretion to decide on the allocation between RSU, PSU, or whether to deliver the award in options.

RSU and share option awards normally vest in equal increments over a 3-year period. The Committee has the authority to establish alternative vesting schedules. Share option awards expire a maximum of 10-years from the date of award.

PSU awards normally vest by reference to performance over a 3-year period. The Committee has the authority to determine prior to award the performance metric (or metrics) to apply to such awards which may include relative or absolute TSR, internal financial or other operational metrics.

The Committee's determination is made shortly after the end of the performance period and the number of PSUs that vest can vary from 0% to 200% of the initial number of PSUs awarded based on a performance methodology established at the time of award.

For the PSU awards made in 2025, these will be assessed using relative TSR performance against a defined peer group of offshore drilling contractors and selected others from the broader compensation peer group. The performance is measured across a 3-year period starting from the quarter prior to the beginning of the calendar year of the award, against the performance in the final quarter at the end of the third year of the performance period. The Committee retains the right to adjust downwards the number of PSUs that would otherwise vest in the case where the TSR over the performance period is negative, or the Company is impacted by any significant or extraordinary event.

The Committee has the authority to determine any alternative form of PSU awards in order to drive long-term value creation for shareholders.

Based on the current split of RSUs and PSUs, the maximum total award can be up to 150% of the targeted award for each Senior Executive.

Remuneration Statement

Target awards, as a multiple of annual base salary, are determined based on the assessment against the peer group median.

Target awards are converted to a fixed number of RSU/PSU at the time of award using a volume weighted average share price over a period. The Committee retains the authority to use an alternative conversion methodology and may set a fixed target dollar award or fixed conversion rate based on their assessment of the Company's share price performance at the time.

The LTI plan permits that RSU and PSU awards may be in part or in whole cash settled at the time of vesting to limit overall shareholder dilution. The Committee has the discretion to make this determination prior to any vesting event.

Share Ownership Policy

In order to retain long-term alignment between executive management and shareholders, the Committee has established a share ownership policy. This policy restricts executive management from selling or transferring any shares awarded and received under the long-term incentive plan (other than to cover the exercise price of shares under share options or any tax payable on vesting/exercise) unless their residual share ownership, after the sale or transfer, meets a target level. The level set for the CEO is 500% of the current annual base salary and 300% for other Senior Executives, and in 2024 the Committee amended the policy to include the Executive Chairman with a level set at 500% of the annual base fee.

The Committee has the authority to amend or cancel this policy at any time.

Clawback

Payments resulting from annual bonus and long-term incentive awards are subject to clawback in the event of a misstatement of the Company's accounts, an error in calculating performance, gross misconduct resulting in dismissal, material failure in risk management, reputational damage, and any other event or events that the Committee considers to be both exceptional and sufficiently adverse to the interests of the Company. Additionally, in these circumstances a bonus payment which is due can be withheld and unvested share awards can be cancelled.

Pension

The Company operates a defined contribution pension plan that applies equally to employees on the US$ payroll in Dubai, including Senior Executives. The plan provides for monthly contributions that are determined, as a percent of base salary, by two components:

1. From 4.5% and up to 6.5% of base salary based on the employee's seniority,
2. Company match of up to 6% based on the employee's level of contribution to the plan.

The maximum contribution by the Company is 12.5% of the employee's monthly base salary. This plan replaces the otherwise mandatory end of service scheme that is required for employees in Dubai.

Other Benefits

Cash allowances consisting of housing, transportation, and vacation travel are provided to Senior Executives at levels that have been established consistent with market practice for employees on the US$ payroll in Dubai. Housing may be provided by the Company in lieu of a cash allowance, with rental covered up to levels approved by the Committee based on a market assessment.

Additional benefits are provided in line with other employees in Dubai including medical, life insurance and disability.

Schooling assistance may also be provided for eligible dependents of Senior Executives consistent with the practice in effect for other employees on the same payroll.

Term and duration of contracts

Senior Executives can enter into agreements with a fixed or indefinite term that may be terminated by either party on 6 months' written notice. The Committee may elect to waive the requirement for a Senior Executive to work their notice period if they determine that this is in the best interests of the Company. There may be no notice period required in the case of termination for cause.

Severance arrangements

When a Senior Executive's contract is terminated not in connection with a change in control, elements of remuneration are treated depending on the circumstances of the termination as set out in the table below:

	Good leaver[1]	Other leaver	Termination for cause
Salary	Payable over the notice period or settled by making a payment in lieu	Same as for a 'Good Leaver'	Nil[2]
Benefits and pension	Payable over the notice period or settled in cash	Same as for a 'Good Leaver'	Nil[2]
Annual bonus	Eligible for bonus relating to the period worked subject to the normal performance conditions and paid at the normal time.	No payment	No payment
LTI Awards	PSUs, RSUs and Share Options are normally pro-rated for time served in the vesting period and would normally vest according to the original timeframe. PSUs would normally continue to be subject to the original performance condition.	Unvested awards lapse	Unvested awards lapse

Note 1: The definition of a 'Good Leaver' includes circumstances such as death, disability, retirement and any other reason at the discretion of the Committee. The Committee retains the authority to permit vesting as per the original schedule where service continues to be provided to the Company post termination.

Note 2: The typical treatment on termination for cause is for no salary, benefits or pension to be paid unless this is not consistent with local laws, in which case the Committee has discretion to treat the termination in line with any legal requirement.

In addition to the above, any payments relating to local laws or regulations will also be paid and the Committee can pay sums to settle compromise claims in connection with a termination (including, at the discretion of the Committee, reimbursement for legal advice and provision of outplacement services).

On a change of control of Shelf Drilling, 'double-trigger' change in control provisions which are standard in our sector would normally apply. These provide that executives continuing with the new company following a change in control will not receive guaranteed cash payments and will not have accelerated vesting of their unvested share awards. Instead, outstanding share awards will normally roll-over into awards in the acquiror and vest according to the normal timetable.

For executives whose employment is terminated in connection with a change in control, cash severance may be paid and outstanding share awards may vest on termination subject to the guidelines for a 'good leaver' set out above. Cash severance amounts provide for a multiple of annual base salary plus target bonus opportunity, continued payment of cash allowances and other benefits for up to 24 months, plus relocation and outplacement support. For the CEO, the change in control agreement provides for a cash lump sum severance amount of 300% of annual base pay plus target annual bonus. For other Senior Executives, the multiplier is 250% of annual base pay plus target annual bonus.

Remuneration for new Senior Executives

The remuneration for a newly appointed Senior Executive will be set in line with the policy in force at the time.

For an external hire, the Committee may also buy out any remuneration and contract features that an executive may be giving up in order to become a Senior Executive at Shelf Drilling. Such buyouts would normally take into account the nature of awards forfeited and would reflect (as far as practicable) performance conditions, the value foregone and the time over which they would have vested or been paid. The Committee may agree that certain relocation, legal, tax equalization and other incidental expenses will be met as appropriate.

For an internal appointment, any legacy arrangements related to the previous role will be allowed to pay out as per their original terms unless they are bought out by the Company, even if these are in conflict with the policy in place at the time.

Remuneration Statement

Remuneration Policy for the Board Chair and Non-Executive Directors

Directors are appointed by shareholders in general meeting and shall stand appointed for a term expiring at the next annual general meeting of the Company. Directors hold office subject to the terms of a director services and indemnification agreement and the articles of association of the Company.

Remuneration for the Board Chair and Non-Executive Directors is outlined below:

Base Fee

The Board Chair and Non-Executive Directors are paid a base fee in cash for their service on the Board. Additional fees may also be paid to reflect extra responsibilities or time commitments, for example, for Board or committee chairs, lead independent directors, committee members, or time required to travel to Board meetings.

While there is no maximum fee level, fees are set by reference to market data for companies of similar size in our sector.

Share Awards

The Board Chair and Non-Executive Directors are eligible to receive an annual award of RSUs which normally vests following a 12-month period. These awards help align the interests of our Board members with those of shareholders and are not linked to performance.

Market Review

The Committee reviews the base fee and equity award sizes periodically to ensure they remain aligned with market levels at companies of similar size in our sector. This may use an analysis based on the same peer group as defined for executive compensation purposes.

Other

Reasonable expenses of the Board Chair and Non-Executive Directors that relate to duties for Shelf Drilling may be reimbursed, and assistance with tax returns may be provided where these are affected by their duties on Shelf Drilling's behalf.

In the case that an Executive Chair is appointed, the Executive Chair will be covered by the policy for Senior Executives, above. However, the Executive Chair may not receive all elements of remuneration set out for Senior Executives, as this will depend on the nature of the Executive Chair role.

Other Policy Areas

Derogations from and amendments to the policy

The Committee may make minor amendments to the policy for administrative purposes or to reflect legislation, regulation or taxation which affect the operation of the policy. Such changes can be made without seeking the approval of shareholders.

The Committee may also derogate from the approved policy in exceptional circumstances when it is considered to be required to serve the long-term interests and sustainability of Shelf Drilling. Such derogations may include extraordinary benefits, accelerated vesting, bonuses and/or special exit conditions and such circumstances may include, but are not limited to, changes in Company strategy, a material downturn in our sector's economic outlook, a change in control or other corporate action.

In times of significant industry or Company disruption, the Committee may determine that it is in the best interests of the Company to deliver cash retention awards to Senior Executives either in lieu of or in addition to annual LTI awards. Such awards would generally be in line with market practice in Shelf Drilling's sector to help retain key employees during market downturns when the ability of equity awards to retain employees is diminished and the use of equity awards is highly dilutive to shareholders.

Should any of the derogations described above be made, it will be presented to shareholders for an advisory vote in the next Annual Report on Remuneration. For any significant derogation to the policy, the Committee may consult with shareholders prior to implementation.

In the event of any significant changes to these guidelines, the proposed changes shall be presented to the Annual General Meeting for approval and the changed guidelines shall describe and explain the shareholders' views on the guidelines, the Annual General Meeting's vote, and that the remuneration reports since the last vote on the guidelines, have been considered.

Discretion

As highlighted earlier, to ensure the remuneration policy is operated efficiently, the Committee has discretion in a number of areas which include, but are not limited to:

- The timing of grant and/or payment
- The size of grants and/or payments (within the limits set out in the policy table)
- The extent and timing of vesting based on the assessment of performance
- Determining a 'good leaver' and, where relevant, the extent of vesting for share-based plans on an executive's departure
- Treatment or remuneration in exceptional circumstances such as change of control, when the Committee would act in the best interests of our business and its shareholders
- Making the adjustments to elements of pay required in certain circumstances (such as right issues, corporate restructuring, variation of capital and special dividends)
- The form of settlement of awards in accordance with any discretions set out in the plan rules
- The annual review of performance measures, weightings and targets for the discretionary incentive plans from year to year
- The Committee has the right to amend or substitute any performance conditions if something occurs that would stop the condition from achieving its original purpose. Any amended condition would not be materially easier to satisfy in the circumstances.

Legacy arrangements

Shelf Drilling has the authority to honor any commitments entered into with current or former Senior Executives or Non-Executive Directors before this policy is approved or before their appointment to the Board. Details of any such payments will be set out in the remuneration report for the relevant year.

Board of Directors' Biographies

David Mullen
Executive Chairman of the Board

Mr. Mullen has over 40 years' experience in the oil services business and currently serves as the Executive Chairman of the Board of Directors. He previously served as Shelf Drilling's Chief Executive Officer from October 2012 to August 2024. Mr. Mullen also serves as an Independent Director of Subsea 7 S.A. since April 2018, and Senior Independent Director since January 2021. Previous assignments include CEO and director of Wellstream Holdings PLC, a UK listed company that designed and manufactured subsea pipeline products and provided subsea services and installation, Chief Executive Officer of Ocean Rig ASA, a Norwegian listed ultra-deep water drilling contractor. Mr. Mullen also had a 23-year career at Schlumberger, including as President of Oilfield Services for North and South America. Mr. Mullen received a B.A. in Geology & Physics from Trinity College Dublin and an M.Sc. degree in Geophysics from University College Galway.

Ernie Danner
Lead Independent Director

Mr. Danner joined our board of directors in October 2013 and now serves as Lead Independent Director. He previously served as Chairman of the Board from November 2018 to August 2024. Since January 2018 Mr. Danner has served as an Operating Partner of SCF Partners, a private equity firm focused on oil service investments, which he joined in October 2012. Currently Mr. Danner serves as Chairman of the board of directors of Nine Energy Service, Inc., a NYSE listed company providing completion services to oil and gas producers in North America and Chairman of the board of directors of BCCK Engineering, Inc, a private company that designs, fabricates and installs natural gas processing plants in North America. Mr. Danner also serves as Chairman of the board of directors of Pipeline Plastics LLC, a manufacturer of HDPE pipe. Mr. Danner served as President and Chief Executive Officer of Exterran Holdings Inc. from July 2009 to October 2011 and as a member of its board of directors from 1998 to October 2011. He also served as President, Chief Executive Officer and a director of Exterran GP LLC the general partner of Exterran Partners L.P. Mr. Danner has a Masters of Accounting and Bachelor of the Arts degree from Rice University.

John K. Castle
Director

Mr. Castle joined our board of directors in November 2012 and has served as Chairman and Chief Executive Officer of Castle Harlan, Inc. since 1987, and as Chairman and Chief Executive Officer of Branford Castle, Inc since 1986. Prior to forming Castle Harlan, Inc., Mr. Castle was President and Chief Executive of investment banking firm Donaldson, Lufkin & Jenrette, Inc. Mr. Castle is a board member of various private equity companies, and he has previously been a director of numerous private and public companies. He also served as a Director of the Equitable Life Assurance Society of the U.S. Mr. Castle is a Life Member of the Corporation of the Massachusetts Institute of Technology. Previously, he had served for 22 years as a Trustee of New York Medical College, including 11 of those years as Chairman of the board. Mr. Castle is a Trustee and Chairman of the Executive Committee of the St. Patrick's Cathedral in New York City and is a member of the Finance Council of the Archdiocese of New York. From 2000 to 2018, Mr. Castle was a Director of Castle Harlan Australian Mezzanine Partners Pty Ltd and a Director of CHAMP Group Holdings Pty Ltd. He has served on various visiting committees at Harvard University, including the Harvard Business School. Mr. Castle received his Bachelor's degree from the Massachusetts Institute of Technology, his M.B.A. as a Baker Scholar with High Distinction from Harvard University, and has four Honorary Doctorate Degrees of Humane Letters.

Xianzhi Mei
Director

Mr. Mei joined our board of directors in June 2023. He has been with China Merchants Industry Holdings Co. Ltd. ("CMI") for more than twenty years, bringing extensive experience in the shipbuilding and manufacturing industry. Currently serving as Deputy General Manager of CMI since June 2022, he oversees the Planning Operations and Digital functions, driving strategic initiatives and leading digital transformation efforts. Mr. Mei's career began in 2002 as a Repair Supervisor and Project Manager at Yiulian Dockyards in Shenzhen, China. He then advanced to managing various senior positions including the Production Department Deputy Manager overseeing the ship repairing segment of the business. Following CMI's acquisition of Yiulian Dockyards in November 2011 (renamed "CMHI Shenzhen"), Mr. Mei assumed the role of General Manager Assistant at CMHI Shenzhen. From 2015-2021, he served as Deputy General Manager at CMHI Jiangsu, another shipyard under CMI, and concurrently as the General Manager of China Merchants Cruise Shipbuilding Co. Lt., responsible for manufacturing and construction. In 2019, Mr. Mei was promoted to the General Manager of CMHI Jiangsu before relocating to CMI headquarters in Hong Kong SAR. Mr. Mei holds a bachelor's degree in ship and marine power plants from Wuhan University of Technology, and a Master's degree in Management Science and Engineering from Zhejiang University.

David B. Pittaway
Director

Mr. Pittaway joined our board of directors in July 2015. Mr. Pittaway is Vice Chairman and Senior Managing Director of Castle Harlan and has been with the firm since its founding in 1987. Prior to joining Castle Harlan, Mr. Pittaway was Vice President for Strategic Planning and Assistant to the President of Donaldson, Lufkin & Jenrette, Inc. Before joining DLJ, he was a management consultant in strategic planning with Bain & Company in Boston, Mass., and previously was an attorney with Morgan, Lewis & Bockius, specializing in labor relations. He has served on the boards of multiple Castle Harlan portfolio companies, including American Achievement Corporation, Statia Terminals Group N.V., Morton's Restaurant Group and United Malt Holdings Inc. He also serves as Vice Chairman of Branford Castle, Inc. and Branford Chain, Inc. He has served on six public company boards and is currently a board member of The Cheesecake Factory Inc. Mr. Pittaway's community interests include being a Trustee of the University of Kansas Endowment Association. In addition, he served for twenty years in the United States Army Reserve and, upon retiring as a Major, he co-founded and acts as a director of the Armed Forces Reserve Family Assistance Fund, which provides needed support for families of American service members whose breadwinners are serving their country in overseas conflicts. He is a graduate of the University of Kansas (B.A. with Highest Distinction), and has both an M.B.A. with High Distinction (Baker Scholar) and a Juris Doctor degree from Harvard University.

Benjamin Sebel
Director

Mr. Sebel joined our board of directors in November 2012 and has served as Chairman of the Compensation Committee since May 2023. He is a Senior Advisor to Branford Castle Partners and was previously a Managing Director at CHAMP Private Equity, having been with the firm from 2005 until 2014. Immediately prior, Mr. Sebel was a Managing Director at Castle Harlan for seven years. Mr. Sebel is experienced in all aspects of private equity investment including deal origination, realizations and fundraising in both the United States and Australia. Immediately prior to joining Castle Harlan, Mr. Sebel worked at Goldman Sachs & Co. in its Capital Markets Group. Previously, Mr. Sebel spent two years as Special Advisor to the Hon. Nick Greiner AC, a former premier of New South Wales, and commenced his career in the Management Consulting Services Group of PricewaterhouseCoopers (Australia), where he also qualified as a Chartered Accountant. Mr. Sebel is currently chairman of Boss Engineering Pty Ltd., a director of Sunless (Australia) Pty Ltd. and Riverina Fresh Holdings Pty Ltd., an Investment Committee Member at Glow Capital Partners and a Senior Advisor to Alceon Private Equity, based in Sydney. Mr. Sebel holds a Bachelor of Commerce (First Class Honours) from the University of New South Wales, an M.B.A. from the Harvard Business School, and is a graduate of the Australian Institute of Company Directors.

Board of Directors' Biographies

Usama Trabulsi
Director

Mr. Trabulsi joined our board of directors in August 2017. Previously, he was a Managing Member of Integrated Renewable Energy Systems Ltd., a Saudi Arabia registered privately held limited liability company, the Chief Financial Controller (Deputy Minister Portfolio) of the Ministry of Petroleum and Mineral Resources, Riyadh, Saudi Arabia for over 14 years and the representative of the Minister of Petroleum and Mineral Resources to the Executive Committee, Auditing Committee and Compensation Committee of Saudi Aramco for over 13 years. Mr. Trabulsi served on the board of directors of Arabian Oil Company from 1996 to 2003 and Arabian Oil Holdings, Inc. Japan from 2003 to 2007, in each case as the representative of the Saudi Government. In addition, Mr. Trabulsi served as the Chairman of the board of directors of "PEMREF" Petromin-Mobil Oil Refinery Company Ltd., a joint venture company between Petromin (the State-owned National Oil Company) and Mobil Oil Company from 1990 to 1993. Meanwhile, Mr. Trabulsi served as Executive Vice President for Operation and Marketing of SUMED Oil Pipelines Co., a joint venture company between Egypt, Saudi Arabia, Kuwait, UAE and Qatar. He received his B.A. in Economics and Political Science from the King Saud University in 1965 and received his M.B.A. from Michigan State University in 1970.

David Williams
Director

Mr. Williams joined our board of directors in August 2017 and has served as Chairman of the Audit Committee since November 2018. He is a non-executive director of Tharsus Ltd of Newcastle upon Tyne ("Tharsus") and Pipeline Technique Limited, trading as CRC Evans ("PTL") where he also chairs the remuneration committee. Previously, Mr. Williams was the Chairman of PTL from 2019 to 2022, the Chairman of Tharsus from 2012 to 2022, the Chairman of Shepherd Group Ltd of York from 2014 to 2020, the Chairman of Ramco Ltd from 2013 to 2019, the Chairman of Frog Capital (previously known as "Foursome Investments") for 13 years and the Interim Chief Executive Officer of Logstor Holdings A/S of Logstor, Denmark for two years. Prior to this, Mr. Williams was the Chairman, then Chief Executive, of Serimax Holdings SAS of Paris from June 2004 to June 2006 and June 2006 to October 2011, respectively. He also held several positions at 3i plc from 1985 to 2003, including regional managing director. Mr. Williams received a BSc (Hons) in Naval Architecture and Shipbuilding from the University of Newcastle upon Tyne in 1975, has a Certified Diploma in Accountancy and Finance and received an MSc from London Business School in 1985.

Executive Officers' Biographies[1]

Greg O'Brien
Chief Executive Officer

Mr. O'Brien was appointed Chief Executive Officer in August 2024 and has spent his entire career in the oil and gas sector. Prior to his current role, Mr. O'Brien served as the Company's Executive Vice President and Chief Financial Officer since March 2016. He also previously served as Director, Strategic Planning in charge of Shelf Drilling's corporate development efforts. Mr. O'Brien joined Shelf Drilling from Lime Rock Partners, where he focused on oilfield services and exploration & production investment opportunities internationally. Before that, Mr. O'Brien held energy investment banking roles with J.P. Morgan and SunTrust Robinson Humphrey. Mr. O'Brien graduated from the McIntire School of Commerce at the University of Virginia in 2008.

William ("Kurt") Hoffman
Executive Vice President, Chief Commercial Officer and Advisor to the CEO

Mr. Hoffman has worked on rigs around the world and has over 40 years' experience in the global oil and gas drilling industry. Mr. Hoffman joined Shelf Drilling in October 2012 and prior to that was Senior Vice President and Chief Operating Officer of Seahawk Drilling, a Houston and Gulf of Mexico-based jack-up drilling provider where he was responsible for the company's daily operations and strategic business plan implementation. Mr. Hoffman spent 18 years with Noble Corporation where he held senior operational and executive roles, including Vice President of Worldwide Marketing, Vice President of Western Hemisphere Operations and President of Noble's engineering services division, Triton Engineering Services. Mr. Hoffman received a B.S. degree from Southwest Texas State University.

Douglas Stewart
Executive Vice President and Chief Financial Officer

Mr. Stewart was appointed as Executive Vice President and Chief Financial Officer ("CFO") of Shelf Drilling in July 2024. With extensive experience in the oil and gas industry across the US and the Middle East, he has held senior finance and legal roles, including CFO and General Counsel at Vantage Drilling, and Executive VP at Stallion Oilfield Holdings. He began his career specializing in corporate finance and securities law at a top-tier firm. Douglas holds a BA in Economics and International Studies from Trinity University and a Doctor of Jurisprudence from the University of Texas School of Law.

Ian Clark
Executive Vice President

Mr. Clark has over 40 years' experience in the oil services business. Prior to joining Shelf Drilling in November 2012, Mr. Clark spent 12 years with Transocean Ltd. where he last served as Vice President of Human Resources. Previous roles included Division Manager for Transocean's operations in Northeast Asia and also Managing Director for Nigeria. Before joining Transocean, Mr. Clark had a 20-year career with Schlumberger in various managerial, technical and marketing roles across Europe and Africa. Mr. Clark has a B.S. degree in Electrical and Electronic Engineering from Heriot-Watt University in Edinburgh, Scotland and completed both the Advanced Management Program at Harvard Business School and the Financial Times Non-Executive Director Diploma. Mr. Clark retired from Shelf Drilling at the end of March 2025.

[1] Executive team as of January 1, 2025.

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074–241

Sustainability Statement

General Information

ESRS 2 General Disclosures

Basis for Preparation

Shelf Drilling, Ltd. (the "Company") and its subsidiaries (the "Group"), including Shelf Drilling ("North Sea"), Ltd., has prepared the consolidated sustainability statement (the "Sustainability Statement") in accordance with the requirements of the European Union ("EU") Corporate Sustainability Reporting Directive ("CSRD") and the European Sustainability Reporting Standards ("ESRS"), pursuant to the Norwegian Accounting Act Section 2-3, 2-4 and 2-5, and Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

In 2024, Shelf Drilling reviewed the outcomes of its Double Materiality Assessment ("DMA"), which was first performed in 2023. Material disclosure requirements ("DR") have been identified based on the outcomes of the DMA.

The statement is structured in four parts, as required by the ESRS, and discloses Shelf Drilling's policies, actions, targets and metrics related to material impacts, risks and opportunities ("IROs") identified through the DMA process. Additionally, certain disclosure requirements have been incorporated by reference within the Annual Report, including three detailed tables, which can be found in the ESG Appendix (see page 216).

Our approach to preparing this statement adheres to the ESRS Qualitative Characteristics of Information, ensuring relevance and faithful representation, comparability, verifiability and understandability. As required by the Directive, our external auditors have carried out a limited assurance engagement on this Sustainability Statement and their assurance report is included in page 232.

BP-1

General basis for preparation of the sustainability statement

Information disclosed in the Sustainability Statement covers Shelf Drilling, Ltd. and its subsidiaries, including Shelf Drilling ("North Sea"), Ltd. The scope of consolidation is aligned with the 2024 consolidated financial statements, first published on March 3, 2025. The statement covers the 12-month period for the financial year ended December 31, 2024.

The materiality process set out in ESRS 2 IRO-1 includes identification and assessment of impacts, risks and opportunities in Shelf Drilling's own operations, and connected to the Company through its direct and indirect business relationships in its upstream and downstream value chain, in accordance with ESRS 1 (5.1).

Where relevant, policies and actions to manage material IROs extend to applicable parts of the value chain. Value chain data is included in the Scope 3 and avoided emissions environmental metrics; however, Shelf Drilling has exercised Transitional provision 10.2 related to chapter 5 Value chain in ESRS 1 to omit value chain metric information for other sustainability matters in the topical ESRS.

For the purpose of reporting under MDR-A, Shelf Drilling considers an action plan financially significant if the related Capital Expenditure and/or Operating Expenditure exceeds US$ 16m of the total annual expenditure in aggregate. This threshold is applied consistently across all topical disclosures.

Shelf Drilling has prioritized collecting the required sustainability data from its own operations for disclosure in line with the ESRS requirements. Additionally, we have sought to obtain value chain data for a few environmental related metrics, such as logistics and air travel related Scope 3 GHG emissions directly from suppliers.

Scope 3 GHG emissions for the prior reporting period have been revised due to methodological updates affecting Category 1 ("Purchased Goods and Services") and Category 2 ("Capital Goods"). In 2023, Scope 3 GHG emissions were reported only as an aggregated total without a category-level breakdown. For enhanced transparency, we adopted updated EXIOBASE (2019) emission factors and applied a Consumer Price Index ("CPI") deflator to harmonize spend data with the emission factor base year. The CPI deflator was also applied to the 2024 Scope 3 GHG emissions (E1-6) and avoided emissions (E5-4) data to ensure consistency and comparability. There were no changes made to the other Scope 3 categories.

No information corresponding to intellectual property, know-how or the results of information has been omitted from the Sustainability Statement, nor has Shelf Drilling exempted from disclosure information pertaining to impending developments or matters in the course of negotiation.

BP-2

Disclosures in relation to specific circumstances

Time horizons

Shelf Drilling has defined and adopted short (0-1 years), medium (1-3 years) and long-term (3-10 years) time horizons throughout the Sustainability Statement. The medium and long-term deviate from the time horizons defined in the ESRS 1 and have been adopted to align with the time horizons used throughout Shelf Drilling's operations. Offshore drilling is a very dynamic industry and long-term time horizons are not typically considered other than for strategic acquisitions or expenditure.

Value chain estimation and sources of estimation and outcome uncertainty

Where value chain information cannot be directly collected, Shelf Drilling has used estimates based on reasonable and supportable data sources available at the reporting date. Estimates using data from indirect sources have been used to calculate our Scope 1, 2 and 3 GHG emissions, pollution to air and avoided emissions, please refer to E1-6 (see page 124) for more details.

- **Scope 1 GHG Emissions & Pollution to air**
  Our Scope 1 GHG emissions are calculated based on fuel consumption data and standard emission factors sourced from UK Department for Environment, Food & Rural Affairs ("DEFRA"). Non-GHG air pollutants are also calculated based on fuel consumption data and standard emission factors sourced from UK Environmental and Emissions Monitoring System ("EEMS"). While fuel consumption data is available from operational logs, some degree of estimation uncertainty exists due to the use of default emission factors, which may not reflect accurate equipment-specific combustion characteristics. A detailed explanation of these calculations is provided in the E1 and E2 Accounting Policies.

- **Scope 2 GHG Emissions**
  Our Scope 2 GHG emissions are based on energy consumption data from our offices and yards, tracked with reasonable accuracy using utility invoices. As supplier-specific emissions factors are currently unavailable, we utilize recognized emissions factors published by the International Energy Agency ("IEA") and the Association of Issuing Bodies ("AIB") to convert energy consumption into location- and market-based emissions values. A detailed explanation of these calculations is provided in the E1 Accounting Policies.

  The level of accuracy is considered reasonable due to the availability of direct utility data. However, the use of generalized emissions factors introduces a degree of uncertainty as these values may not fully reflect the specific energy mix of our suppliers. We plan to engage with our key energy suppliers to obtain supplier-specific emissions factors, which will enhance the accuracy of Scope 2 GHG emissions calculations.

General Information

- **Scope 3 GHG Emissions & Avoided emissions**
  Scope 3 GHG emissions include categories relevant to our operations, detailed in E1-6. While we obtain supplier-specific emissions data for some categories, a significant portion of our Scope 3 GHG emissions are based on multiple emissions factors databases, such as EXIOBASE, International Energy Agency ("IEA") and the Association of Issuing Bodies ("AIB"). We utilize spend-based estimates using financial data, categorized by activity type and mapped to emissions factors and other assumptions to derive the Scope 3 GHG emissions for Category 1 and 2. A detailed explanation of these calculations is provided in the E1 Accounting Policies.

  We also report avoided emissions, calculated using EXIOBASE emission factors. These represent emissions that may be prevented through certain circularity measures or efficiency improvements. For more information, refer to the E5 Accounting Policies.

  The accuracy of these estimates is influenced by multiple factors, such as limited availability of supplier-specific data, use of industry averages which may not fully align with the carbon intensity of our suppliers. The level of accuracy is therefore considered moderate. This is a known limitation in calculating value chain emissions across the industry. We are working to improve data collection processes and integrate supplier sustainability data into our reporting.

Greenhouse gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

No additional metrics beyond those disclosed above are subject to a high level of measurement uncertainty.

Changes in preparation of sustainability information

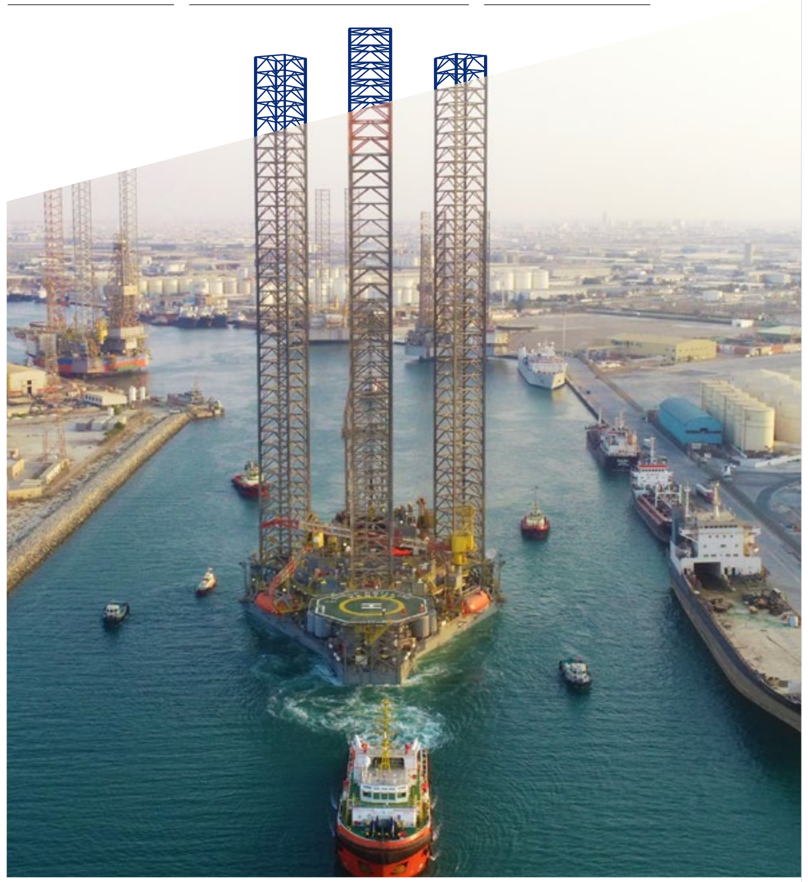
The 2024 Sustainability Statement constitutes Shelf Drilling's first year of alignment with the ESRS. The statement therefore includes the introduction and disclosure of ESRS-defined metrics.

Shelf Drilling's previous sustainability reporting was prepared in accordance with voluntary Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB") standards. Comparative data is therefore provided for metrics where available. Information about the methodologies, calculations and assumptions relating to metrics are disclosed in the relevant accounting policies for each topic. Comparative data is not presented for some metrics, in accordance with Transitional provision related to section 7.1 Presenting comparative information in ESRS 1.

Incorporation by reference

Shelf Drilling has used incorporation by reference for the following disclosure requirements and datapoints:

Disclosure requirement	Datapoint	Location in Annual Report
ESRS 2 GOV-4	30; 32 Mapping of information provided in Sustainability Statement about the due diligence process	Appendix page 216
ESRS 2 IRO-2	56 Disclosure of list of ESRS Disclosure Requirements complied with in preparing Sustainability Statement	Appendix page 219
ESRS 2 IRO-2	56 List of data points that derive from other EU legislation and information on their location in Sustainability Statement	Appendix page 223



Governance

GOV-1

The role of the administrative, management & supervisory bodies

G1 disclosure requirement related to GOV-1

Shelf Drilling's administrative, management and supervisory bodies consist of the Board of Directors, the Audit Committee and the Executive Steering Committee.

The Board of Directors comprises eight directors – one executive director and seven non-executive directors, four of which are independent (50%). All directors are male (0% female directors) and there is no employee representation on the Board.

The Board has extensive experience relevant to the oil and gas services industry and across the geographic locations relevant to Shelf Drilling, including North America, Europe, the Middle East, West Africa and Southeast Asia. This includes leadership experience in oilfield operations, energy services and investment management and deep expertise in strategic planning, financial oversight, governance and compliance, health & safety and environmental sustainability. Further information on the composition and experience of the Board is described in the Corporate Governance section of the Annual Report (see page 38).

Sustainability reporting governance is described in Shelf Drilling's Sustainability Policy (see E1-2 for detailed policy information) and outlined in a sustainability reporting procedure in the Company Management System ("CMS"). This governance structure is illustrated in Figure 1, below.

The **Board of Directors** has ultimate accountability for sustainability Reporting. The Board approves the Sustainability Statement and oversees the alignment of sustainability and corporate strategy. The Board is also ultimately accountable for business conduct matters.

The **Audit Committee** has been delegated responsibility for overseeing sustainability reporting. This is set out in the Audit Committee Charter and includes overseeing sustainability reporting processes and controls, engaging with external auditors relating to sustainability matters, and reviewing significant changes to sustainability data collection, monitoring and reporting processes. The Audit Committee approves sustainability related targets and policies.

The Audit Committee has also been delegated responsibility for overseeing compliance-related matters. This is described in detail in G1-1, Business Conduct (see page 208).

The **Executive Steering Committee** is accountable for the sustainability reporting process and for overseeing Shelf Drilling's material impacts, risks and opportunities. The Executive Steering Committee recommends sustainability targets and ensures Shelf Drilling's sustainability initiatives are coherent with its strategic objectives. The Executive Steering Committee reports to the Board and the Audit Committee on sustainability matters, which includes reporting progress against agreed sustainability targets.

The **Sustainability Steering Committee** oversees the Double Materiality Assessment ("DMA") process. The Committee serves an important control function by approving material impacts, risks and opportunities, which are identified and assessed by specific topic owners. The Committee is also responsible for managing sustainability-related impacts at a Company level. Material risks are shared with the **Enterprise Risk Management ("ERM") Steering Committee**. Topic owners comprise various internal functions and committees who are responsible for implementing measures to manage material impacts, risks and opportunities.

The **Board approves** the sustainability statement and oversees the alignment of sustainability and corporate strategy.

General Information

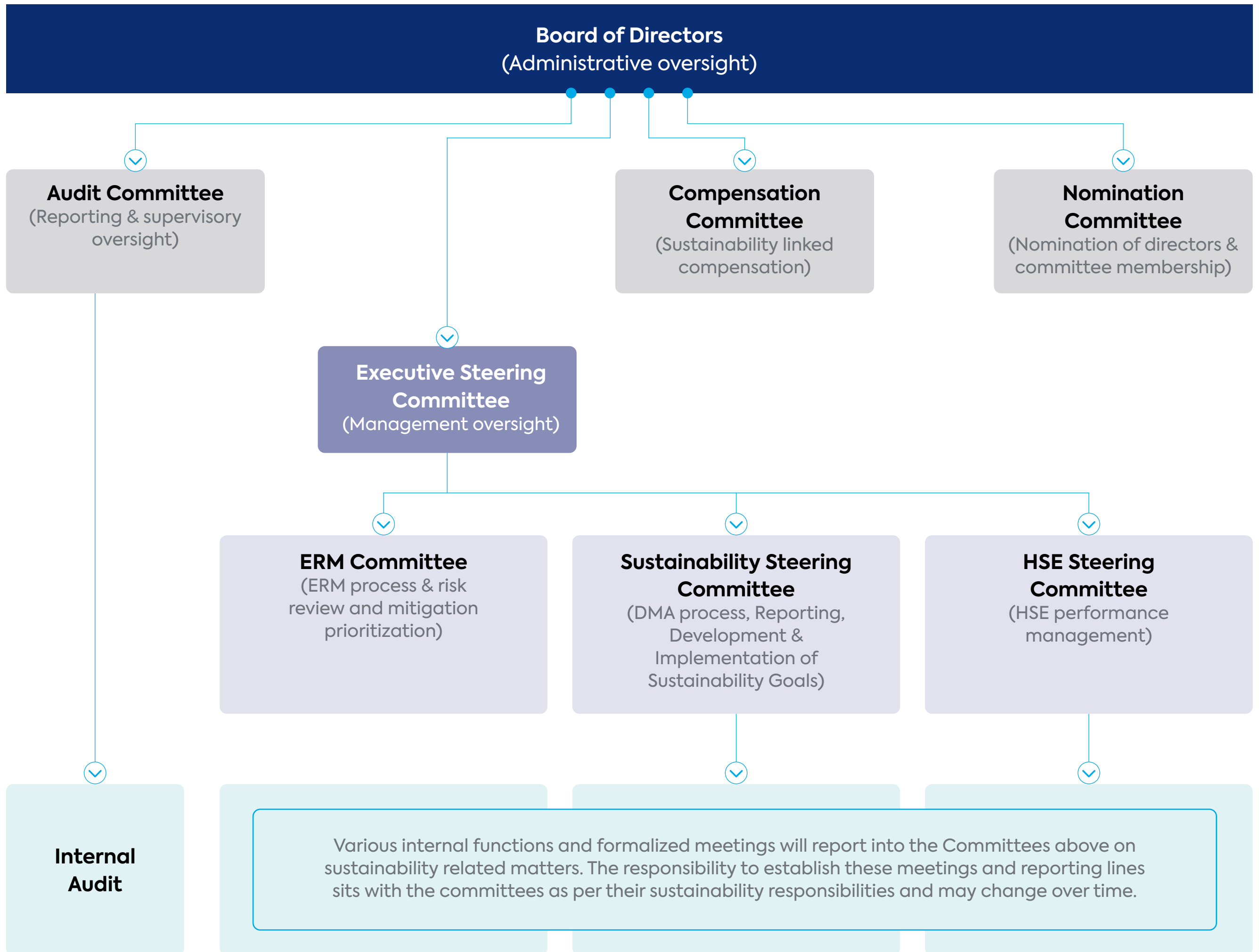
Oversight of sustainability reporting is integrated into Shelf Drilling's other internal risk management and control functions through its link to the ERM Steering Committee and through Board, Audit Committee, and Executive Steering Committee oversight. The ERM Steering Committee is responsible for enterprise risk management, including material sustainability risks identified during the DMA. The ERM Steering Committee reports directly to the Executive Steering Committee and updates the Sustainability Steering Committee on the management of sustainability-related risks.

The **HSE Steering Committee** is responsible for the managing and monitoring of Health, Safety & Environment ("HSE") related policies, actions, metrics and performance.

The Executive Steering Committee has industry-specific expertise relevant to sustainability and business-conduct matters, derived from experience in global oil and gas operations in offshore environments, where environmental management, safety regulations, legal compliance, maintaining high standards of business conduct, and ensuring businesses are run sustainably are critical. The Board provides a business perspective to sustainability matters brought forward by the Executive Steering Committee. The Chairman of the Audit Committee holds a specific sustainability-related qualification.

The Audit Committee, Executive Steering Committee and Sustainability Steering committee received sustainability training and leverage external consultants and internal subject matter experts to ensure they have sufficient information to oversee all material impacts, risks and opportunities.

Figure 1: Sustainability Reporting Internal Governance Structure



GOV-2

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Board, Audit Committee and Executive Steering Committee are informed about impacts, risks and opportunities through the processes described in GOV-1 above. The Executive Steering Committee receives periodic reporting from the Sustainability Steering Committee on the effectiveness of mechanisms to manage material impacts, risks and opportunities, and reports to the Board and Audit Committee on sustainability matters at least annually.

The Executive Steering Committee ensures sustainability initiatives are coherent with Shelf Drilling's strategic objectives and aligned with the material opportunities identified through the DMA. The Audit Committee and Board oversee the Enterprise Risk Management Review ("ERM review"), which incorporates sustainability risks. Certain matters identified through the ERM or double materiality assessment process can drive strategic decisions, including rig acquisition, strategic investments in rig upgrades, or the internal audit program.

The Board of Directors has also received presentations from energy research consultants on the energy transition and its implications for the industry, sector and locations in which Shelf Drilling operates. This can influence decisions such as strategic investments and deploying rigs from one geography to another.

During the year, the Board and Audit Committee considered all material impacts, risks and opportunities (see ESRS 2 SBM-3) as part of the double materiality assessment review. They also considered Shelf Drilling's climate-related impacts, risks and opportunities when approving the Decarbonization Plan for Climate Change Mitigation and its corresponding decarbonization targets. The plan, while mitigating our material impacts and risks, is not aligned with the limiting of global warming to 1.5C in line with the Paris Agreement.

GOV-3

Integration of sustainability-related performance in incentive schemes

E1 disclosure requirement related to ESRS 2 GOV-3

Sustainability is integrated into performance-related incentive schemes through the annual bonus program which applies across all eligible employees, including executive management. The remuneration of non-executive board members is not linked to the Company's performance.

Performance-related remuneration of the executive management comprises an annual bonus program. In 2024, 15% of the annual bonus program was linked to sustainability KPIs – 10% was measured by safety performance, and 5% was measured by performance against Shelf Drilling's Scope 1 GHG emissions intensity reduction target, which was to reduce its 2024 emissions intensity (average daily Scope 1 engine emissions per equivalent Rig operated day) by 4% from the 2023 baseline. Shelf Drilling's decarbonization plan and new GHG emissions targets are described in detail in E1-4.

The Compensation Committee is responsible for overseeing and reviewing compensation plans, policies and programs, including performance-related incentive schemes.

General Information

GOV-4

Statement on due diligence

Please refer to the ESG Appendix section on page 216 of the Annual Report.

GOV-5

Risk management and internal controls over sustainability reporting

The main components of Shelf Drilling's risk management and internal controls processes over sustainability reporting include:

- **Board-level approval of sustainability reporting.** External sustainability reporting is approved and signed off by the Executive Steering Committee, the Audit Committee and the Board of Directors.
- **Sustainability reporting procedure.** During the year, Shelf Drilling introduced a Sustainability Reporting procedure into its CMS. This sets out ownership and reporting lines for sustainability reporting, described in GOV-1 above.
- **Integration of sustainability risks into the ERM.** The ERM Steering Committee is responsible for overseeing sustainability-related risks.
- **Basis of Reporting documentation.** Shelf Drilling has documented the data gathering processes for all quantitative metrics which describe methodologies and assumptions. In 2025, Shelf Drilling intends to formalize these principles in a Basis of Reporting document relating to sustainability reporting.

In accordance with the new sustainability reporting procedure, Shelf Drilling plans to identify, assess and prioritize risks relating to sustainability reporting on an annual basis. The identified risks and internal controls to address these risks will be documented, monitored and reported to the Sustainability Steering Committee. Shelf Drilling has not performed a formal risk identification and assessment of these risks for the reporting period because the procedure was approved in November 2024 and had not yet been implemented.

Strategy & Business Model

SBM-1

Strategy & business model

About Shelf Drilling

Shelf Drilling is one of the leading international shallow water drilling contractor with rig operations across the Middle East, Southeast Asia, India, West Africa, Mediterranean and the North Sea.

We provide equipment and services for the drilling, completion, maintenance, and decommissioning of oil and natural gas wells. We solely focus on shallow water operations in both benign and harsh environments, leveraging many years of industry experience and an outstanding track-record which aims to provide best-in-class operations for our customers.

Our business is built on three essential values

1 **Protect**

Protect yourself, your team, your asset and our environment.

2 **Lead**

We conduct business ethically, with responsibility and accountability.

3 **Execute**

We aim to consistently deliver outstanding performance for our customers, shareholders and other stakeholders.

General Information

Strategy

Our strategic ambition is to drive sustainable growth to become the jack-up drilling contractor of choice in our core operating regions for our customers, employees and shareholders. Our track record of safety and operational excellence ensures we maintain long-term relationships with our customers and suppliers, and our focus on sustainability supports our long-term success, safeguarding the business against volatility.

Our strategic priorities are

Focus

Jack-up operations are our sole focus.

Reliability

With safety and operational performance at the forefront of everything we do, Shelf Drilling strives to create an environment where no one gets hurt.

Relationships

Our goal is to develop long-term and mutually beneficial relationships with customers and suppliers. We aim to provide development for our people to support their long-term career goals.

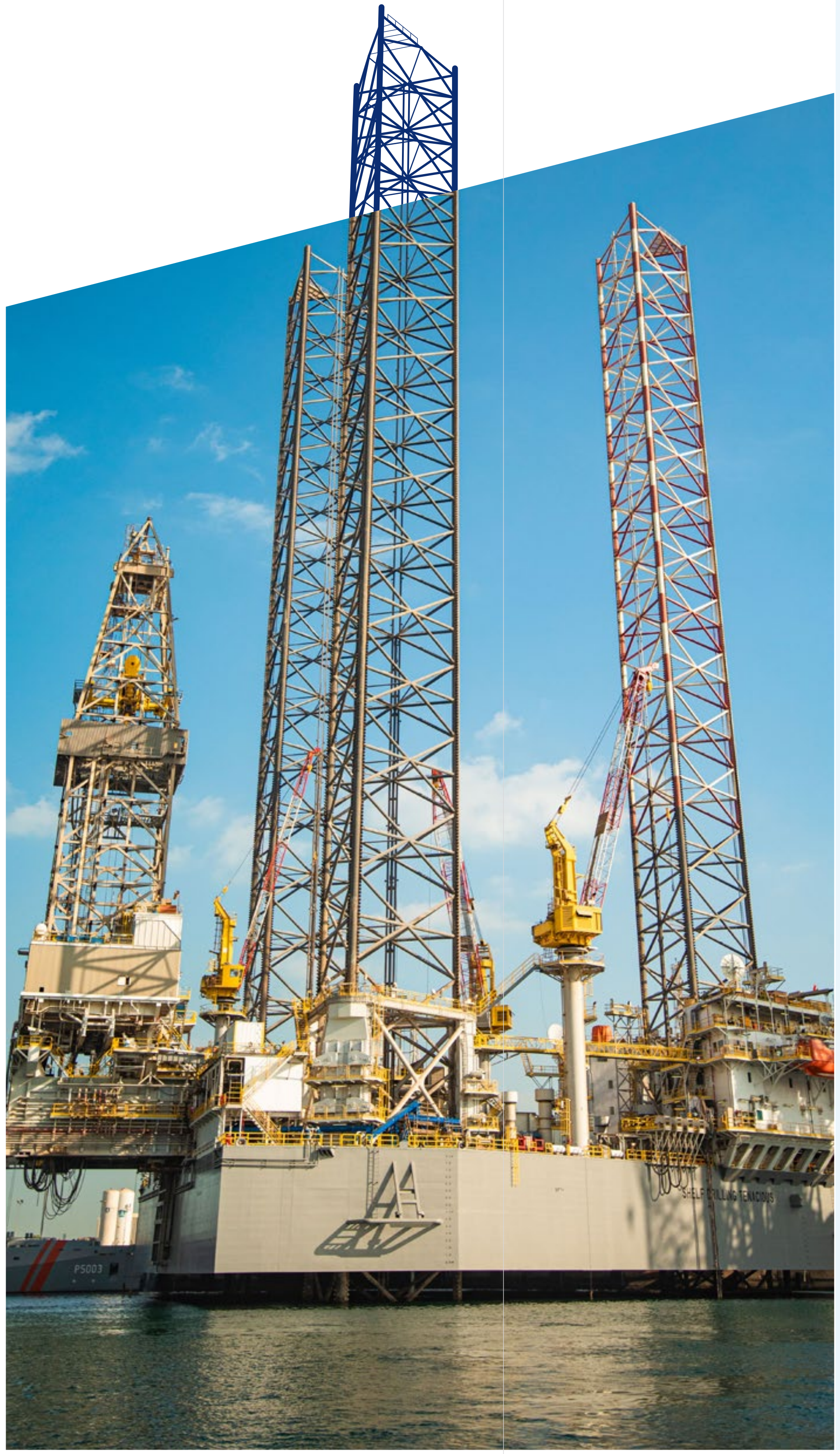
We recognize the complex energy trilemma facing the world today: ensuring energy security; providing equitable access to energy, especially in emerging economies; and achieving environmental sustainability.

Our focus on ensuring the health and safety of employees and of all people onboard our rigs is central to the success of our operations and to our long-term strategy. Providing a safe workplace is not only our primary responsibility to our employees but also a key driver of our long-term sustainability.

Oil and gas production from the shallow water basins deliver hydrocarbons at lower cost and lower emissions per barrel than most other sources. This supports the continued resilience of our services in climate scenarios where oil demand peaks then subsequently declines to 2050.

However, as a drilling contractor, our activities can have a substantial impact on the environment and people. Our operations are energy-intensive and have impacts on climate change, pollution, biodiversity and ecosystems. We also recognize that drilling operations can pose inherent risks related to health, safety and human rights, and it is vital we maintain high standards of business conduct.

We remain committed to minimizing our impact on people and the environment by fostering safe and responsible operations. As detailed in this Sustainability Statement, we strive to reduce emissions, promote well-being, and prioritize resource stewardship to create lasting value for our employees, affected communities, and the environment.



Business model

Shelf Drilling owns and operates jack-up drilling rigs in shallow marine environments in support of our customers drilling, completion, workover, and abandonment programs. Our crews perform their services consistent with our Company-wide policies, procedures and processes, ensuring all operations are carried out efficiently, effectively and with the highest regard for safety and environmental compliance.

Shelf Drilling's business model is centered around three key pillars

1. Right assets in the right locations

We have significant market share in strategically chosen core operating regions characterized by comparatively stable activity, low lifting costs and low emissions. We have upgraded our fleet through creative, cost-effective transactions and operate at scale across key shallow water regions across the world.

2. Right-sized organization

Our focus on shallow water operations enables us to optimize our organization's size, scale, and management processes, to deliver outstanding performance to our customers and other stakeholders.

3. High local content

We aim to hire and develop the most qualified local talent for all positions in the areas where we operate. This benefits the local communities through providing meaningful career progression, increasing the economic value retained in the community and supports strong relationships with local governments.

Shelf Drilling generates substantially all of its revenue through drilling services, including day-rates charged to its customers for the provision of services related to drilling, completion, maintenance and decommissioning of offshore oil and natural gas wells. The Company may also earn lump-sum fees relating to contract preparation, capital upgrades, mobilization and demobilization in certain contracts. Other revenues consist of amounts billed for goods and services such as catering, additional equipment and personnel, consumables or accommodations.

Shelf Drilling's costs are predominantly operating and maintenance expenses, which primarily include depreciation and amortization costs, as well as expenditures required to operate its rigs, including labor, fuel, equipment maintenance and other supplies.

Shelf Drilling safeguards itself against the market volatility of the oil and gas industry through its low-cost structure, full cycle track record of resilient margins and leveraging the breadth of its operating footprint to redeploy rigs from areas of relatively low activity to those with higher activity and demand.

General Information

Our services

Shelf Drilling offers a primary service to its customers: the provision of rig-related services to customers across the oil and gas value chain. This involves providing the rig, crew and expertise to support customers' shallow-water programs. Within this service, Shelf Drilling may support five types of activity:

1 Oil & gas exploration

Shelf Drilling supports clients' efforts to identify new oil and gas reserves through the drilling, completion and testing of exploratory wells.

2 Greenfield well development drilling and completion

We assist the customer with drilling and completing new wells in new facilities or locations.

3 Remedial work on existing wells

We carry our maintenance and improvement work for clients on existing wells to maximize output and ensure the safety of operations.

4 Plug and abandonment

We support clients to seal and decommission wells when they are no longer viable.

5 Carbon capture and storage ("CCS")

We may support our customers CCS activities, repurposing depleted wells or fields to store captured carbon dioxide underground.

The revenue generated from Shelf Drilling's activities are captured in line with this service.

Shelf Drilling has significantly invested in upgrading certain rigs to specialize in plug and abandonment ("P&A") operations - a critical component of the oil and gas industry's circular economy. As more fields approach the end of their productive life, the requirement for P&A services is expected to increase.

While the timing of this activity is uncertain, we have invested in the development of our capability in this area. Our 2022 acquisition in the North Sea positioned us in a region with increasing demand for P&A operations. In 2024, Shelf Drilling sold one of its standard specification rigs where the buyer had been awarded a P&A contract. Leveraging our proven expertise in P&A services, we established an ongoing support contract with the buyer where we will operate the rig for an initial term.

Building on our experience in P&A operations, we aim to participate in the CCS value chain in future, contributing to global efforts to achieve net-zero emissions. In 2024, we completed a one-well CCS project for a customer in Italy.[1]

Significant markets and customer groups

Shelf Drilling focuses solely on shallow water basins, a key source for global crude production amounting to 18% of total global and 65% of total offshore production in 2024. More detail on the shallow water crude market is set out in our market review (see page 22).

We have a workforce of 3,847 employees and non-employees ("contractors") in total and operate in five core regions with the following headcount distribution:

	2023	2024
Middle East, North Africa and the Mediterranean ("MENAM")	1,734	1,201
India	919	909
West Africa	660	749
Southeast Asia	422	567
The North Sea	482	414
Other	3	7
Overall	4,220	3,847

Our diverse customer base includes national oil companies ("NOCs"), international oil companies ("IOCs"), and independent oil & gas operators, including but not limited to Chevron Corporation ("Chevron"), Ente Nazionale Idrocarburi S.p.A ("ENI"), PetroVietnam Exploration Production Corporation ("PVEP"), Saudi Arabian Oil Company ("Saudi Aramco"), Oil and Natural Gas Corporation Limited ("ONGC"), QatarEnergy LNG, and Equinor.

In 2024, Shelf Drilling obtained the required regulatory approvals to begin operations in Norway, following the acquisition of five rigs from Noble Corporation in 2022.

[1] As part of the EU Taxonomy assessment, Shelf Drilling considered whether any revenue could be eligible, as Shelf Drilling provided a rig for a potential offshore carbon storage well for a customer in Italy. As Shelf Drilling is not the owner of the project, it was not deemed relevant to be associated with the EUT activity "Underground permanent geological storage of CO2".

General Information

Value chain

Shelf Drilling's service offering is concentrated upstream in the oil and gas value chain, spanning hydrocarbon exploration, development and production. Our customers often maintain decision making of the entire value chain, with Shelf Drilling providing services for a range of activities from drilling, completion, workover, and abandonment programs.

Upstream actors within Shelf Drilling's value chain include equipment manufacturers who make the rigs and equipment; suppliers who provide the parts and consumables to operate the rigs; logistics and transportation firms who handle the movement of equipment and personnel; maintenance and repair services ensure the operational efficiency of the drilling equipment and vendors provide services onboard the rigs.

Shelf Drilling buys its rigs from shipyards and from other drilling companies and, therefore, has both direct and indirect relationships with equipment manufacturers. Shelf Drilling has direct business relationships with all other upstream actors.

Key actors downstream in Shelf Drilling's value chain include our E&P customers who contract us to provide drilling services. Rig recyclers and scrap merchants are important downstream actors in the lifespan of the rigs themselves.

Shelf Drilling's key relationships are with its customers, suppliers, investors, insurers, classification societies, local communities, regulators and government agencies. To ensure customers receive the best possible service, we are transparent and competitive throughout tendering process and on a day-to-day basis, working collaboratively with customers in work and program planning and execution. Customer relationships are supported by our active participation in industry body programs and events, which allow us to stay updated with the latest industry trends.

We establish long-term relationships with vendors, and aim to promote shared values across our value chain. We conduct regular audits of our vendors, monitor compliance, and facilitate transparent investigation and reporting mechanisms. We have also established effective channels enabling anyone to report a violation, ask questions, or express concerns in relation to our business and operations.

Shelf Drilling collaborates with classification societies to ensure that our Rigs meet the regulatory and industry standards. We also engage with local communities near our operations to promote social development and support local economies.

Shelf Drilling also engages with investors through quarterly calls, investor conferences and financial updates, and engages proactively with regulators and government agencies. This is detailed in ESRS 2 SBM-2 below.

We also work with insurance companies to manage operational risks and ensure asset protection.

General Information

Our value creation process relies upon several vital inputs, and has both positive and negative outputs and outcomes for stakeholders:

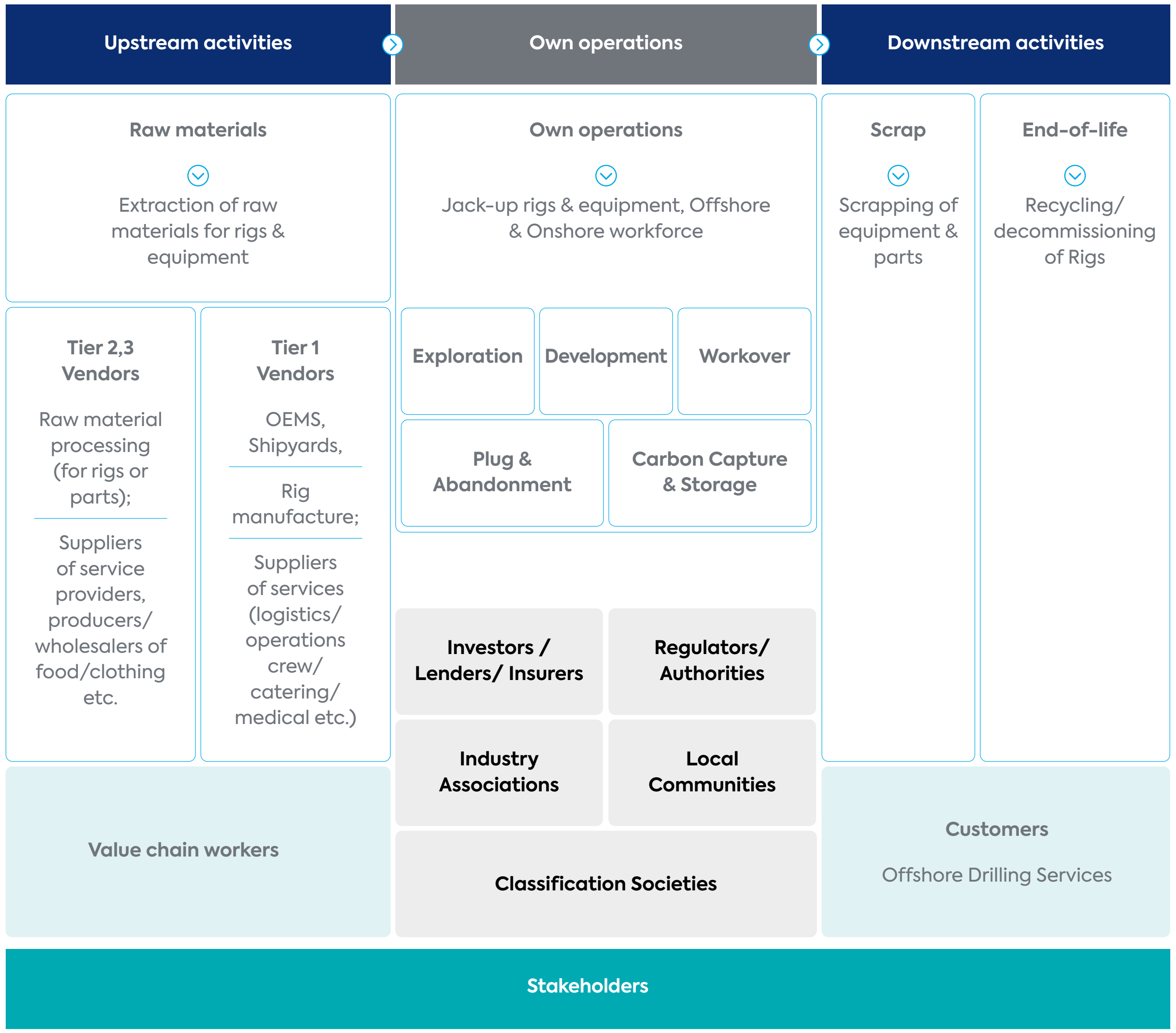
Input	Description	Approach
Capital	Funds costs of operations, people, assets, rig maintenance and upgrades.	From time to time, we raise capital in the form of equity or debt from investors.
People	Shelf Drilling relies on a highly skilled, local workforce for both onshore and offshore operations. This includes inherent health and safety risks for offshore workers. We depend indirectly on workers across our value chain, including our suppliers' employees and crew members employed by third parties. Strong relationships with local communities affirm our social license to operate.	We prioritize hiring from within local communities and uphold strict adherence to labor laws and ethical standards across our global operations. We maintain effective two-way relationships with our suppliers, who are required to adhere to our high standards of business conduct. We engage in community development initiatives to advance social, economic and environmental welfare in these areas.
Equipment	Our activities rely on heavy industry and equipment including the rigs themselves and accompanying infrastructure.	Shelf Drilling primarily acquires rigs from shipyards or other drilling contractors. Our focus on circularity contributes to reducing our Scope 3 GHG emissions by prioritizing the purchase of used equipment over new equipment.
Natural resources	We depend on natural resources – both directly (in the form of fossil fuels burned onboard our rigs) and indirectly (including minerals and metals used in the manufacture and maintenance of our infrastructure).	Shelf Drilling maintains long-term, two-way relationships with its suppliers, including the fuel-providers. However, fuel is typically supplied by the customer. Shelf Drilling is focusing on reducing its environmental footprint and energy consumption, and this year introduced a Decarbonization Plan for Climate Change Mitigation.

Output	Description	Outcome
Value for customers	We deliver a high quality, efficient service for customers where the highest standards of safety and environmental consideration are met.	Customers achieve their goals, with minimal impacts on people and the environment, protecting their reputations and the safety of their employees. Shelf Drilling develops long-term, mutually beneficial relationships with customers.
Return for investors	Investors invest capital in Shelf Drilling with the expectation of receiving a return on their investment either through stock appreciation in the case of shareholders, or interest on loans in the case of lenders.	Shelf Drilling generates earnings through its operations, which funds returns on investments for investors.
Jobs for own workforce and local communities	Our focus on providing fair and competitive employment terms and prioritizing local employment, supports both our employees and local communities.	Improved wellbeing of our workforce and economic benefits for local communities through job creation.
Emissions and other environmental impacts	Fossil fuels are burned on our rigs to power our operations (Scope 1 GHG emissions), and our operations are located in marine environments.	Burning fossil fuels releases pollutants into the atmosphere, contributing to climate change. Our operations can disrupt the biodiversity and marine ecosystems in areas where we operate.

General Information

Shelf Drilling serves clients across a range of different rig-related activities in the oil & gas sector. Consequently, the potential impacts, risks and opportunities of the sector – including contribution to climate change, disruption of marine ecosystems, inherent health & safety and human rights risks, as well as opportunities relating to carbon capture and storage – often reflect the impacts, risks and opportunities identified as material to Shelf Drilling throughout the DMA process (see ESRS 2 SBM-3).

Figure 1: Shelf Drilling's value chain



Sustainability goals & assessment of services in relation to these goals

Shelf Drilling has sustainability-related goals for health & safety, ongoing regulatory compliance and, more recently, its environmental performance as part of its new Decarbonization Plan for Climate Change Mitigation. We define sustainability as achieving commercial profitability in a way that is consistent with our fundamental ethical values and with respect for individuals, the environment, and society. Our sustainability goals are organization-wide and, therefore, apply to Shelf Drilling's primary service offering.

The plan outlines Shelf Drilling's targets for

20%

reduction in Scope 1 GHG emissions intensity by 2030, from the base year 2023.

Decarbonization Plan for Climate Change Mitigation

Shelf Drilling's Decarbonization Plan for Climate Change Mitigation was approved by the Board in November 2024 and represents a cornerstone of our sustainability-related goals. The plan outlines specific actions and targets to reduce greenhouse gas emissions and minimize our operational impact on the environment. The plan, while mitigating Shelf Drilling's material impacts, is not aligned with the limiting of global warming to 1.5C in line with the Paris Agreement.

The plan outlines Shelf Drilling's targets for 20% reduction in Scope 1 GHG emissions intensity by 2030, from the base year 2023 and is informed by a comprehensive assessment of our key assets and operations and the double materiality assessment. It focuses on one target and several actions that are strategically viable and financially appropriate, reducing GHG emissions through measures such as advanced monitoring technologies, fuel additives and engine upgrades to improve energy and operational efficiency.

In 2024, Shelf Drilling's has reduced the 2023 Scope 1 GHG emissions intensity by 4.4%. More details on our progress towards this plan can be found in E1-1 (see page 116).

Other sustainability related goals

Shelf Drilling is committed to sustaining and providing a safe working environment, ensuring the well-being of all personnel on our rigs. Safety for the personnel onboard and the environment we operate remains at the heart of our long-term sustainability. More details on our health and safety progress can be found in S1, Health & Safety (see page 156).

As a global Company operating in various regions, we ensure we are compliant with a variety of regulatory frameworks. This ongoing goal is important to ensure the trust and confidence of our customers and stakeholders, which include governments and the communities in which we operate.

General Information

Challenges and critical solutions

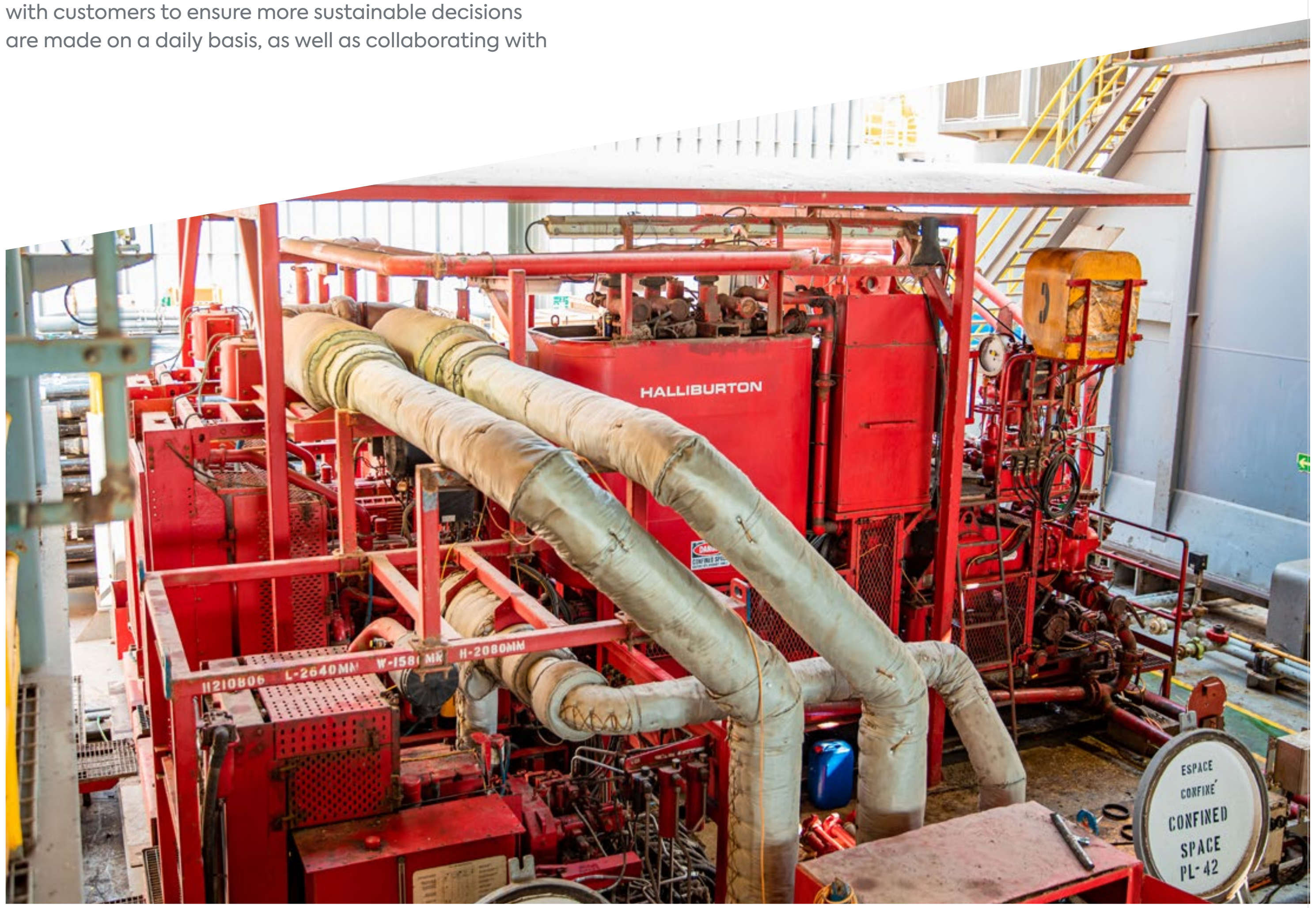
Ensuring the safety of all individuals remains a key priority for Shelf Drilling. Working on rigs has inherent safety risks, and so this presents an ongoing challenge requiring evolving solutions. These are discussed in detail in S1, Health & Safety (see page 156).

Long-term sustainability target-setting presents a second key challenge. The oil and gas industry operates in a volatile industry, that is impacted by several macro and industry-specific events, which makes long-term target setting challenging. This is compounded by regulatory uncertainty and potential divergence affecting the entire oil & gas industry.

Working with customers to achieve environmental goals is a third key challenge. As a drilling contractor, Shelf Drilling's customers have operational control of the activity and well program. To implement short- and long-term emissions reduction initiatives, Shelf Drilling needs to engage proactively with customers at different levels of its relationship. This means working with customers to ensure more sustainable decisions are made on a daily basis, as well as collaborating with customers on longer-term goals that may require investments to reduce emissions over time.

Shelf Drilling made significant progress in 2023 and 2024 towards formalizing its procedures for sustainability-related data capture and reporting. These efforts laid the groundwork for sustainability controls, methodologies, and processes aligned with the CSRD reporting requirements. We will continue to develop our internal processes regarding sustainability, and we remain committed to further developing and operationalizing these practices in 2025 and beyond.

Finally, Shelf Drilling faces a long-term challenge relating to impacts and emissions from its supply chain. The lack of consistent and reliable supply chain data impedes the potential actions Shelf Drilling can take to manage these impacts and reduce these emissions. Shelf Drilling is therefore focusing on strengthening its supplier oversight mechanisms, as described in S2 Workers in the Value Chain and G1 Business Conduct.



SBM-2

Interests and views of stakeholders

S1 disclose requirement related to ESRS 2 SBM-2

S2 disclose requirement related to ESRS 2 SBM-2

S3 disclose requirement related to ESRS 2 SBM-2

Shelf Drilling, through its regular engagement, ensures to understand and meet the expectations of its key stakeholders, including customers, employees, investors, communities, vendors and regulatory bodies, particularly regarding sustainability.

During the DMA process (see ESRS 2 IRO-1 below), internal experts with deep understanding of sustainability and their ongoing engagements with relevant stakeholders were represented to validate stakeholders' responses. Shelf Drilling's Board of Directors and Audit Committee were informed about the views of affected stakeholders through the review and approval of the double materiality assessment. Moreover, the Executive Steering Committee receives regular reporting from the Sustainability Steering Committee and discusses key sustainability matters, which are informed by stakeholder feedback.

The perspectives of stakeholders influence our strategy and business model in the following ways:

- Meeting stakeholder expectations is central to our sustainability strategy. Shelf Drilling incorporates feedback from our customers, shareholders and lenders to ensure we continue to meet their performance and reporting expectations.
- Engagement with regulators, authorities and industry associations ensures we keep abreast of changing regulations. We amend our sustainability and annual reporting based on engagement to ensure we remain compliant with regulatory and industry requirements.
- Engagement with our workforce and their representatives informs our HR strategy and our HSE program. We integrate employee feedback as part of the HSE program and we engage with workers' representatives to agree on employment terms and conditions.
- We indirectly engage with value chain workers through the management of vendor relationships. Our vendor onboarding and audit processes ensure workers' rights and conditions are aligned with Shelf Drilling's ethical expectations and support sustainable, long-term partnerships.
- Our material positive impact for local communities is through the provision of jobs and employment, however we undertake other forms of community development as part of our Corporate Social Responsibility ("CSR") Program, and host community engagement as part of our customer contracts.

General Information

The table below lists our key stakeholders, how and why we engage with them and how outcomes from this engagement are taken into account by Shelf Drilling. We communicate our sustainability performance on an annual basis through our website, Annual Reports, and Sustainability Statements.

Shelf Drilling intends to conduct further engagement with key vendors to better understand potential risks in its upstream value chain. Similarly, we will continue to engage with our customers on their expectations, sustainability priorities and to capture potential opportunities. We aim for this engagement to strengthen existing relationships with key stakeholders.

Key stakeholder	Own workforce	Customers	Vendors	Shareholders & lenders	Regulators, authorities & industry associations	Value chain workers	Affected communities
How engagement is organized	Continuous, ongoing engagement between employees and their supervisors Engagement with employment representatives or elected groups. Periodic Company town halls, where individuals can submit questions to be addressed by senior management. SMART feedback system for workforce to provide feedback on HSE system.	Response to tenders and enquiries. Periodic performance and/or contract review meetings. Day-to-day engagement in work and program planning and execution. Industry events, including joint presentations.	Engagement as part of vendor onboarding, audits & physical visits. Ad hoc meetings with vendor representatives.	Regular engagement with shareholders and lenders through quarterly analyst calls and investor conferences. Publication of key information, including quarterly / annual results, fleet status report, major contract awards, & other stock exchange filings. Submission of sustainability reporting, e.g., Climate Disclosure Project ("CDP"). Meetings and engagement with credit rating agencies.	Member of International Association of Drilling Contractors ("IADC") & active participant in IADC Sustainability Committee, IADC Advanced Rig Technology ("ART") Committee, and ART Energy Efficiency subcommittee. Participation in industry events, such as the SPE, IPIECA, and IOGP. Direct engagement with flag states, International Maritime Organization ("IMO") and other bodies. Direct engagement with external counsel to ensure compliance.	Shelf Drilling does not engage directly with value chain workers, but considers their interests indirectly through its relationship with its vendors (see column on the left).	Proactive local employment through recruitment programs. Corporate social responsibility ("CSR") programs aimed at improving education, healthcare, and overall community well-being. Engagement with host communities in some countries as part of customer contracts.
Purpose of engagement	Agree on employment terms and conditions. Gather employee feedback on key topics highlighted at town halls. Identify and address employees' and contractors' concerns. Ensure employee understanding and buy-in for HSE program and incorporate feedback.	Understand customers' needs and expectations. Ensure effective and safe execution of customer projects. Shelf Drilling stays abreast of industry trends.	Ensure new vendors meet Shelf Drilling's expectations and existing vendors continue to meet these requirements, including in relation to Human Rights and other ESG matters. Resolve any issues as they arise.	Shareholders and lenders receive timely and transparent communication on Shelf Drilling's performance and outlook. Feedback from shareholders and lenders informs Shelf Drilling's financial strategy and long-term planning.	IADC membership supports proactive engagement with regulators and authorities on evolving regulation, including in relation to sustainability. Collaborate with industry peers to advance sustainability and innovation within the sector. Ensure compliance with current and incoming local and international laws regulations.	Vendor onboarding process and audits ensure vendors uphold Shelf's human and labor rights commitments for their workforce.	Support pro-active recruitment of local employees support local employment and economic growth. Ensure operations bring tangible benefits to local communities and promote growth and development. Ensure required services are provided in accordance with customer contracts.
How outcomes of engagement are taken into account by Shelf Drilling	Shelf Drilling understands employees' perspectives on key sustainability-related issues. Shelf Drilling monitors concerns raised through the SpeakUp hotline. Employee feedback through workshops and SMART feedback system supports improved safety performance and effective development of HSE program.	Outcomes of customer engagement are incorporated into operational practices, so customers receive the best possible service. This supports the achievement of key operational and sustainability goals.	Robust procurement process to ensure vendors align with Shelf Drilling's ethical/ESG requirements. Shelf Drilling will engage with existing vendors who do not align with expectations to address any concerns.	Two-way communication with shareholders and lenders promotes transparency and investor confidence.	Engagement ensures Shelf Drilling stays ahead of evolving regulations and can adjust its operational practices to meet requirements. Recently engaged with regulators through the IADC to upgrade Rigs to comply with IMO MODU Code 89, signaling a strategic shift towards enhanced regulatory compliance and safety standards. Fitted one Rig with Selective Catalytic Reduction ("SCR") system to meet IMO Tier 3 emission standards.	See 'Vendors' column on the left.	Shelf Drilling regularly reviews its localization policy to increase local employment. Feedback from community engagement is used to develop CSR programs and guidelines.

General Information

Materiality Assessment Process

IRO-1

Description of the process to identify and assess material impacts, risks and opportunities

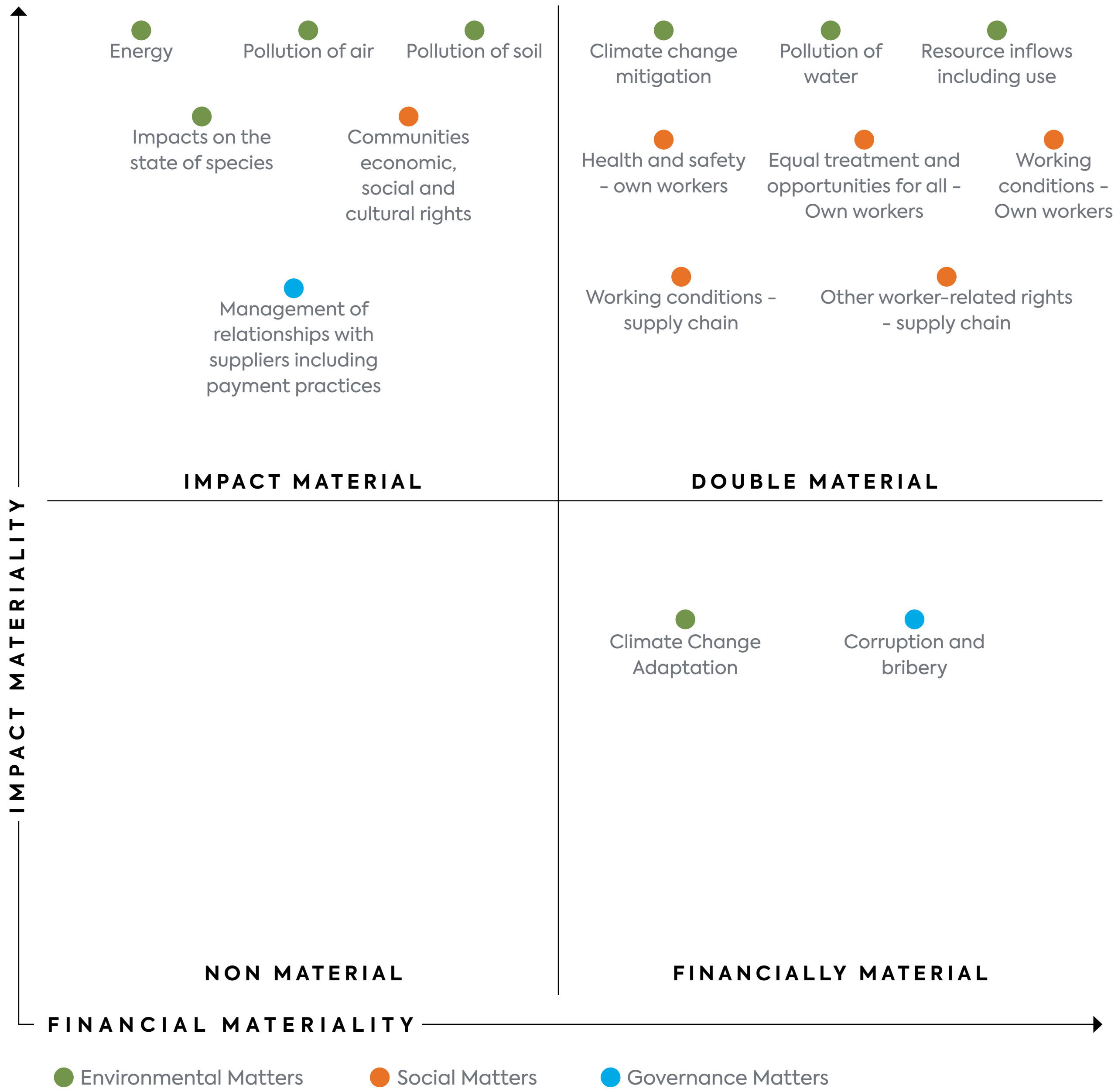
In 2023, Shelf Drilling conducted a Double Materiality Assessment ("DMA") in line with the ESRS requirements. The assessment identified and objectively assessed Shelf Drilling's actual and potential, positive and negative impacts, risks and opportunities ("IROs") to determine the materiality of sustainability matters. IROs were assessed based on the impact and financial materiality, as part of the DMA.

The outcomes of the DMA were reviewed and updated in 2024. This involved review and alignment of descriptions classifications and scoring of IROs to new regulatory guidance, grouping IROs where applicable and alignment with emerging best practice.

In total, 102 impacts, risks and opportunities have been identified and evaluated during the DMA, 41 of which were deemed material. 60 impacts were identified, of which 25 were material and 42 risks and opportunities were identified, of which 15 were material. Certain IROs with similar characteristics or root causes were aggregated to streamline disclosure and avoid duplication.

The IROs were consolidated and mapped to 16 material sustainability matters, see graphic below. Shelf Drilling identified disclosure requirements, application requirements, and where applicable, entity-specific disclosures for reporting based on its material sustainability matters, in accordance with ESRS 1, paragraph 30 and the EFRAG ID 177 response. An index of ESRS disclosure requirements in the Sustainability Statement can be found in the ESG Appendix in the Annual Report.

Materiality Matrix



General Information

Impact, risk and opportunity identification and assessment

The DMA consisted of a rigorous four stage process based on a review of internal documents, interviews with internal stakeholders who represent affected stakeholders and users of Sustainability Statement, and a workshop validation session with the sustainability responsible area leads ("RALs").

The process was informed by Shelf Drilling's existing due diligence processes and integrated pre-existing in-depth assessments such as human rights saliency and climate-related risk assessments, supplier auditing processes, enterprise risk management system's outcomes, CDP reporting and Company policies.

Key assumptions in the process were:

1

Point-in-time assessment

Materiality is a dynamic concept, and sustainability matters can shift over time in terms of their impact, risk and significance to the Company and/or to affected stakeholders. The assessment therefore captures a moment in time view of material impacts, risks and opportunities.

2

Anticipated financial effects

Assessment of anticipated financial effects of sustainability matters was performed on a qualitative basis. Quantification of these effects was deemed inappropriate at this early stage given nascent understanding of the impacts, risks and opportunities.

3

Best available knowledge

Assessment of potential impacts, outcomes, and effects was conducted by individuals with industry expertise and based on the best available knowledge. However, research and maturity of understanding of sustainability matters varies considerably from topic to topic.

4

Use of internal stakeholders as proxies

Internal stakeholders were used to represent external stakeholders and users of the Sustainability Statement, such as suppliers, investors and employees. They were selected based on their deep knowledge and serve as proxies in lieu of direct engagement.

5

Identification of relevant stakeholders and impacts

Shelf Drilling RALs identified potential impacts and relevant affected stakeholders based on their own expertise and with the best available knowledge. There is always a risk that impacts or stakeholders are missed. This limitation was mitigated by reviewing material IROs against industry peers.

Identifying sustainability matters – mobilization and hypothesis

The assessment considered the list of sustainability matters outlined in the ESRS in relation to Shelf Drilling's own activities, business relationships, key activities and actors within the value chain and affected stakeholders, as set out in ESRS 1, paragraph AR16.

The process incorporated a review of material impacts, risks and opportunities for peers within Shelf Drilling's industry to support a sector-specific perspective and to highlight potential entity-specific topics.

During the initial hypothesis stage, sustainability topics and sub-topics that were not relevant to Shelf Drilling's business model were omitted from the assessment.

"S4 Consumers and end-users" and all its subtopics were omitted due to the nature of Shelf Drilling's client interactions. This is due to the specificities of Shelf Drilling's business model and positioning within the oil and gas value chain. Shelf Drilling acts as a jack-up rig owner ("equipment") and operator ("crewing"), with no activities related to oil production. Shelf Drilling does not have control over the type of well it drills, and for what purpose. Consumers or end-users of hydrocarbons extracted from wells Shelf Drilling has drilled are considered to be consumers and end-users for our customers. Therefore, S4 was deemed not applicable to Shelf Drilling's operations.

The sub-topics of "Animal welfare" in G1 Business Conduct and "Microplastics" in E2 Pollution were excluded from the analysis as they are not relevant to Shelf Drilling's business model and value chain. We did not identify any material IRO pertaining to "E3 Water and Marine Resources", therefore, assessed to be non-material.

Stakeholder engagement

Internal stakeholders with knowledge of affected stakeholders and users of the Sustainability Statement were selected to represent external stakeholders such as suppliers, investors and employees.

Interviews with these RALs examined each sustainability matter at a sub-topic level to identify the most significant IROs. The analysis assessed whether the identified impacts or dependencies could have financial effects that result in risks or opportunities. It also considered whether any potentially affected people, such as those with particular characteristics, those working in particular contexts, or those undertaking particular activities could be at greater risk of harm. Insights from the interviews were distilled into individual IROs which were shared with the respective RALs for validation and scoring.

Parts of Shelf Drilling's own operations and value chain were scrutinized more closely due to their significant potential impact and the nature of Shelf Drilling's business. These were: offshore operations, impacts and/or risks relating to recycling yards and suppliers. Additionally, there was a focus on identifying impacts and/or risks for Shelf Drilling linked to corruption and bribery risks as well as human rights violations.

General Information

Workshop

A workshop with RALs was held to make materiality decisions on identified sustainability matters. The workshop also considered whether the materiality thresholds were correctly set, and whether the outcome of both the material and non-material sustainability matters were a fair and reasonable representation of Shelf Drilling's material impacts, risks and opportunities on people and the environment.

Finalization and documentation

IROs were updated and material sustainability matters were finalized based on outcomes of the workshop. The final documented impacts, risks and opportunities were reviewed and signed-off by Shelf Drilling's Executive Committee and Audit Committee of the Board.

The final documented impacts, risks and opportunities were reviewed and signed-off by **Shelf Drilling's** Executive Committee and Audit Committee of the Board.

[1]Adjustments are made for human rights related impacts as per ESRS 1 (45)

Scoring thresholds and methodology

The thresholds and time horizons used for scoring IROs were based on Shelf Drilling's ERM system to the extent possible, however this was adjusted where not functionally applicable. The scoring of IROs was performed by RALs to the best of their ability and reviewed by senior management. Emphasis was placed on scoring IROs at a gross level.

The scoring parameters used throughout the process were based on the ESRS:

Impact materiality[1]	Scale, scope, irremediability, likelihood (based on if an impact is positive/negative and actual/potential). Impact materiality thresholds were set based on the relationship between relative severity and likelihood.
Financial materiality	Financial magnitude of risk/opportunity, likelihood, and the nature of the financial effect. The scale used to assess the financial effects of risks and opportunities was aligned with Shelf Drilling's existing ERM system, and thresholds based on the relationship between financial effects and likelihood were set for the purpose of the DMA.

Decision-making and internal control procedures

Key decisions throughout the process related to the identification of RALs and IROs, the scoring of sustainability matters, the materiality of sustainability matters, and final review and sign-off of the outcomes of the DMA processes.

The identification of RALs was undertaken by the Sustainability Manager, in collaboration with the executive management, who jointly ensured all sustainability matters were covered by stakeholders. Frequent 'sense checks' were performed at all stages to ensure no IROs were omitted or insufficiently covered.

IRO scoring was based on ESRS guidelines and tracked through an IRO workbook to ensure the methodology was consistently applied. All IRO scoring was accompanied by a rationality description. Decisions on the materiality of IROs were made based on set criteria, involving all participants, and approved by an Executive Vice President Sponsor.

Final review and sign-off was performed at Executive Management level and board approval.

Future steps: integration, monitoring and review

Sustainability-related risks identified by the DMA are integrated into Shelf Drilling's ERM process, where they are subject to Shelf Drilling standard risk assessment and prioritization processes. This is described in more detail in ESRS 1 GOV-1.

Shelf Drilling will review the DMA and its outcomes annually to ensure evolving trends, underlying assumptions, context, and regulatory changes are taken into consideration. A comprehensive review of the DMA process will be conducted periodically to ensure it remains an accurate depiction of the Company's material impacts, risks and opportunities.

General Information

Climate-related impacts, risks and opportunities

E1 disclosure requirement related to ESRS 2 IRO-1

In 2020, Shelf Drilling conducted a climate risk review in accordance with the TCFD recommendations. The assessment considered how Shelf Drilling's assets and business activities may be exposed to climate-related hazards and transition events over short (0-1 years) medium (1-3 years) and long-term (3-10 years) time horizons which were selected to align with the strategic planning horizons typical of offshore drilling.

The climate risk review identified gross physical risks and gross transition risks in Shelf Drilling's own operations and value chain. Its re-evaluation was informed by a presentation from an industry specialist in 2021 on IEA NZE 2050 and RCP 4.5 scenarios. The review did not consider high-emission climate scenarios or Shelf Drilling's impacts on climate change. Material impacts on climate change relating to GHG emissions from Shelf Drilling's own operations and direct upstream and downstream value chain were assessed as part of the DMA process.

The review did not explicitly assess whether Shelf Drilling's assets or business activities were exposed to identified climate-related physical hazards, or to identified climate-related transition events. Rather, the review sought to identify a high-level climate-related physical and transition risks, informed by the insights provided by the scenario presentation. Climate-related opportunities were identified during strategic reviews held with the Board and/or external advisors.

Physical and transitional climate-related risks identified in the climate risk review were integrated into the Enterprise Risk Management System ("ERM") process. Shelf Drilling's ERM process has established a matrix that defines the level of impact to the business for all identified risks (including climate-related physical and transition risks) across several criteria including financial, HSE, environmental or reputational. A "major" financial impact would result in a loss - with lost revenue or increased costs as quantifiable indicators used - of US$ 25m as our threshold for "substantive financial or strategic impact".

Once assessed, risks are assigned to relevant management team members to develop mitigation plans and strategies. Monitoring activities include tracking customers and evolving regulatory requirements.

As with all risks identified within the ERM process, they are re-assessed (at a minimum) on an annual basis, and the results of this review are reviewed and agreed upon with the Audit Committee and Board.

In 2024, Shelf Drilling performed a climate scenario analysis as part of a broader environmental resilience assessment, which is detailed in ESRS 2 SBM-3.

The climate risk review identified gross physical risks and gross transition risks in Shelf Drilling's own operations and value chain.

Other environmental impacts, risks and opportunities

E2 disclosure requirement related to ESRS 2 IRO-1

E3 disclosure requirement related to ESRS 2 IRO-1

E4 disclosure requirement related to ESRS 2 IRO-1

E5 disclosure requirement related to ESRS 2 IRO-1

During the DMA, interviews with RALs were used to identify and assess pollution-related, water-related, biodiversity-related and resource-use related impacts, risks and opportunities relating to Shelf Drilling's business activities.

The process focused on key activities relating to Shelf Drilling's business model and value chain and included discussions with technical personnel with firsthand knowledge of environmental impacts associated with Shelf Drilling's activities. Shelf Drilling can therefore not conclude whether it has sites located in or near biodiversity-sensitive areas, whether its activities negatively affect such areas, or whether it is necessary to implement biodiversity mitigation measures.

The assessment did not identify any biodiversity and ecosystem dependencies, transition and physical risks.

Business conduct related impacts, risks and opportunities

G1 disclosure requirement related to ESRS 2 IRO-1

The identification of IROs relating to business conduct matters involved screening key activities, sectors and locations linked to Shelf Drilling's business model and value chain for significant risks of corruption, bribery and other business conduct or human rights violations. The assessment also considered the outcome of Shelf Drilling's Human Rights saliency assessment (S1-4, Working Conditions) and other information from internal reporting channels.

General Information

SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

The material impacts, risks and opportunities identified during the materiality assessment are described below and presented alongside the topical ESRS. In 2024, none of the material risks or opportunities had a significant financial effect on Shelf Drilling's financial position, financial performance or its cash flows. Shelf Drilling has exercised the phase-in provision to omit the anticipated financial effects of risks and opportunities.

E1 Climate change

Material impacts, risks & opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Greenhouse Gas ("GHG") emissions contributing to climate change Shelf Drilling's operations generate greenhouse gas ("GHG") emissions that contribute to climate change. The majority of our Scope 1 GHG emissions result from the combustion of Marine Gas Oil ("MGO") or diesel in rig engines, which are essential to generate the power required for offshore drilling operations. These emissions have a direct negative impact on the environment, contributing to global warming and long-term climate-related risks.	Actual negative impact		●		●	●	●
High fuel-based energy usage Shelf Drilling's operations are energy intensive, primarily due to the use of machinery and electrical equipment required for offshore drilling activities. To power our rigs, we rely on Marine Gas Oil ("MGO") or diesel, which results in significant fuel combustion. This leads to high levels of energy-usage, contributing to climate change and negatively impacting the environment.	Actual negative impact		●		●	●	●
Extreme weather may increase operational costs Shelf Drilling is exposed to increasing operational and financial risks due to the intensifying frequency and severity of extreme weather events. Such events can disrupt supply chains, delay operations, and reduce workforce productivity due to fatigue or exposure-related health impacts. In some cases, our contractual provisions may not cover productivity losses, resulting in potential unplanned financial losses for the Company.	Risk		●				●
Developing Carbon Capture and Storage ("CCS") activities Shelf Drilling recognizes the growing potential of Carbon Capture and Storage ("CCS") as a key transition opportunity within the offshore energy sector. In regions such as the North Sea, CCS projects are increasingly repurposing existing offshore oil and gas reservoirs for long-term carbon storage. While this market is more mature in the North Sea, Shelf Drilling sees potential in other regions where shallow-water infrastructure is located near the coastline. These assets are well-positioned for modification and re-use in CCS applications, offering strategic value in the transition to a low-carbon economy.	Opportunity		●				●

E2 Pollution

Material impacts, risks & opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Air pollutants emitted during operations Shelf Drilling's offshore operations result in the emission of various air pollutants, including sulfur oxides ("SOx"), nitrogen oxides ("NOx"), volatile organic compounds ("VOCs"), and particulate matter ("PM10"). These emissions arise primarily from fuel combustion during drilling operations and contribute to local and regional air quality degradation. Such pollutants have known adverse effects on human health, including respiratory conditions, and can disrupt ecosystem stability.	Actual negative impact		●		●	●	●
Pollution of water due to loss of well control Shelf Drilling's operations depend on effective well control systems to ensure safe offshore drilling activities. A potential negative environmental impact may occur in the event of a loss of well control, which can result in the overboard discharge of drilling fluids or hydrocarbons. In severe cases, a loss of well control may release significant quantities of oil and gas into the marine environment or atmosphere, causing widespread pollution. Such incidents could lead to the contamination of surrounding water bodies, harming marine ecosystems and biodiversity.	Potential negative impact		●		●	●	●
Pollution of soil from Rig scrapping activities Shelf Drilling's operations require the maintenance of a rig fleet, which eventually includes the decommissioning and scrapping of rigs. A potential negative environmental impact arises when scrapping occurs in facilities that lack appropriate containment measures. In such cases, hazardous materials, such as rust, asbestos, lubricants, and other operational chemicals may leak into the surrounding soil. This issue is particularly relevant where end-of-life rig disposal occurs in yards with inadequate environmental controls, potentially leading to soil contamination, long-term degradation of local ecosystems, and health risks for nearby communities.	Potential negative impact			●		●	●
Loss of well control during operations Shelf Drilling faces a material operational risk related to the potential loss of well control during offshore drilling activities. While drilling into oil reserves, a well control incident could lead to the uncontrolled release of hydrocarbons into the marine environment, resulting in significant environmental damage. In addition to the environmental impact, this type of incident poses a severe financial risk to the Company. It could result in substantial remediation and clean-up costs, regulatory fines and legal liabilities, including lawsuits from affected communities and Non-Governmental Organizations ("NGOs"), and damage to the Company's reputation, and potentially leading to the loss of existing and future customer contracts due to safety concerns.	Risk		●		●	●	●

General Information

E4 Biodiversity and ecosystems

Material impacts, risks & opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Biodiversity loss due to loss of well control Shelf Drilling's offshore operations carry a material risk of uncontrolled releases of hydrocarbons into the marine environment, in the event of a well control failure. Such incidents can result in significant quantities of oil or gas being discharged into surrounding waters. The resulting contamination may spread over large areas due to ocean currents, leading to the degradation of marine habitats and the loss of biodiversity. Oil exposure can severely impact marine flora and fauna, particularly sensitive or protected species in the ecosystem.	Potential negative impact		●			●	●
Introduction of alien species into marine ecosystems Shelf Drilling's inter-regional rig movements may result in the unintentional introduction of invasive alien species into new marine ecosystems. These impacts occur when organisms attached to hulls ("biofouling") or present in ballast water are transported from one region to another. The release of non-native species and bacteria can disrupt local ecosystems by outcompeting native species for resources, altering habitat structures, and triggering cascading ecological effects.	Actual negative impact		●			●	●

E5 Resource Use and circular economy

Material impacts, risks & opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
High usage of steel in Rig construction and maintenance Shelf Drilling's reliance on steel as a primary material in the construction and maintenance of offshore jack-up rigs contributes to a material environmental impact related to resource use. Steel is essential for ensuring structural integrity and safety in harsh offshore environments. However, its production is energy-intensive and associated with significant raw material extraction impacts. In addition to initial rig construction, steel is continuously used throughout the operational life of rigs, particularly through regular cutting, cropping and replacement activities required to maintain classification standards and meet safety and performance requirements.	Actual negative impact	●			●	●	●
Enhancing circular economy through equipment lifecycle strategies Shelf Drilling has implemented a Fleet Spares Strategy across its operations, aimed at maximizing the reuse, repair, refurbishing, and remanufacturing of rig equipment and parts. This approach reduces the need for new materials and components, directly lowering capital expenditures while also minimizing environmental impact. By extending the operational life of parts and reducing waste, Shelf Drilling contributes to the circular economy and promotes more efficient use of finite resources. Beyond environmental benefits, the strategy enhances operational resilience, supports cost efficiency, and reduces exposure to supply chain disruptions or material scarcity.	Opportunity		●		●	●	●

General Information

S1 Own workforce

Material impacts, risks & opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Health & Safety							
Health & safety incidents, injuries and fatalities Shelf Drilling's offshore operations expose employees and contractors to high-risk working conditions, including being in the 'line of fire' from energy sources, slip/trip/fall hazards, pinch points, falling objects, exposure to hazardous chemicals, and the risk of falls overboard. These working conditions have resulted in, and may continue to result in, actual negative impacts on worker health and safety, including injuries and, potential fatalities.	Actual negative impact (accidents and injuries)		●		●	●	●
	Potential negative impact (fatalities)		●		●	●	●
Health and safety incidents may also lead to significant financial and reputational risks for Shelf Drilling. These risks include legal liability and regulatory action, including lawsuits and penalties from authorities or affiliated parties, damage to stakeholder trust, potentially reducing customer engagement due to safety concerns, and revenue loss and increased costs linked to disruptions, insurance premiums, and workforce-related consequences.	Risk		●		●	●	●
Equal Treatment & Opportunities For All							
Developing and retaining skilled workforce Ongoing training and development is critical to both the wellbeing and satisfaction of Shelf Drilling's workforce and to the success of our operations. Failure to adequately upskill and develop Shelf Drilling's workforce can lead to negative impacts on employee wellbeing, satisfaction, and safety. Skills gaps increase the likelihood of operational and HSE incidents, which may result in personal injury, environmental harm, or operational downtime.	Potential negative impact		●			●	●
Inadequate investment in training and development may undermine Shelf Drilling's ability to attract and retain skilled personnel, leading to competency gaps and reduced capacity to meet strategic and operational objectives.	Risk		●			●	●
Investing in workforce development creates a material opportunity to improve talent retention, reduce recruitment and onboarding costs, and enhance internal promotion pipelines. Shelf Drilling's training programs for onshore and offshore workers improve employee capability, satisfaction, and loyalty, strengthening the Company's reputation as an employer of choice, particularly in local communities.	Opportunity		●			●	●

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Equal Treatment & Opportunities for All							
Gender diversity in offshore operations Some Shelf Drilling rigs lack adequate infrastructure to accommodate a gender-diverse workforce. In several locations, crew accommodations are limited and shared, and certain rigs do not provide appropriately segregated facilities for women. This shortfall creates a systemic barrier to hiring and retaining female offshore workers, reducing inclusivity and gender representation in rig-based roles.	Actual negative impact (gender segregated accommodation on rigs)		●		●	●	
In certain jurisdictions, legal or regulatory restrictions may prevent women from working onboard Shelf Drilling's rigs. These limitations are imposed by local authorities and outside the Company's direct control. Such restrictions contribute to geographically systemic underrepresentation of women in offshore roles, limiting regional diversity, reducing access to economic opportunity, and constraining the Company's ability to meet workforce diversity targets.	Actual negative impact (some women aren't guaranteed right to work)		●		●	●	
Working Conditions							
Job insecurity from short-term operational contracts offshore Shelf Drilling operates in multiple countries and typically employs a local workforce for the duration of each rig's operational contract. These contracts generally span 1 to 3 years, regardless of geographic location. Once an operational contract concludes, the rig may be redeployed to another region, and the local workforce is often no longer required. Additionally, early contract terminations may occur due to unforeseen events, such as rig damage, or asset sale or client-driven changes. This employment model, while operationally necessary, can undermine long-term job security for local workers, leading to uncertainty, stress, and anxiety about future employment prospects.	Potential negative impact		●		●	●	●
Wage disparities across locations and employment types Shelf Drilling operates across multiple countries, where salary levels vary due to regional standards, legal frameworks, and market practices. In addition, differences in compensation exist between contractors and directly employed personnel, even when performing similar roles onboard rigs. These disparities can create perceived or actual inequalities, which may affect workers' job satisfaction, motivation, and quality of life.	Potential negative impact		●		●		

General Information

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Working Conditions							
High local content of workforce enhances wellbeing, efficiency and operational performance Shelf Drilling prioritizes the recruitment of local personnel across all levels of its offshore operations, in line with its commitment to localization. A high proportion of local workforce participation enhances team collaboration and communication, enabled by shared cultural and language backgrounds. This contributes to greater crew efficiency, stronger cohesion, and improved employee wellbeing and inclusion. This approach also presents a strategic opportunity by reducing the likelihood of operational delays or incidents, thereby enhancing service delivery, customer satisfaction, and Shelf Drilling's reputation in local markets.	Opportunity		●		●	●	●
Compliance with localization regulations in Saudi Arabia In Saudi Arabia, Shelf Drilling is subject to mandatory localization regulations, which require the Company to meet specified thresholds for local workforce participation and demonstrate value creation for the Kingdom. Non-compliance with these requirements may result in regulatory penalties, including fines, increased costs for expatriate visas, and in severe cases, suspension or exclusion from operations within the region.	Risk		●		●		
Mental health challenges for offshore workers The nature of offshore work exposes both employees and contractors to heightened mental health risks due to prolonged isolation, physical demands, environmental stressors (e.g. noise), and extended time away from family and support networks. These conditions may contribute to anxiety, stress, burnout, and depression, leading to reduced overall wellbeing and, in some cases, long-term psychological distress.	Potential negative impact		●		●	●	●

S2 Workers in the value chain

Material impacts, risks & opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Health & safety incidents, injuries and fatalities involving vendors' employees Shelf Drilling's offshore rigs host a range of value chain workers, including vendors' employees, customer representatives, consultants, and service providers. These individuals operate alongside Shelf Drilling's own workforce and are exposed to similar high-risk working conditions, such as heavy machinery, hazardous materials, and offshore weather conditions. These conditions present an actual negative impact in the form of accidents and injuries, or in extreme cases a potential fatality.	Actual negative impact (accidents and injuries)	●	●	●	●	●	●
	Potential negative impact (fatalities)	●	●	●	●	●	●
These incidents can expose the Company to financial and reputational risks. These may include legal liabilities, insurance claims, regulatory fines, and potential contractual disputes, especially if Shelf Drilling is deemed responsible for providing a safe working environment. Furthermore, such incidents can erode stakeholder trust, damage client relationships, and harm the Company's reputation, particularly in high-scrutiny jurisdictions or among safety-sensitive customers.	Risk		●		●	●	●
Asbestos exposure to workers in rig recycling yards Some of Shelf Drilling's rigs may contain asbestos, which can be released during rig dismantling and recycling activities. This poses a significant health risk to workers in downstream recycling yards within Shelf Drilling's value chain. Exposure to airborne asbestos fibers can lead to serious long-term health issues, including respiratory diseases.	Potential negative impact			●		●	●
Failure to recycle rigs responsibly could result in human rights impacts If Shelf Drilling's rigs are not recycled through responsible and compliant facilities, they may be dismantled by yards that operate under unsafe and unethical conditions. Such practices are associated with severe human rights impacts, including hazardous working environments, child labor, forced labor, and inadequate wages. These violations can result in physical harm, loss of freedom, and long-term social consequences for workers involved in downstream dismantling operations.	Potential negative impact			●		●	●
Failure to ensure responsible practices in the rig recycling value chain could expose Shelf Drilling to financial and reputational risks, if third-party activities involve human rights violations or environmental harm. Media coverage, NGO reports, or political scrutiny of such incidents can damage the Company's reputation among customers, investors, regulators, and other stakeholders. In addition to reputational harm, Shelf Drilling may face regulatory penalties, sanctions, or legal actions, resulting in increased costs, restricted market access, and erosion of stakeholder trust.	Risk			●		●	●

General Information

S3 Affected communities

Material impacts, risks & opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Local economic development through workforce localization Shelf Drilling's commitment to hiring and developing local talent in the regions where we operate, including leadership roles, has led to a high local content across our workforce. This approach delivers actual positive impacts by stimulating local economic development through job creation and skills transfer, reducing operational costs associated with crew transfers and employee turnover, and strengthening relationships with local stakeholders, including governments and National Oil Companies ("NOCs").	Actual positive impact		●		●	●	●

G1 Business conduct

Material impacts, risks & opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Corruption and bribery Shelf Drilling faces a material risk related to corruption and bribery, which could significantly disrupt its business model. Such incidents can lead to legal penalties, regulatory sanctions, financial losses, and reputational damage. Risks may arise at any level of the organization or through third-party relationships, especially in jurisdictions with weaker regulatory frameworks or high-risk industries. The complexity of securing contracts increases vulnerability to unethical practices, particularly in countries that rank lower on the Corruption Perceptions Index.	Risk		●		●	●	●
Failure to adhere to payment practices could impact suppliers Shelf Drilling relies on a global network of suppliers for the provision of equipment, services, and materials to support rig operations. Failure to adhere to fair and timely payment practices can place financial strain on suppliers, particularly small or local vendors, by disrupting their cash flow and limiting their ability to meet critical financial obligations such as payroll, procurement, and operational expenses. This may result in weakened supplier relationships, deteriorating trust, and disruptions to Shelf Drilling's supply chain continuity and procurement terms.	Potential negative impact	●				●	●

Resilience assessment

In 2024, Shelf Drilling performed an environmental resilience assessment. This assessment tested the capacity of Shelf Drilling's strategy and business model to address material environment-related impacts and risks, and take advantage of material opportunities.

The assessment, conducted in Q3 of 2024, considered material IROs from E1, E2, E4 and E5 – applying the same scope and time horizons as the DMA. Shelf Drilling has not assessed the resilience of its strategy and business model to address people-related impacts, risks and opportunities.

Assessment of climate resilience

Shelf Drilling's economic viability was assessed against two climate scenarios developed by the International Energy Agency ("IEA"); the Net Zero Emissions by 2050 Scenario ("NZE") and the Announced Pledges Scenario ("APS").

The NZE assumes a rapid scale-up of renewable energy sources to replace fossil fuels, whereby the share of renewables in the global energy mix is assumed to reach around 90% by 2050.

The APS assumes there is continued growth in renewable energy deployment, though at a slower pace than the NZE scenario. Fossil fuels are assumed to continue to be widely used throughout the 2030s and 2040s, albeit with varying levels of mitigation (e.g., through carbon capture technologies or improved efficiency).

Activities associated with our operations are inherently energy intensive. The analysis concluded that Shelf Drilling's strategy and business model has a low resilience if it does not adapt to the changing energy mix demands of the near future. Long-term resilience for all companies in the oil and gas sector relies on adapting to lower emission activities and/ or meeting customer needs in a potentially shifting market environment.

Shelf Drilling's strategy and business model positions it as a cost-efficient driller with a focus on shallow water drilling. In this respect, our focus and monitoring is critical as the world works towards a low emission future. Resilience of the business model can be strengthened through an increase in CCS and P&A activities. Shelf Drilling has a material opportunity related to CCS and P&A activities. Given the resources and participation in some CCS projects, it was concluded that Shelf's strategy and business model has relatively strong capability to take advantage of this opportunity.

The anticipated effects of increasing extreme weather events may also have a significant effect on the Company's resilience to climate change. Although less critical than the effect of reducing demand for oil and gas, the Company's operations are at moderate risk of increased operational costs due to the physical effects of climate change. The Company's strategy and business model have a strong focus on this challenge.

The resilience of Shelf Drilling's strategy and business model was assessed against the climate-related physical risk of increases in extreme weather events. This risk may increase damage to assets, the likelihood of injury on our rigs, both increasing the cost of operations. This includes exposure to tropical cyclones and storms in regions such as India, Thailand and Vietnam where the Company operates. In addition, the risk may increase insurance costs and delays to rig operations. Shelf Drilling ensures rigs operating in the Middle East can withstand and continue to work in even extreme temperatures.

Due to the increasing likelihood and severity of extreme weather events, it is assessed Shelf Drilling may require implementing further mitigating actions in the future.

Fossil fuels

as an energy source are assumed to continue to be widely used throughout the 2030s and 2040s.

General Information

Assessment of environmental resilience relating to E2 Pollution, E4 Biodiversity and E5 Resource use

Shelf Drilling's strategy and business model are designed to manage material risks and impacts related to pollution and biodiversity, with a strong focus on mitigating loss of well control, including blowouts, the most critical risk in this theme. Loss of well control events pose severe consequences both environmentally and operationally, but the Company's extensive safeguards provide resilience to these challenges.

The Company's operational focus on shallow water drilling allows for a targeted approach to address the risk of loss of well control during operations. Mitigating actions are embedded within Shelf Drilling's processes, combining technical advancements with procedural discipline. These measures have strengthened the Company's ability to manage loss of well control risks effectively, ensuring compliance with regulations and minimizing environmental impacts.

Loss of well control while rare, remain a significant threat due to their potential to cause widespread pollution and disruption. Shelf Drilling has taken comprehensive steps to reduce this risk, making it a cornerstone of its operational focus. Advanced technical solutions, including fully certified well-control systems, are complemented by stringent safety protocols and extensive personnel training programs. These measures ensure that Shelf Drilling is well-equipped to prevent and respond to such incidents, contributing to the resilience of its operations.

The resilience of Shelf Drilling's strategy and business model was evaluated against the potential impacts of loss of well control. While the severity of this risk would be critical, the mitigating actions in place significantly reduce the likelihood and impact of such events. This robust risk management framework has led to the conclusion that Shelf Drilling demonstrates high resilience in this area, effectively managing the challenges posed by pollution and biodiversity risks.

Shelf Drilling's business model relies heavily on the use of steel, a material essential for constructing and maintaining drilling rigs. While this dependence is significant, steel is the standard material across the offshore drilling industry, and there are currently no viable alternatives or substantial opportunities to reduce its use. This ensures that Shelf Drilling remains aligned with industry norms, minimizing the financial risk associated with steel dependency unless there is a significant and sustained spike in steel prices.

The resilience of Shelf Drilling's strategy and business model in the context of resource use lies in its ability to balance operational necessities with emerging opportunities. While the dependence on steel is unavoidable, it poses minimal financial or operational risks due to its universal importance in the industry. Additionally, the Company's proactive approach to exploring repair and reuse initiatives enhances its ability to adapt to future expectations around resource efficiency.

IRO-2

Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

Please refer to the ESG Appendix section on page 216 of the Annual Report.

Environmental Information

E1 Climate Change

Shelf Drilling recognizes the critical role the oil and gas industry plays in supporting global energy demands while acknowledging the environmental challenges associated with our operations. We are committed to conducting our business responsibly, with a strong focus on mitigating our material climate-related impacts and risks. Our strategy emphasizes emissions reduction through specific decarbonization levers including efficiency measures, engaging with our customers and behavioral change.

Shelf Drilling's Climate Decarbonization Plan

E1-1

Transition plan for climate change mitigation

Shelf Drilling acknowledges the importance of mitigating climate change impacts and aligning with global efforts, to limit temperature increases. Recognizing the material risks and opportunities posed by climate change, the Company has assessed its direct greenhouse gas ("GHG") emissions and developed a strategy for climate change mitigation. The plan, while mitigating Shelf Drilling's material impacts, is not aligned with the limiting of global warming to 1.5C in line with the Paris Agreement.

This decarbonization plan, approved by the Board in 2024, outlines the steps Shelf Drilling will undertake to achieve its goals, reinforcing its commitment to mitigating material impacts from our direct greenhouse gas ("GHG") emissions and improving operational efficiency. Oversight of the climate targets lies with the Executive Steering Committee.

Shelf Drilling's decarbonization plan is closely integrated with its overarching business strategy and long-term goals. This alignment ensures that the Company's decarbonization efforts not only mitigate direct climate impacts, but are also strategically viable and financially sustainable.

The decarbonization plan directly supports the Company's long-term business objectives by prioritizing operational efficiency, technological advancement, and cost-effective solutions. By focusing on emissions intensity reduction, the plan reinforces the Company's commitment to enhancing productivity while lowering environmental impact.

The plan is underpinned by a phased investment strategy, which enables Shelf Drilling to allocate resources effectively towards decarbonization levers, such as, fuel efficiency measures to reduce energy consumption. These investments are evaluated against their potential to generate both environmental and operational benefits.

Shelf Drilling's decarbonization plan is the result of a comprehensive assessment of the potential locked-in GHG emissions associated with its key assets and operations. The primary source of these emissions is the Marine Gas Oil ("MGO") or diesel fuel burnt to produce electricity for the Company's fleet of jack-up rigs, which represent the most significant contributors to its carbon footprint. Emissions from office operations are non-material in comparison to rig operations.

Locked-in emissions from rigs arise due to their reliance on conventional fuel sources and operational energy demands, which, if not addressed, could hinder Shelf Drilling's ability to achieve its GHG emission reduction target.

As a result of the assessment, in 2024, Shelf Drilling set a target to reduce our Scope 1 GHG emissions intensity (measured as tCO_2e per operated day) by 20% by 2030, from the base year 2023 (see E1-4 for a full description of Shelf's targets). The achievement of Shelf's emission target relies on reducing the emissions intensity of assets relative to days operated. This critical consideration was factored into the development and finalization of both the target and the overall decarbonization plan.

Given the size of Shelf Drilling's rig fleet and variability in the number of rigs working at any point in time, an emissions intensity reduction target is more meaningful for stakeholders to assess the effectiveness of our emissions reduction efforts as compared to an absolute target that would be materially impacted by changes in our working fleet at any point in time. Shelf Drilling's absolute emissions directly reflect fluctuations in activity. An absolute emissions reduction target would therefore reflect the cyclical nature of the industry, rather than the Company's emission reduction efforts. Shelf Drilling's intensity measure integrates the effect of different types of operation that customers may engage the Company to perform, and as a result is a reasonable measure of the impact the Company has on the environment.

The plan focuses on leveraging decarbonization strategies tailored to the unique challenges and opportunities in the offshore drilling sector.

Shelf Drilling's approach to reducing emissions is structured around key actions broken down into two key decarbonization levers (see E1-3 for the full description of Shelf's actions).

Efficiency measures: As part of the decarbonization plan, Shelf Drilling will promote behavioral changes among employees to optimize energy usage. Behavioral change decarbonization measures depend on the installation of energy monitoring systems. Shelf Drilling has already begun installation of the required systems and has allocated a budget to support this action. With precise data monitoring, the training of crew and the establishment of new operating procedures, Shelf Drilling expects to achieve a reduction of 10-15% in GHG emissions intensity per rig operated days by 2030.

The second decarbonization lever of the plan includes the introduction of advanced fuel additives to improve combustion efficiency and reduce emissions. Changing the mix of fuel used onboard the rigs is expected to yield between 2-7% GHG emissions intensity reduction per rig operated days by 2030.

Given the uncertainty about which global emissions scenario will prevail, the decarbonization plan includes additional measures to ensure the 2030 target is met. When establishing the decarbonization plan, certain assumptions were used with regard to the IEA's possible scenarios. The plan took the assumption that the world is likely to fall between the "Announced Pledges" scenario and the "Net Zero by 2050" scenario. To address the risks and uncertainties associated with this variability, an additional investment may be required. This will be used to upgrade power generation systems to more efficient models and to invest in renewable energy sources for our own operations to ensure the target for 2030 is met.

Shelf Drilling is excluded from the EU Paris-aligned benchmarks and does not have an objective or plan to align economic activities with EU taxonomy criteria. Based on our assessment, none of our business activities align with the EU taxonomy criteria.

The decarbonization plan was conceptualized and adopted during the reporting period FY 2024. Shelf Drilling has developed periodic progress monitoring and will report on progress in subsequent years. The plan excludes indirect emissions, and our targets are not aligned with science-based targets for 2030. We have not set a specific target for Scope 2 GHG emissions as our electricity consumption is minimal and emissions are not material. We have also not set a target on Scope 3 GHG emissions due to moderate level of accuracy and limited availability of supplier-specific data.

Environmental Information

Material Impacts, Risks & Opportunities

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

E1 Climate change

Material impacts, risks and opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Greenhouse Gas ("GHG") emissions contributing to climate change	Actual negative impact		●		●	●	●
High fuel-based energy usage	Actual negative impact		●		●	●	●
Extreme weather may increase operational costs	Risk		●				●
Developing Carbon Capture and Storage ("CCS") activities	Opportunity		●				●

The double materiality assessment described in IRO-1 identified the following climate-related impacts, risks and opportunities.

Impacts

Greenhouse Gas ("GHG") emissions contributing to climate change

In 2024, Shelf Drilling's own operations emitted a total of 296,699 tCO2e of Scope 1 GHG emissions. These emissions have an actual negative impact on the environment due to contributing to climate change. This impact, which occurs in the short-, medium and long-term time horizon, is a consequence of our strategy and business model.

Most of our Scope 1 GHG emissions are attributed to MGO or diesel burnt by our engines to develop the power required for the rig operations. The emissions profile of our rigs is bound by the type of work we are contracted for. Our potential to reduce emissions is heavily dependent on the customer's requirements and their climate change mitigation efforts.

As a means to mitigate this impact, Shelf Drilling encourages customers to support its drive to reduce emissions. There is a possibility to co-invest in upgrading Shelf Drilling rigs' engines to increase efficiency and reduce GHG emissions. Communicating these initiatives and involving customers in these investments improves the opportunity for collaboration with Shelf Drilling's mitigation efforts. This eventually influences their behavior to adopt climate mitigation efforts for their own operations.

Behavioral changes linked to energy use on Shelf Drilling's rigs are a key decarbonization lever for mitigating this impact. Shelf Drilling has implemented an online tool which reports engine fuel consumption in near-real-time. This enables us to share key information across teams to identify opportunities for improvement and take proactive measures to reduce our emissions. Additionally, the Company is investing in training programs and tools to empower rig crews to optimize fuel usage and power generation on rigs.

As a result of such actions, we achieved an emissions intensity reduction (measured as tCO2e per operated day) of 4.4% in 2024, calculated from our 2023 daily average baseline per rig.

High fuel-based energy usage

Shelf Drilling operations are energy intensive due to the machinery and electrical equipment used in drilling operations onboard our rigs. As a consequence of using MGO or diesel to power our rigs, we have an actual negative impact on the environment by contributing to climate change.

This impact is concentrated in our operations and occurs first in the short-, medium- and long-term time horizon.

The reliance on carbon-intensive fuels could expose Shelf Drilling to transition risks, such as regulatory changes and market pressures for decarbonization, which could influence operational costs and customer requirements.

To mitigate this impact, Shelf Drilling has first focused resources on implementing data monitoring systems. This is a key part of the broader strategy Shelf Drilling has integrated into decarbonization efforts and its decision-making and business planning processes.

These systems have improved Shelf Drilling's understanding of where energy efficiency measures are most impactful. As such, behavioral changes when operating rigs help mitigate and reduce this impact. This reduces fuel consumption and in turn the GHGs emitted into the atmosphere.

Risks

Extreme weather may increase operational costs

As a result of the climate scenario analysis, as part of the resilience analysis described in ESRS 2 SBM-3, (see page 113), Shelf Drilling identified a physical risk.

Extreme weather events may be characterized by a combination of strong winds, turbulent seas, heavy rainfall or extreme heat. Shelf Drilling potentially faces an increase in operating costs from extreme weather events resulting from operational delays due to supply chain disruptions. Extreme weather events may also result in injury to employees from fatigue or exposure and productivity loss due to reduced efficiency of workers during these events. Shelf Drillings contract provisions may not allow for such productivity loss to be covered resulting in financial loss to the Company.

Additionally, extreme weather events may result in increased insurance premiums stemming from an increase in claims for damage by both the Company and our industry. The financial impacts due to extreme weather events are expected to occur more frequently in the long-term due to the impact of climate change.

This risk originates in our own operations and is determined to occur in the long-term time horizon.

Shelf Drilling actively monitors this risk and continues to implement mitigating actions. For example, the fleet of rigs operating in the Middle East has been specifically modified to function effectively in extreme temperatures. Additionally, stringent health and safety policies and requirements serve to minimize any potential injuries to our employees.

Opportunities

Developing Carbon Capture and Storage ("CCS") activities

Shelf Drilling sees a growing market for Carbon Capture and Storage ("CCS") projects, especially in the North Sea, which is more established than other regions where the Company operates.

CCS is often associated with re-purposing offshore oil and gas reservoirs to be able to store the carbon that is captured from facilities onshore (and piped out to the offshore fields). Given the proximity of shallow water infrastructure to the coastline, they are ideally positioned to be modified for CCS opportunities. Leveraging its plug and abandonment ("P&A") capabilities, Shelf Drilling aims to participate in CCS projects and contribute to the global efforts to achieve net-zero emissions.

In 2024, we completed a pilot one-well CCS project in Italy and aim to have a dialog with a number of customers for future-dated projects. This long-term opportunity derives from Shelf Drilling's own operations.

In 2024, Shelf Drilling's own operations emitted a total of

296,699 tCO2e

of Scope 1 GHG emissions.

Environmental Information

Impacts, Risks & Opportunity Management

E1-2

Policies related to climate change mitigation and adaptation

Shelf Drilling's Sustainability Policy serves as the cornerstone of our commitment to sustainability. Initially approved by the Board in 2020, it outlines fundamental principles guiding our business practices, management approach, and personal behavior. The Sustainability Policy was updated in 2024 to reflect how we manage sustainability in the Company and was approved by the Audit Committee prior to publication.

The policy sets the basic principles for Shelf Drilling's business practices, management approach and personal behavior when conducting business. It provides stakeholders with an overview of how Shelf Drilling is committed to and operationalizes its sustainability work.

The Sustainability policy defines our commitment to contribute to the UN's Sustainable Development Goals ("SDGs"), prioritizing environmental protection and climate change mitigation. This policy, in combination with the Health, Safety and Environment ("HSE") policy, outlines our commitment to comply with relevant environmental regulations and minimize our operational impact on the climate and environment, including all material climate-related impacts, but does not specifically cover risks and opportunities.

As outlined in the sustainability policy, Shelf Drilling operates in compliance with relevant environmental regulations, supported by an integrated management system that monitors performance across all offshore and onshore operations.

This policy applies to all employees and contractors representing Shelf Drilling, including offshore and shore-based locations.

As required by the policy, we track and monitor our environmental performance through our ESG and HSE Reporting System ("HSE dashboard"), providing a monthly HSE report for Management and at least quarterly to the Board. The Senior Vice President of Technical & Enterprise Innovation is accountable for the implementation of the Sustainability policy.

The Sustainability policy and HSE policy statement are readily available on our website and the detailed HSE policy manual is available on the intranet. These are introduced to all employees and contractors upon their employment with Shelf Drilling. To ensure thorough understanding, we provide on-the-job training ("OJT") and rig induction for all personnel upon their arrival at any location. Additionally, the manual is accessible through the Company's digital library and internal document repository. Any updates to the manual are promptly communicated to all personnel via email to maintain alignment and awareness. The CEO is the most senior person accountable for this policy.

The management of environment-related material IROs is also aided by Shelf Drilling's HSE policy. Our HSE policy includes requirements for implementing systems that prioritize reducing emissions and conserving energy. This policy also includes procedures related to the management of E2 Pollution; E4 Biodiversity; and E5 Resource use-related impacts, risks and opportunities.

Applying to all Shelf Drilling employees, customer representatives and service providers, the HSE policy is approved by the CEO and annually reviewed by the HSE department in order to apply changes identified throughout the year. The policy is readily available on our website and is introduced to all employees and contractors upon their employment with Shelf Drilling.

The above policies do not currently apply to climate change adaptation or renewable energy deployment.

E1-3

Actions and resources in relation to climate change policies

Our HSE policy requires the implementation of systems that prioritize emissions reduction and energy conservation. In line with these requirements, Shelf Drilling has developed Power Management Plans for each rig, aimed at optimizing power generation and usage to minimize fuel consumption. Furthermore, all our rigs are required to operate with an International Air Pollution Prevention ("IAPP") Certificate, issued by a Classification society, ensuring we operate in compliance with emission control requirements as outlined in MARPOL[1] Annex VI.

Additionally, we maintain an Environmental Aspects and Impacts Register across all our rigs and shore-based facilities. This register outlines our process for identifying and evaluating the environmental aspects and impacts of our activities and operations.

In addition to the continual efforts Shelf Drilling implements to achieve climate-related policy objectives and targets, we have taken several actions to specifically mitigate our material climate-related impacts. No actions were taken regarding the material risk and opportunity, as our efforts have been focused on prioritizing impact mitigation.

As referenced in the decarbonization plan, Shelf Drilling's approach to reducing emissions is structured around key actions broken down into two key decarbonization levers. These levers address both operational efficiency and emissions intensity, reflecting the Company's commitment to mitigating climate change and aligning with its sustainability objectives.

The first decarbonization lever centers on efficiency measures. In 2024, Shelf Drilling continued the installation of advanced energy monitoring systems across its fleet of rigs, a critical step to enable precise monitoring of energy usage and greenhouse gas emissions. This data-driven approach is integral to the broader plan to drive behavioral change among employees. Through targeted training programs and the implementation of updated operating procedures, the Company aims to optimize energy consumption and achieve a 10–15% reduction in emissions intensity per rig by 2030. To support these efforts, an operating expenditure has been allocated for our rigs spanning 2024 through to 2027, underscoring Shelf Drilling's commitment to equipping its workforce and operations with the tools necessary for sustainable performance. None of these actions meet Shelf Drilling's thresholds for significant capital or operating expenditure.

During 2024, 5 rigs were equipped with this equipment. As of December 31, 2024, 17 Rigs have either installed these systems or were in the process of installation and commissioning.

The second lever involves the introduction of fuel additives to improve combustion efficiency. The rollout of this action began in 2024 with a pilot test conducted on one of the rigs. Additional pilot tests are planned for 2025 before widening the scope to the entire fleet. This initiative builds on the Company's efforts to address emissions at their source, with the additive rollout expected to deliver a 2–7% reduction in emissions intensity per rig by 2030. Shelf Drilling plans to collaborate with fuel suppliers and rig operators to integrate this solution across its fleet, ensuring that the benefits are realized across all operational geographies.

These decarbonization efforts span Shelf Drilling's operational activities, engaging employees, contractors, and suppliers to drive impact. Equipment installations and related training programs are expected to be completed by 2027, while the integration of fuel additives will be rolled out on a continual basis.

Combined, these actions are anticipated to deliver a 20% reduction in our Scope 1 GHG emissions intensity by 2030, from the base year 2023. As a contingency in future, Shelf Drilling will allocate an additional investment in Capital expenditure/Operating expenditure, to fund engine upgrades, ensuring the 20% target can still be achieved, if the primary decarbonization levers do not deliver the expected results.

As part of Shelf Drilling's ongoing commitment to employee training and awareness, an additional online course was introduced this year for all onshore employees and selected offshore employees. The course, developed by an ESG consultancy specialist, is designed to raise awareness and understanding of environmental, social and governance topics, including an overview of various sustainability frameworks used by organizations globally. The course centered on Shelf Drilling's material matters, using the double materiality assessment as its foundation. In doing so, the course provided participants with a comprehensive understanding of the key sustainability issues, ultimately fostering more informed and impactful decision-making.

[1] The International Convention for the Prevention of Pollution from Ships of 1973

Environmental Information

Metrics & Targets

E1-4

Targets related to climate change mitigation and adaptation

In line with its sustainability policy and commitment to climate change mitigation, Shelf Drilling has set an entity-specific emissions reduction target to reduce its Scope 1 GHG emissions intensity (measured as tCO2e per operated day) by 20% by 2030, from the base year 2023. This gross target to reach 21.7 tCO2e per operated day reflects its priority to mitigate material climate-related impacts by aligning its operations with enhancing efficiency and resilience across its fleet.

In 2024, Shelf Drilling embarked on a comprehensive strategy to assess its decarbonization plan for climate change mitigation. A 2023 baseline (27.1 tCO2e per operated day) was established for this target, calculated based on the rigs in operation during 2024.

The target-setting process followed a structured approach. First, we assessed baseline emissions to establish a reliable foundation for measuring progress. Then, we developed emissions reduction trajectories under three scenarios: "Minimum Investments", "World Fulfills Announced Pledges", and "World is Net Zero by 2050". These scenarios were informed by the International Energy Agency's ("IEA") Announced Pledges Scenario and Net Zero Emissions by 2050 Scenario. Finally, the target was finalized through a collaborative process involving stakeholder input, benchmarking against industry peers, and aligning with Shelf Drilling's strategic ambitions. It was determined that the Company's transition pathway is expected to fall between the "Announced Pledges" and "Net Zero by 2050" scenarios, ensuring the target is both ambitious and achievable. Due to the reliance on such assumptions, the target is not based on conclusive scientific evidence, has not been externally assured and is not compatible with limiting global warming to 1.5°C.

Monitoring and accountability are integral to the success of this initiative. Progress toward the target will be tracked through Shelf Drilling's ESG dashboard, with regular updates provided to management and the Board. The Company will also conduct annual reviews to assess performance, ensuring the target remains on track and aligned with both internal ambitions and external developments. In 2024, Shelf Drilling's has reduced the 2023 Scope 1 GHG emissions intensity by 4.4%.

For a full description of the decarbonization levers and their quantitative contributions to achieve this target, see E1-3.

As our focus has been on strategizing an action plan and targets for our Scope 1 GHG emissions, Shelf Drilling has not set targets related to Scope 2 or 3 GHG emissions. As described above in the decarbonization plan and governance of Shelf's policies, the Company monitors the effectiveness of its policies and actions in relation to its climate-related impacts.

E1-5

Energy consumption and mix

Shelf Drilling's primary source of energy consumption is attributed to the combustion of MGO or diesel onboard our rigs. MGO consumption accounted for 1,080,884 MWh in 2024, a small increase of 1,008 MWh from 2023.

Energy management is important for Shelf Drilling as it directly impacts our operational efficiency, costs, and the management of our impacts related to GHG emissions and pollution. The following table illustrates our energy consumption and mix. See the accounting policies for all methodologies related to Shelf Drilling metrics on page 127.

In 2024, Shelf Drilling achieved

4.4%

reduction in Scope 1 GHG emissions intensity from the base year 2023.

Energy consumption and mix

Energy consumption and mix	2023	2024
1. Fuel consumption from coal and coal products (MWh)	0	0
2. Fuel consumption from crude oil and petroleum products (MWh)	1,079,876	1,080,884
3. Fuel consumption from natural gas (MWh)	0	0
4. Fuel consumption from other fossil sources (MWh)	0	0
5. Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)*	1,034	1,002
6. **Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)**	**1,080,910**	**1,081,886**
Share of fossil sources in total energy consumption (%)	99.96%	99.97%
7. **Consumption from nuclear sources (MWh)***	**106**	**106**
Share of consumption from nuclear sources in total energy consumption (MWh)	0.01%	0.01%
8. Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen etc.) (MWh)	0	0
9. Consumption of purchased or acquired electricity, heat steam and cooling from renewable sources (MWh)*	323	272
10. The consumption of self-generated non-fuel renewable energy (MWh)	0	0
11. **Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)**	**323**	**272**
Share of renewable sources in total energy consumption (%)	0.03%	0.02%
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**1,081,339**	**1,082,264**

* The overall electricity consumption is segregated based on the residual energy mix of the country of operation, allowing allocation to fossil-based, nuclear, and renewable sources.

As Shelf Drilling operates in high climate impact sectors, table below provides our energy intensity associated with those sectors.

Energy intensity based on net revenue

Energy intensity per net revenue	2023	2024	% change between 2023/2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/'000 US$ Revenue*)	1.19	1.10	(7.6%)

The high climate impact sectors used to determine energy intensity in table 2 are support activities for petroleum and natural gas extraction.

*See "Revenues" in our consolidated statements of operations for net revenue used in the above calculation.

Environmental Information

E1-6

Gross Scopes 1, 2, 3 and Total GHG emissions

Shelf Drilling employs the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard, a globally recognized standard, for reporting its GHG emissions.

Scope 1 GHG emissions represent 52% of Shelf Drilling's total emissions and are primarily attributed to the combustion of MGO or diesel onboard our rigs, which is essential for generating the power for equipment and accommodation.

Our Scope 1 GHG emissions for 2024 totaled 296,699 tCO2e, marking an insignificant increase of 0.1% compared to 2023.

Our Scope 2 GHG emissions are primarily derived from the electricity purchased by our shore-based offices and support facilities and represent 0.1% of total emissions and are non-material to total GHG emissions. We employ both location-based and market-based methods to calculate these emissions.

Scope 2 GHG emissions (location-based) reduced by 7.1% in 2024, compared to 2023. It is important to note that our Scope 2 GHG emissions represent a minimal fraction of our combined Scope 1 and Scope 2 GHG emissions.

Scope 3 GHG emissions represent 48% of total emissions and are generated mostly due to the purchased goods and services required for rig operations and other associated activities. In 2024, scope 3 GHG emissions were totaled 275,295 tC02e, a 4.6% reduction compared to 2023.

To measure Scope 3 GHG emissions, we focus on all relevant categories including Purchased Goods & Services, Capital Goods, Fuel- and Energy-Related Activities, Upstream Transportation & Distribution, Waste Generated in Operations, Business Travel, and Employee Commuting. We aim to enhance our data capture and accounting processes for indirect emissions, working closely with our value chain partners to improve transparency, accountability, and ultimately drive meaningful reductions in our Scope 3 GHG emissions.

Our total GHG emissions (location-based) stood at 572,608 tCO2e, a 2.2% reduction compared to 2023.

Gross Scopes 1, 2, 3 and Total GHG emissions

	Retrospective				Milestones and target years			
	Base year (2023)	Comparative (2023)	2024	% Change	2025	2030	(2050)	Annual % target / Base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO2eq)	296,422	296,422	296,699	0.1%				
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0					
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO2eq)	661	661	614	(7.1%)				
Gross market-based Scope 2 GHG emissions (tCO2eq)	693	693	649	(6.3%)				

	Retrospective				Milestones and target years			
	Base year (2023)	Comparative (2023)	2024	% Change	2025	2030	(2050)	Annual % target / Base year
Significant scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)*	288,521	288,521	275,295	(4.6%)				
1 Purchased goods and services	127,203	127,203	139,704					
[Optional sub-category: Cloud computing and data centre services]	-	-	-					
2 Capital goods	15,965	15,965	11,852					
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	70,101	70,101	67,260					
4 Upstream transportation and distribution	56,673	56,673	44,540					
5 Waste generated in operations	500	500	285					
6 Business traveling	17,204	17,204	11,120					
7 Employee commuting	875	875	534					
8 Upstream leased assets	-	-	-					
9 Downstream transportation	-	-	-					
10 Processing of sold products	-	-	-					
11 Use of sold products	-	-	-					
12 End-of-life treatment of sold products	-	-	-					
13 Downstream leased assets	-	-	-					
14 Franchises	-	-	-					
15 Investments	-	-	-					
Total GHG emissions								
Total GHG emissions (location-based) (tCO2eq)	**585,604**	**585,604**	**572,608**	**(2.2%)**				
Total GHG emissions (market-based) (tCO2eq)	**585,636**	**585,636**	**572,643**	**(2.2%)**				

* 2023 Scope 3 GHG emissions were revised to reflect improvements in Category 1 and 2 calculations. Previously, Scope 3 was disclosed as an aggregated figure without category-level detail. See BP-1 for full details (page 74).

Environmental Information

Scopes 1 GHG emissions by GHG Category

	2023	2024
Gross Scope 1 GHG emission (tCO_2eq)	296,422	296,699
CO_2 (tCO_2eq)	292,781	293,055
CH_4 (tCO_2eq)	83	83
N_2O (tCO_2eq)	3,507	3,510
HFCs (tCO_2eq)	51	51

GHG intensity based on net revenue

GHG intensity per net revenue	2023	2024	% change between 2023/2024
Total GHG emissions (location-based) per net revenue (tCO_2eq/'000 US$ Revenue*)	0.64	0.58	(9.4%)
Total GHG emissions (market-based) per net revenue (tCO_2eq/'000 US$ Revenue*)	0.64	0.58	(9.4%)

*See "Revenues" in our consolidated statements of operations for net revenue used in the above calculation.

The methodologies, significant assumptions and emissions factors used to calculate or measure GHG emissions are provided in the E1 accounting policies section.

Emissions intensity (entity specific metric)

Emissions intensity	2023	2024	% change between 2023/2024
Scope 1 GHG Emissions Intensity (tCO_2e/Operated Days)	27.10*	25.92	(4.4%)

* The 2023 figure has been revised on account of exclusion of 3 rigs that were sold/held for sale during the year ended December 31, 2024 and certain requisite revisions to the calculation methodology, more accurately capturing the emissions.

E1-9

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Shelf Drilling has opted to exercise the phase-in allowance to omit the financial effects from material physical and transition risks and potential climate-related opportunities required in E1-9.

E1 Accounting Policies

ESRS DR	Data point/ metric	Accounting principle
E1-4	Targets related to climate change mitigation – emissions intensity reduction per operated day	The target focuses on reducing Scope 1 Greenhouse Gas ("GHG") emissions intensity per operated day. The Scope 1 GHG emissions intensity metric is calculated using rig fuel consumption data and operated days. Daily emissions are aggregated for the calendar year, considering only the days on which rigs are operational. This data is then consolidated across the entire fleet. For consistency, the calculation is based on 33 rigs that were part of the active fleet at the end of 2024. Three rigs—Baltic, Main Pass I, and Trident VIII—were excluded from the calculation as they were not part of the active fleet at year-end. The organization's targets related to environmental matters are not derived from conclusive scientific evidence. However, in establishing the Scope 1 GHG emissions intensity reduction target, we reviewed the emissions reduction goals and expectations of our key customers, who are our primary stakeholders in this area. These insights informed our target-setting process, although no direct customer engagement was conducted.
E1-5	Energy consumption and mix	Total energy consumption is primarily driven by offshore fuel consumption on rigs and onshore electricity consumption at yards and offices. Offshore: All rigs utilize Marine Gas Oil ("MGO") to meet their energy requirements. A limited number of offices and yards also use diesel as fuel to generate electricity, though the volumes consumed are immaterial. Fuel consumption on rigs is measured using a stock accounting approach, with calibrated dips used to determine volumes. These are recorded monthly in the ESG Dashboard in cubic meters (m^3). Onshore: Electricity is sourced from the grids. Depending on the residual energy mix of the respective grid, sources may include fossil fuels (coal, natural gas, etc.), renewables (hydro, solar, wind, geothermal, biofuels and waste) and nuclear energy.

Environmental Information

ESRS DR	Data point/ metric	Accounting principle
E1-5	Energy consumption and mix	Onshore energy consumption is recorded in ESG Dashboard kilowatt-hours (kWh), based on utility bills. For a small number of offices where electricity costs are embedded within lease agreements, consumption is estimated due to the absence of separate billing. Conversion Methodology: DEFRA (2024) emission factors are used to convert m3 of fuel into megawatt-hours (MWh) of energy. Energy consumption by source-type is estimated using country-level grid mix data published by the International Energy Agency ("IEA").
E1-5	Energy intensity based on net revenue	Energy intensity is calculated as total Energy consumption per US$ '000 of net revenue. "Net revenue" refers to the total revenues as reported in the consolidated statements of operations.

E1-6	Gross scopes 1, 2, 3 and Total GHG emissions	**Gross Scope 1 GHG Emissions:** Gross Scope 1 GHG emissions estimated in tCO2eq are based on fuel combusted on rigs (MGO) for operating engines and small amounts combusted in few offices and yards (diesel) for operation of DG sets. They consist of sum of all UNFCCC/ Kyoto gases (CO_2, CH_4 and N_2O) converted to CO_2 equivalents plus a small amount of HFCs (ODS) on one rig. Emission factors from DEFRA (2024) have been applied on the fuel consumption data to estimate the emissions associated.
		
		Gross Location and Market -Based Scope 2 GHG Emissions: These are based on electricity consumption in offices and yards and estimated in tCO2eq using location and market-based emission factors, "annual GHG emission factors for World countries from electricity and heat" published by International Energy Agency ("IEA") for non-European countries and Association of Issuing Bodies ("AIB") for European countries.
		
		Significant Scope 3 GHG Emissions: Value chain GHG emissions are the CO_2 equivalents from Shelf Drilling's value chain activities. These include emissions from activities that support operations but occur outside of our operational control. Of the 15 Scope 3 categories in the GHG Protocol, 7 categories are currently determined as applicable to Shelf Drilling's business model. These are:
		
		- **Category 1 & 2:** Purchased goods and services & capital goods: We use spend based method for estimating the emissions for these two categories. Exiobase (2019) emission factors are applied on the purchase value from Enterprise Resource Planning ("ERP") system to calculate emissions. ERP data is used to track purchase order ("PO") and non-PO purchases.
		
		- **Category 3:** Fuel- and energy related activities (Not Included in Scope 1 or 2): These can be classified as:
		  - Upstream emissions from fuel extraction, refining, and transportation. Emissions are calculated by applying Well-to-Tank ("WTT") DEFRA (2024) emission factors on fuel consumption.
		  - Emissions from electricity generation, transmission, and distribution losses before it reaches our offices and yards. Emissions are determined using the IEA Scope 3 emission factors on electricity consumed.
		
		- **Category 4:** Upstream transportation and distribution: These emissions are related to two activities:
		  - **Rig moves:** This includes emissions from fuel consumed during rig moves by tugboats, Heavy Lift Vessel ("HLVs"), and towing vessels. Fuel consumption data is taken from rig move records and emissions are calculated by applying Tank-to-Wheel ("TTW") and Well-to-Tank ("WTT") methods.
		  - **Transportation of purchased goods:** This includes emissions pertaining to goods transported for our use from vendors to our facilities by our logistics partners. Data is provided by our logistics partners.
		
		- **Category 5:** Waste generated in operations: This includes emissions from disposal of waste. Emissions are calculated by applying DEFRA (2024) emission factors to overall weight of hazardous and non-hazardous waste.
		
		- **Category 6:** Business travel:
		  - Business air travel: DEFRA (2024) emission factors for short-haul and long-haul flights are applied to flight distance data from travel partners to calculate emissions.
		  - Hotel bookings and road travel: We receive data pertaining to hotel stays and business road travel from our travel partners and use Hotel FootPrinting Tool and DEFRA (2024) emission factors to calculate emissions.
		
		- **Category 7:** Employee commuting: This data is calculated based on employee commute patterns both offshore and onshore by applying DEFRA (2024) emission factors on the distances travelled.
		
		Given that we are in the exclusive business of providing offshore drilling as a service and do not produce or sell any other product or service, scope 3 categories 9, 10, 11 and 12 are not applicable to us. Also, we do not lease any assets to a lessee, do not have any franchises and do not provide any financial service, therefore scope 3 categories 13, 14 and 15 are not applicable to us. Emissions associated with Category 8, upstream leased asset are included either in Scope 2 or in the Scope 3 category 1, purchased good and services.
		
		Total GHG Emissions (Location and Market based) are calculated by summing up Scope 1 emission, Scope 2 GHG emissions (location/ market based) and Scope 3 GHG emissions

E1-6	GHG Emission Intensity	GHG emission intensity is calculated as total GHG emissions per US$'000 of net revenue. "Net revenue" corresponds to revenues reported in the consolidated statements of operations.

*All metrics presented cover the reporting period January 1, 2024 – December 31, 2024. None of the metrics have been validated by an external body. The metrics have been subject to the limited assurance procedures as outlined in the assurance report.

Environmental Information

E2 Pollution

Shelf Drilling is dedicated to managing pollution responsibly and aligning our practices with local environmental regulations and comply with operational contracts. Guided by the principles of ISO 14001, our operations aim to minimize environmental impacts while meeting regulatory requirements. Our rigs and offices, regardless of certification status, aim to adhere to stringent pollution management protocols, ensuring a consistent approach to mitigating pollution and other environmental impacts across all locations. This commitment reflects our broader goal of reducing the environmental footprint of our operations while aiming to maintain industry-leading standards.

Material Impacts, Risks & Opportunities

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

E2 Pollution

Material impacts, risks and opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Air pollutants emitted during operations	Actual negative impact		●		●	●	●
Pollution of water due to loss of well control	Potential negative impact		●		●	●	●
Pollution of soil from Rig scrapping activities	Potential negative impact			●		●	●
Loss of well control during operations	Risk		●		●	●	●

The double materiality assessment described in IRO-1 identified the following pollution-related impacts and risks. The assessment did not identify a material opportunity.

Impacts

Air pollutants emitted during operations

Shelf Drilling has an actual negative impact on the pollution of air as all of our rigs emit air pollutants. These pollutants have detrimental effects on the air quality, affecting human health and disrupting ecosystem balance. The impact occurs in the short-, medium- and long-term, originating from our own operations.

Shelf Drilling's business model is reliant on the continued use of our rigs, which contributes to our material impact on the pollution of air.

In light of this impact, Shelf Drilling has enacted several measures aimed at reducing emissions and improving operational efficiency. As detailed in the E1 material impact description concerning our mitigating actions, a key focus has been on enhancing our ability to measure and monitor fuel and engine performance. This monitoring and continued focus to optimize engine usage enables us to improve fuel efficiency, thus minimizing air emissions.

Additionally, the Company is investing in training programs and tools to empower rig crews to optimize fuel usage and power generation on rigs.

These measures form part of a broader strategy to integrate environmental considerations into decision-making processes and Shelf Drilling's business model.

Environmental Information

Pollution of water due to loss of well control

Shelf Drilling's business model is dependent on the use of well control equipment to ensure safe offshore drilling activities. A potential negative impact arises from the loss of well control that may result in overboard discharge of well fluids including hydrocarbons. If uncontrolled, a well control incident may lead to significant quantities of oil being released into the water resulting in contamination of the environment surrounding the rig.

This impact is not confined to a single area due to the unpredictable spread of pollutants in marine environments. This impact occurs in short-, medium- and long-term, the effects of the impact may persist for days or months or even years, depending on the scale of the release and the recovery processes.

Shelf Drilling has implemented plans and procedures to address this potential impact through both prevention and emergency response actions.

To prevent this impact, well control equipment are installed on all Shelf Drilling rigs, designed to automatically shut off the well in the event of an uncontrolled release of hydrocarbons from the well. All rigs undergo a Major Hazards and Risks Assessment ("MHRA") or Health, Safety and Environment ("HSE") Case which identifies potential hazards, assessing their likelihood and severity, and implementing measures to minimize risks, including well control risks. A MHRA or HSE case will be reviewed and updated within every five years or when there are any significant changes that may introduce or change potential hazards.

These are standard requirements within the industry, conform to global industrial standard like the American Petroleum Institute ("API") and American Society of Mechanical Engineer ("ASME") Standards for instance, and are subject to regular pressure testing procedures and planned maintenance programs.

Shelf Drilling requires all rigs to conform to the emergency response procedures we have in place in case of a loss of well control.

Pollution of soil from Rig scrapping activities

Shelf Drilling's business model requires a fleet of rigs, which when scrapped, potentially pollute the soil. Various polluting components can be released from the asset (rust, asbestos and other chemicals used during the rigs' operations) and leak into the soil where the rigs are scrapped. This situation can happen if the yards that scrap the rigs do not have the appropriate containment measures to prevent such pollution from occurring.

This potential negative impact occurs in the medium- and long-term in our downstream operations. Pollution can have significant effects on the natural environment located at the site of rig scrapping processes, including local marine life.

Shelf Drilling's rig recycling policy requires responsible disposal and recycling of all rigs and equipment, in alignment with the Basel and Hong Kong conventions. The policy mandates rigs are sold for recycling to certified facilities. We also conduct an inventory of hazardous material prior to this recycling and engage with an independent third-party to oversee the process.

Risks

Loss of well control during operations

During operations, Shelf Drilling drills into reservoirs offshore. This poses a potential risk of a loss of well control which, besides the potentially significant impact on nature, may have a significant negative financial risk to Shelf Drilling. This financial risk occurs in short-, medium- and long-term and could furthermore result in the loss of existing and future contracts due to safety concerns from customers.

In the event of a loss of well control, Shelf Drilling may also face regulatory fines and lawsuits from NGOs and affected communities. In 2024, there were no well control incidents that resulted in uncontrolled discharge to the sea.

This risk related to our own operations also carries long-term reputational liability due to negative media coverage or political attention which could impact the brand for a period of time of more than a year. It may also lead to regulators withdrawing Shelf Drilling's license to operate in the region where the fleet operates.

Given the significant potential impacts on our business, Shelf Drilling has developed a strategy focused on two key pillars: prevention and emergency response plan.

Our first line of defense is prevention, achieved through the installation of well control equipment on all rigs. These devices are designed to automatically shut off the valve in the event of an uncontrolled release of oil or other high-pressure fluids, minimizing the risk of a loss of well control.

Additionally, all rigs undergo a comprehensive MHRA or HSE Case, which identifies major potential hazards, evaluates their likelihood and severity, and implements appropriate measures to mitigate risks, including those related to well control.

In the event that a well control incident does occur, Shelf Drilling has stringent emergency response plan and procedures in place. All rigs and personnel are required to follow these procedures to ensure rapid and effective response. These procedures are not only standard across the industry but also adhere to global regulations and undergo regular testing to maintain operational integrity.

Impacts, Risks & Opportunity Management

E2-1

Policies related to pollution

The Sustainability policy and HSE policy define how Shelf Drilling manages its material pollution-related impacts, risks and opportunities. See E1-2 for the full description, including the scope, governance and implementation of the Sustainability and the HSE policies.

In order to manage pollution-related IROs and implement the Sustainability and HSE policies, Shelf Drilling has implemented certain environmental management systems that are in line with the international standards such as ISO 14001, MARPOL, IMO standard. The systems and policies detailed below have been adopted to manage material IROs in relation to the pollution of air, water and soil.

Pollution of air

Our HSE policy mandates the implementation of formal processes to monitor and measure Company's environmental footprint, as well as implementing a system to identify, manage and comply with environmental legislations. In addition, the policy stipulates that a plan must be in place to reduce emissions. As a result, this policy requires the management of Shelf Drilling's material pollution of air-related IROs.

Pollution of water

In order to manage loss of well control, rigs must meet the stipulations of the HSE policy and well control requirements manual and adhere to several environmental requirements. For a full description of the procedures related to this policy and procedures, see E2-2 below.

Shelf Drilling has identified safety-critical equipment as per the Company's well control requirement to prevent an uncontrolled release of the hydrocarbons or other hazardous substances into the environment and prevent catastrophic incidents (fire, explosion, large-scale of unplanned release) in the event of loss of well control.

Pollution of soil

The rig scrapping process can lead to soil contamination from pollutants such as rust, chemicals, and other hazardous materials. We closely oversee this aspect through our Rig Recycling Policy, see E5-1 for a full description of the policy.

E2-2

Actions and resources in relation to pollution policies

Shelf Drilling is following several international conventions, laws and regulations, namely the UN International Maritime Organization ("IMO") regulations that govern shipping and international maritime trade. Shelf Drilling operates in several jurisdictions where such regulations have been adopted. Shelf Drilling manage and mitigate the pollution-related impacts in adherence to the international conventions, laws and regulations including MARPOL, CLC[1], BUNKER[2] and the BWM Convention[3].

The above requires Shelf Drilling to adhere to stringent regulations related to polluting substances and potentially invasive species. In alignment with such requirements, Shelf Drilling abides by the aforementioned policies and environmental management systems which mitigate potential and actual negative impacts in relation to pollution.

Our offices in the UK and India, as well as most of our rigs in the North Sea and India region, hold ISO 14001 certifications on the Company's environmental management system demonstrating our commitment to maintaining robust environmental management systems. Although other offices and rigs are not ISO 14001 certified, they operate under the same policy and requirement aligned with the ISO 14001 framework.

[1] CLC- the International Convention on Civil Liability for Oil Pollution Damage of 1969
[2] BUNKER- the International Convention on Civil Liability for Bunker Oil Pollution Damage of 2001
[3] BWM Convention- the IMO's Ballast Water Management Convention

Environmental Information

We maintain an Environmental Aspects and Impacts Register on all our Rigs and shore-based facilities that outlines the process of identifying and evaluating environmental aspects and impacts related to the Company's activities and operations.

The following actions were undertaken in the reporting year, as part of the continuing management efforts. Shelf Drilling undertakes to ensure mitigation of pollution-related impact and risks. None of the actions below meet Shelf Drilling's thresholds for significant capital or operating expenditure.

Pollution of air

MARPOL regulates harmful air emissions from ships and is also applicable to shallow water rigs. In addition to the requirements set out in E2-1, and specific to taking action on our pollution of air impact, Shelf Drilling recorded any releases of air emissions.

Our actions to reduce GHG emissions intensity, described in E1-3, also lead to corresponding reductions of air pollutants intensity such as CO, NOx, SOx and NMVOCs. With a focus on enhancing our ability to measure and monitor fuel and engine performance, we aim to improve fuel consumption efficiency, thus minimizing air emissions.

Pollution of water

In line with the HSE policy for mitigating material impacts and risks on water pollution, existing procedures were maintained throughout 2024, as they sufficiently addressed the negative impact without requiring new actions. The continual, existing procedures are detailed below.

Our rigs comply with International Convention on Civil Liability for Bunker Oil Pollution Damage ("BUNKER"), which holds us liable for pollution damage caused by discharges of bunker fuel in jurisdictional waters of ratifying states.

In the event of unplanned discharges of drilling mud or other fluids, estimated volumes are promptly recorded and reported through our HSE Dashboard. All our Rigs follow a Shipboard Oil Pollution Emergency Plan ("SOPEP") as per MARPOL requirements, to handle any unplanned discharges and report to the nearest coastal state.

Pollution of soil

In accordance with the Rig Recycling policy, when Rigs are no longer considered economically viable, Shelf Drilling looks as a priority to sell them for non-drilling purposes. When this is not possible, we ensure that they are recycled in a responsible manner. Although rig recycling can be a source of polluting soil, the policy we adhere to ensures this impact is mitigated to the greatest extent possible.

In alignment with our Rig Recycling policy, rigs are only sold for recycling to certified facilities.

No actions were taken in the year, as Shelf Drilling did not scrap any rigs in 2024.

These actions directly contribute to Shelf Drilling's environmental objectives and policy goals by:

Reducing
air pollutants emissions in line with MARPOL requirements.

Minimizing
pollution risks through robust technical controls and adherence to environmental regulations.

Ensuring
safe and environmentally responsible rig recycling processes, reducing soil contamination risks.

Metrics & Targets

E2-3
Targets related to pollution

For mitigating air pollution, Shelf Drilling refers to its targets for reducing GHG emissions intensity. The GHG emissions intensity reduction target serves as a proxy for reducing air pollutants intensity, as lowering GHG emissions also leads to a reduction in non-GHG air pollutants. We have not set any specific targets for air emissions, other than GHGs. Therefore, see E1-4 for GHG emission reduction targets and how Shelf Drilling tracks the effectiveness of its actions to address material GHG, and by-proxy, non-GHG emissions.

Our goals for reducing air pollution directly contribute to our sustainability policy's aim to protect the environment in line with the UNGPs.

Our goals for reducing air pollution directly contribute to our sustainability policy's aim to protect the environment in line with the UNGPs.

Our goal is to mitigate negative impacts and risks related to the pollution of water by ensuring that there are zero unplanned release of harmful discharges to the sea. This voluntary goal does not include specific amount of pollutants to water. This is therefore not an outcome-oriented goal; however, our maintenance management system tracks the effectiveness of our pollution of water-related policies and actions, see E2-2 for more information.

Currently, our goals do not extend to the pollution of soil. Shelf Drilling tracks the effectiveness of its policies and actions in relation to its pollution of soil impact by monitoring the rig recycling process through a third-party within the mandate of the rig recycling policy. The potential impact on soil only materializes when rigs are not recycled appropriately and according to the policy.

We follow the Hong Kong Convention that mandate the responsible disposal and recycling of rigs which contributes to our aim of minimizing the damaging polluting effects of scrapping rigs.

E2-4
Pollution of air, water and soil

Metrics tracking the effectiveness of policies and actions include disclosure of pollutants of air, water and soil. In 2024, in compliance with the ESRS, an assessment was made, to determine which pollutants were material and/or exceeded the threshold set by Annex II of EU Regulation 166/2006. Accordingly, table 1 below presents only the pollutants that are material and/or exceeded these thresholds. See the accounting policy section for a full description of methodologies and assumptions related to E2 metrics.

Shelf Drilling's environmental reporting extends to a variety of air emissions beyond greenhouse gases. However, it is crucial to note that these air emissions primarily result from the combustion process of MGO or diesel fuel used in our operations. Our monitoring efforts focus solely on emissions generated directly from our operations.

In 2024, our air emissions marked an insignificant increase of 0.1% over the 2023 air emissions.

Environmental Information

Pollution of air

Pollutant	Releases to air – 2023 (kg/year)	Releases to air – 2024 (kg/year)
Carbon monoxide (CO)	1,433,774	1,435,112
Non-methane Volatile organic compounds ("NMVOC")	182,646	182,817
Nitrogen oxides (NOx/NO2)	5,424,598	5,429,660
Sulfur oxides (SOx/SO2)*	91,323	91,408

*SOx emissions account for SO2 emissions and have been adjusted for MGO sulfur weight composition of 0.05%.

Pollution of water

In addition to the above metrics, Shelf Drilling monitors events related to the pollution of water to track performance against our goal of zero unplanned or unpermitted overboard discharges that could cause harm.

In the event of unplanned discharges, estimated volumes are promptly recorded and reported through our HSE Dashboard. In 2024, there weren't any unplanned discharge events, and zero barrels lost overboard. Additionally, there were 11 cases of loss of containment events, with all fluids & chemicals were safely retained and captured onboard the rigs.

E2-6

Anticipated financial effects of material pollution-related risks and opportunities

Shelf Drilling has opted to exercise the phase-in option to omit the financial effects of material pollution-related risks and opportunities.

E2 Accounting Policies

ESRS DR	Data point/ metric	Accounting Policy (Methodology/Assumption used)*
E2-4	Pollution of air	Air pollution includes non-GHG emissions such as carbon monoxide ("CO"), SOx, NOx, and Non-Methane Volatile Organic Compounds ("NMVOCs"). Emissions from CO, SOx, NOx, NMVOCs are estimated by applying UK EEMS air emissions factors to the total volume of fuel combusted as reported in E1-5 Accounting Policies.
E2-4	Pollution of water – Metric related to monitoring unplanned discharge events	Unplanned or unpermitted overboard discharges (Loss of Containment – "LOC") are reported within 24 hours of occurrence in the HSE Dashboard. Rigs report the data monthly on ESG Dashboard. Unplanned or unpermitted overboard discharges are categorized as follows: - Loss of Containment Severe ("LOCS"): Discharges resulting in less than 10 bbl lost overboard - Loss of Containment Major ("LOCM"): Discharges resulting in more than 10 bbl lost overboard All such events are recorded in the Skill Grid HSE Dashboard. The volume of LOC is estimated based on an assessment of oil spill sheen, thickness and color.

*All metrics presented cover the reporting period January 1, 2024 – December 31, 2024. None of the metrics have been validated by an external body. The metrics have been subject to the limited assurance procedures as outlined in the assurance report.

Environmental Information

E4 Biodiversity and Ecosystems

Shelf Drilling recognizes the importance of mitigating its material impacts related to biodiversity and ecosystems. By adhering to environmental regulations, our internal policies and implementing measures to mitigate impacts, we aim to ensure that our activities align with industry standards, such as International Maritime Organization ("IMO") Standards, and that we minimize harm to marine ecosystems.

Impacts, Risks & Opportunities

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

E4 Biodiversity and ecosystems

Material impacts, risks and opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Biodiversity loss due to loss of well control	Actual negative impact		●			●	●
Introduction of alien species into marine ecosystems	Potential negative impact		●			●	●

The following impacts were identified as material in accordance with Shelf Drilling's Double Materiality Assessment.

Impacts

Biodiversity loss due to loss of well control

Shelf Drilling operations face a risk of an uncontrolled release of oil or gas from a well, which may be significant. Such incidents can result in substantial quantities of oil being released into the surrounding waters. This contamination can spread widely due to sea currents, affecting biodiversity in the area and negatively impacting marine life through exposure to oil.

These impacts, if they were to occur, are specific to Shelf Drilling's own offshore operations, posing risks to marine ecosystems in the medium- to long-term. However, these potential impacts are not unique to Shelf Drilling; they are inherent to offshore drilling operations and are shared by all contractors operating in similar environments.

Shelf Drilling seeks to mitigate the risk of loss of well control and the negative impacts of oil contamination by implementing a comprehensive well control assurance process, which focuses on equipment certification and maintenance, personnel training and competence, and processes for well control event avoidance and management. Shelf Drilling is committed to reducing this risk and mitigating its impact on biodiversity.

Introduction of alien species into marine ecosystems

Shelf Drilling's operations have a potential negative impact on marine ecosystems due to the transport of foreign species and bacteria if and when rigs are moved from one marine ecosystem to another. This occurs when rigs are moved between ecosystems, transporting organisms attached to hulls, known as biofouling or when residual species and bacteria are left in ballast water.

Alien species, also known as invasive species, can disrupt the natural balance of marine ecosystems by outcompeting native species for vital resources such as food, habitat, and breeding sites. They can reproduce rapidly and spread aggressively, disrupting the balance of ecosystems which may lead to a loss of biodiversity as native species are displaced or even driven to extinction.

This potential impact is particularly relevant during rig relocation, which occurs occasionally as part of Shelf Drilling's operational needs. If and when this occurs, it can potentially impact the states of species in the medium-term time horizon. Shelf Drilling does not frequently move rigs to different ecosystems. In 2024, this movement occurred a few times and all the rigs were moved on dry transport and did not carry any seawater.

Shelf Drilling mitigates this impact by adhering to international conventions (IMO standards/regulations including the Ballast Water Management Convention) to manage biofouling and ballast water discharge. All rigs are fitted with anti-fouling systems to prevent the accumulation of marine organisms, and ballast water discharge is managed in compliance with international standards to minimize the spread of invasive species.

As a drilling contractor, we operate on sites designated by our customers, limiting our ability to influence site-specific biodiversity assessments, a list of material sites is thus unavailable. Environmental-related regulatory approvals, including those related to biodiversity, fall within the scope and responsibility of our customers. As part of the DMA assessment based on available knowledge and industry expertise, impacts, risks and opportunities related to land degradation, desertification or soil sealing, as well as whether it has operations that affect threatened species were assessed to be non-material.

Shelf Drilling

is committed to mitigating its impact on biodiversity.

E4-1

Transition plan and consideration of biodiversity and ecosystems in strategy and business model

Shelf Drilling has not yet implemented a biodiversity-related transition plan.

The resilience of our current business model and strategy to biodiversity and ecosystems-related physical, transition and systemic risks can be found in our ESRS 2 SBM-3, (see page 114)

Impact, Risk & Opportunity Management

E4-2

Policies related to biodiversity and ecosystems

Shelf Drilling's HSE and sustainability policies form the basis of our commitment to managing environmental impacts. The full description of both the HSE and the Sustainability policy can be found in E1-2. We have several management systems in place to manage material impacts. These management systems are described in E4-3.

As a drilling contractor, we operate on sites designated by our customers, limiting our ability to influence site-specific biodiversity assessments, no separate policy has been defined to address our contribution to direct impact drivers on biodiversity loss, impacts on states of species, ecosystems or ecosystem services. Additionally, our policies do not support the traceability of products, components and raw materials with material potential impacts on biodiversity and ecosystems along the value chain, nor do they address production, sourcing or consumption from ecosystems. Nor are the social consequences of our biodiversity impacts addressed in Shelf Drilling's policies. Shelf Drilling has not adopted a biodiversity and ecosystem protection policy covering operational sites owned, leased or managed in or near biodiversity-sensitive areas, sustainable land practices, sustainable oceans practices, or policies to address deforestation.

In order to manage loss of well control, rigs must meet the stipulations of the HSE policy and well control requirements manual and adhere to several environmental requirements. This policy is described in E2-1 and a full description of the procedures related to this policy is available in E2-2.

Environmental Information

E4-3

Actions and resources in relation to biodiversity and ecosystems

In order to manage biodiversity and ecosystems-related IROs, Shelf Drilling maintains a management system that complies with international standards, such as MARPOL. Shelf Drilling's commitment to compliance helps mitigate its material impacts; however, no new actions were implemented in 2024, beyond the ongoing management systems outlined below, which ensure alignment with the mandates of its policies.

As described in E1-3, Shelf Drilling is operating pursuant to several international conventions, laws and regulations. Such requirements relate to aligning our management systems in order to mitigate biodiversity impacts and risks. As such, all of our offices and rigs operate under the same policy and requirement aligned with the ISO 14001 framework. The following actions are bound by our management and control systems and are assessed and implemented throughout the year. None of the actions below meet Shelf Drilling's thresholds for significant capital or operating expenditure.

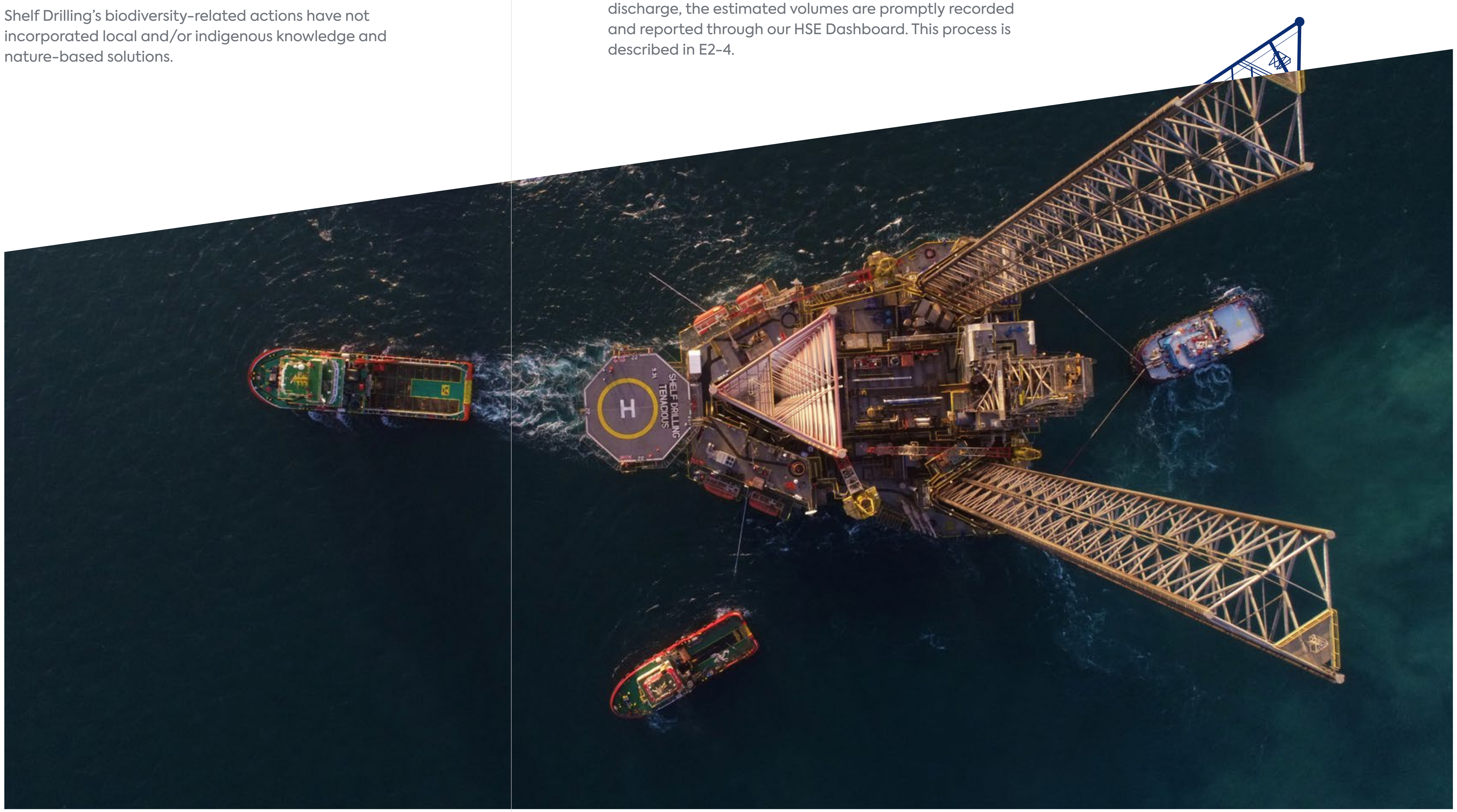
In addition, our HSE policy prohibits any offboarding of contaminants into the ocean without prior treatment in accordance with the International Convention for the Prevention of Pollution from Ships ("MARPOL"). Contaminants that cannot be treated onboard are secured and transported back to shore for proper disposal in compliance with local regulations. All our Rigs are fitted with an IMO approved Oily Water Separator ("OWS") system to ensure discharges as per MARPOL and local regulations. In addition, all our Rigs are also fitted with an IMO approved Sewage Treatment Plant ("STP") to ensure treatment prior to discharge to ensure pollution levels are below required norms.

Biofouling on rigs: The attachment of organisms to underwater parts of our rigs can lead to the transportation of invasive species to new areas, potentially disrupting local ecosystems. As such, our rigs undergo periodic inspection and cleaning during shipyard projects to minimize and clean marine growth. All of our rigs are fitted with anti-fouling systems as required by the international convention on the control of harmful anti-fouling systems on ships.

Ballast water discharge from Rigs: Our rigs use ballast water for stability, which could pose a risk if released into new areas during relocation, potentially spreading non-native species and affecting marine life. The Ballast Water Management ("BWM") Convention entered into force in 2017, requiring all vessels to comply with the ballast water exchange standard. To manage this, we follow Ballast Water Management Plans aligned with international standards to mitigate the risk of disrupting ecosystems. The likelihood of such incidents is low, as our rigs do not relocate often.

Shelf Drilling does not use biodiversity offsets in its action plans.

Shelf Drilling's biodiversity-related actions have not incorporated local and/or indigenous knowledge and nature-based solutions.



Metrics & Targets

E4-4

Targets related to biodiversity and ecosystems

Due to the focus on continuing to uphold our management systems to international standards, Shelf Drilling does not have any formal, outcome-oriented targets related to biodiversity and ecosystems.

Shelf Drilling monitors events related to the loss of well control to track performance against our goal of zero unplanned or unpermitted overboard discharges that could cause harm. In the event of an unplanned discharge, the estimated volumes are promptly recorded and reported through our HSE Dashboard. This process is described in E2-4.

E4-5

Impact metrics

Shelf Drilling identified potential material impacts related to the states of species. While direct data collection measuring biodiversity loss related to the potential loss of well control and the induction of alien species in other marine ecosystems is currently unavailable, Shelf Drilling, in accordance with E4-5, paragraph 40, refers to the pollution of water metrics disclosed in E2-4 as the basis for metrics related to biodiversity impacts.

Environmental Information

E5 Resource Use & Circular Economy

Shelf Drilling is committed to optimizing resource use across its operations to minimize environmental impacts and contribute to a circular economy. Recognizing the significant role that material resources play in the lifecycle of our rigs, the Company has implemented robust policies and strategies to ensure efficient utilization, reduce waste, and maximize the recycling of equipment and parts. These efforts are guided by our commitment to sustainability and align with our broader objective to mitigate resource inflow impacts, risks and opportunities. By prioritizing resource efficiency and adopting circular economy principles, Shelf Drilling aims to enhance operational resilience, reduce costs, and support efforts toward resource management.

Material Impacts, Risks & Opportunities

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

E5 Resource Use and circular economy

Material impacts, risks and opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
High usage of steel in Rig construction and maintenance	Actual negative impact	●			●	●	●
Enhancing circular economy through equipment lifecycle strategies	Opportunity		●		●	●	●

Shelf Drilling's DMA identified the following impact and opportunity relating to our resource use and circular economy.

Impacts

High usage of steel in Rig construction and maintenance

Offshore jack-up drilling rigs are predominately constructed from steel which is crucial for maintaining structural integrity and operational safety in challenging marine environments. As such, the use of steel is necessary, not only during the construction phase, but also throughout operations where regular cutting, cropping and replacement activities are performed to maintain class certification and meet operational requirements.

Shelf Drilling therefore has an actual negative impact in its upstream value chain due to this high usage of steel. The reliance on new steel perpetuates the mining of a finite resource which discourages circular economic models. In addition, the production of steel is energy-intensive, requiring the burning of fossil fuels to mine, produce and transport it. All of which negatively contribute to climate change. This impact occurs in the short-, medium- and long-term.

Although Shelf Drilling relies on the continued use of steel for operational needs, this impact is mitigated through robust maintenance policies and procedures. These measures ensure that structural and secondary steel on our rigs is regularly inspected, maintained and repaired to prevent premature degradation, thus reducing the need for excessive replacement. By prioritizing the longevity and efficient use of existing material, Shelf Drilling minimizes waste and contributes to extending the lifespan of products and parts, in doing so, mitigating potential effects on our business model and value chain from steel price volatility and/or supply chain disruptions.

Opportunities

Enhancing circular economy through equipment lifecycle strategies

Shelf Drilling identified a material opportunity related to strengthening its circular economy approach by expanding the repair, refurbishment, remanufacturing and reuse of equipment and parts. As global resource constraints increase, there is a drive for greater material efficiency. The ability to extend the lifespan of equipment presents both cost-saving and strategic advantages.

Keeping Shelf Drilling's rigs operational and well-maintained while minimizing the environmental impact is integral to our business strategy. As such, a short-, medium- and long-term material opportunity has been identified whereby Shelf Drilling can enhance its operational circular economy.

To capture this opportunity, Shelf Drilling is leveraging its Fleet Spares Strategy, which applies to all rigs across the fleet. The strategy includes the following three actions:

- Repair and Maintenance instead of replacement of equipment to increase the life cycle of equipment
- Refurbish & reuse of discarded equipment within Shelf Drilling and from the secondary market
- Salvage and refurbish spare parts to the usable standards, in coordination with the original equipment manufacturer ("OEM"), where appropriate

This strategy directly reduces operational investments by reducing the need for new parts and equipment, thereby lowering costs. By focusing on reusing and maintaining existing parts and equipment, Shelf Drilling also enhances its contribution to the circular economy through the reuse of finite resources. Combined, the strategy improves Shelf Drilling's resilience and business performance and positions Shelf Drilling as a responsible and resource-efficient operator. Proactively enhancing circularity in operations not only improves financial performance, but also ensures Shelf Drilling remains competitive in the market landscape.

Impact, Risk & Opportunity Management

E5-1

Policies related to resource use and circular economy

Shelf Drilling's Sustainability policy sets out the Company's commitment to minimizing and reducing waste from operations and advancing circular economy principles, guiding the management of our E5-related IROs. A key focus is on maximizing the recycling of equipment and parts, ensuring the maximum amount of materials are recycled in an effective manner. By minimizing waste, Shelf Drilling reduces the demand for new resource inputs, thereby mitigating the environmental impacts associated with resource extraction and production. This approach ensures that fewer raw materials are needed to replace what would otherwise be lost as waste, promoting a more efficient and sustainable resource cycle.

The sustainability policy, fully described in E1-2, is supported by the Company's HSE requirements and the Fleet Spares Strategy. These frameworks outline the management processes designed to mitigate and address material resource inflow IROs.

Together, these policies reflect Shelf Drilling's vision to increase the use of secondary (recycled) resources. However, our policies do not address transitioning away from the use of virgin resources or the sustainable sourcing of resources.

Environmental Information

Shelf Drilling's HSE requirements are based on a hierarchy, where each rig or site must assess waste and take appropriate actions to minimize or eliminate waste. Eliminating waste is seen as the optimal option and Disposal as the least desirable option:

Eliminate

Changing what is purchased or how materials are purchased to eliminate waste. Ideally by removing the need for the product to be purchased at all.

Reduce

Purchasing materials in larger pack sizes or with less packaging. Purchasing longer-life consumables to reduce waste. Introducing efficiencies which require less of the product to be purchased.

Re-Use

Making secondary use of items such as packaging materials, eliminating the need for purchase of new materials for the secondary purpose. (Items that are re-used and then recycled further compound the benefits).

Recycle

Collecting and separating products for recycling; reduces the environmental burden by diverting old products from landfills and displacing the need for raw materials in new product manufacturing.

Dispose

Wastes for which none of the above options are appropriate must be disposed of according to local regulatory requirements. Even if no local regulatory requirements exist, the waste must be disposed of in an environmentally responsible manner.

For a full description of the management processes and actions related to the Fleet Spares Strategy, see E5-2. When rigs are no longer considered economically viable, Shelf Drilling looks as a priority to sell them for non-drilling purposes. When this is not possible, we ensure that they are recycled in a responsible manner, aligning with the Company's commitment to resource efficiency.

In relation to our material opportunity, Shelf Drilling abides by our Rig Recycling policy, which focuses on the responsible disposal and recycling of rigs and equipment, ensuring alignment with the Basel Convention on the Control of Trans-Boundary Movements of Hazardous Wastes and their Disposal, 1989. This policy mandates that rigs are to be sold for recycling to facilities certified under the Hong Kong Convention, ensuring legal compliance and mitigating associated risks. Shelf Drilling will only sell its non-EU flagged rigs to Hong Kong-certified recycling yards or intermediate brokers who commit to 'green-recycling' with sufficient infrastructure, equipment and procedures to comply with the Hong Kong Convention.

Additionally, the policy mandates third-party audits of the recycling process to uphold environmental standards. Furthermore, it advocates the reuse of equipment, aligning with international standards and fostering commitment to reducing our environmental impact.

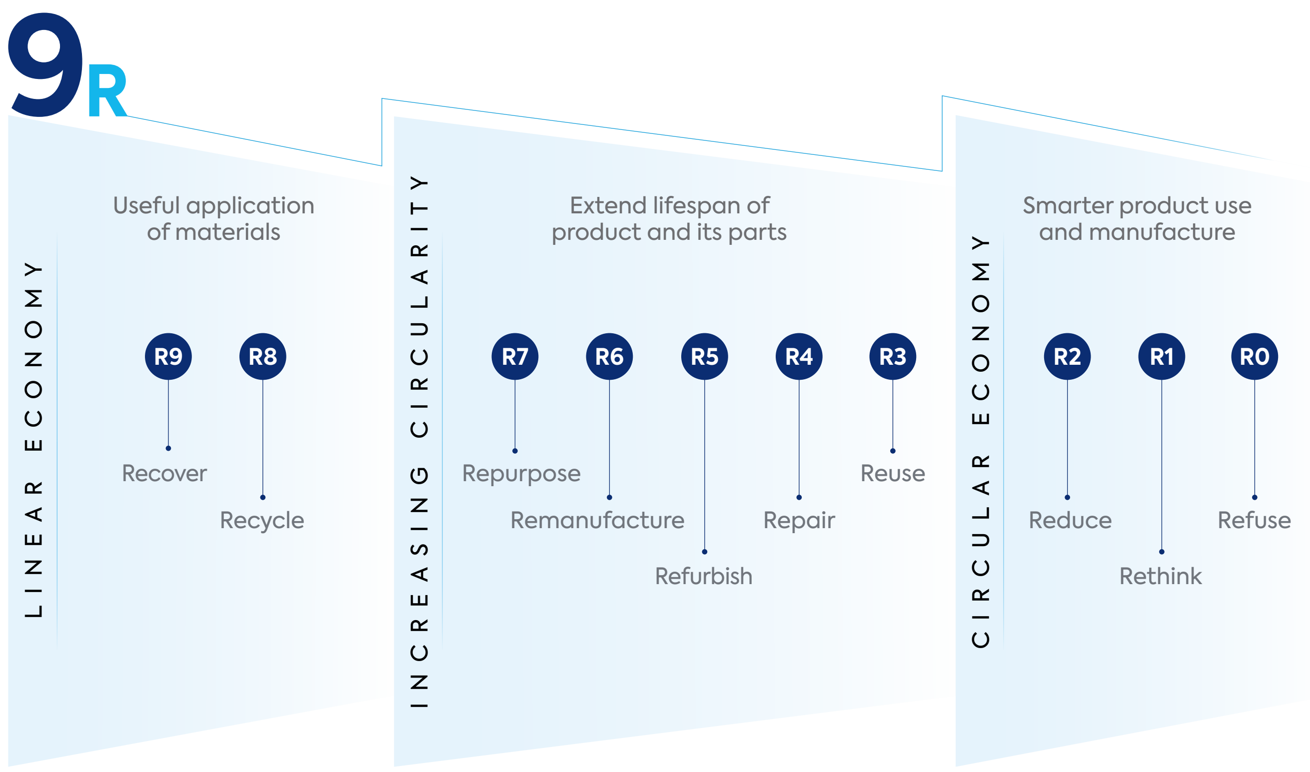
This policy, which applies to all rigs in our fleet, is implemented under the accountability of the CEO. The policy is readily available on our website, and must be consulted whenever a rig is considered for sale, solely for recycling purposes.

E5-2

Actions and resources in relation to resource use and circular economy

Acknowledging our need to manage material IROs, we have crafted a comprehensive "Fleet Spares Strategy". As part of our "Fit For (Re) Purpose" approach, this strategy emphasizes the reuse and reconditioning of equipment to extend its lifespan and minimize waste, aligning closely with the principles of the 9R circularity framework.

These actions, which are conducted throughout the reporting year, ensure we prevent and mitigate the inefficient use of equipment and parts, as well as aid in realizing the opportunity to embed a circular economy in Shelf Drilling's business model. None of the actions meet Shelf Drilling's thresholds for significant capital or operating expenditure.



Source: Conceptualizing the Circular Economy: An Analysis of 114 Definitions by Julian Kirchherr, Denise Reike, M.P. Hekkert, 2017

The equipment and parts we use in maintaining our rigs contain, for the most part, significant quantities of steel. Steel production contributes to higher carbon emissions primarily due to:

- Extraction of iron ore and transportation, which involves the use of heavy machinery and fossil fuel.
- Use of coking coal in traditional steel making processes, releasing CO2 during combustion.
- Energy-intensive processes like heating furnaces, often powered by fossil fuels.

Our Fleet Spares Strategy is supported by Shelf Drilling's highly centralized procurement, sourcing, and technical support model, ensuring consistent, reliable, and cost-effective maintenance of our fleet. Central to our approach is the acquisition of used equipment and parts, which are then reconditioned and subjected to quality assurance and compliance checks to meet OEM and regulatory standards before certification for use in our operations. This approach extends to the overhaul processes for our own equipment, vis-à-vis purchasing new equipment.

By refurbishing equipment and parts, we extend their lifespan, reduce resource consumption, and mitigate carbon emissions. These refurbished assets play a vital role in our fleet spares concept, ensuring operational continuity while minimizing waste and environmental impact.

Environmental Information

Our inventory of "ready-to-go" equipment enables us to exchange complete major items, such as, engines, top drives, traveling blocks, crown blocks, mud-pumps, and draw-works, rather than disassembling and overhauling onsite. The replaced equipment is then brought back to our shore-based warehouse for overhaul and refurbishment, making it ready for another rig in the fleet. This exchange process is efficient, requires fewer resources, and provides a more predictable and reliable outcome than onsite overhauling.

In 2024, we invested more than US$ 17m in acquiring used equipment. The scope of this action covered our own rigs and sites. This action plan meets our defined financial materiality threshold and is therefore disclosed in accordance with ESRS 2 BP-1 (see page 74). This approach not only demonstrates fiscal prudence but also contributes to improved resource use as set out in our strategy, as well as the reduction of Scope 3 GHG emissions. Through this approach, Shelf Drilling avoided an estimated 44k metric tons of carbon dioxide equivalent (tCO_2e) in 2024, an entity-specific metric.

Metrics & Targets

E5-3

Targets related to resource use and circular economy

Aside from abiding by our fleet spares strategy and the rig recycling policy, Shelf Drilling does not have a formal target in relation to resource use and circular economy as the Company's focus has been on maintaining compliance with the aforementioned policies.

E5-4

Resource inflows

Shelf Drilling identified its high use of steel as a material impact in relation to resource inflows. We procure steel from upstream suppliers for structural replacement for Rig hull strengthening and fabricated steel items for operational usage. We also purchase parts and equipment from the secondary market and refurbish for operational usage. Additionally, our upstream vendors include shipyards and rig-related equipment providers use steel in their property, plant, and equipment in shipyard infrastructure and heavy machinery. Given that this material impact originates in our upstream value chain, direct measurement is not completely available, however, we do not consume material quantities of steel in our operational activities. This impact, and the associated material opportunity, relate exclusively to non-biological resources.

E5-6

Anticipated financial effects from resource use and circular economy-related risks and opportunities

Shelf Drilling has opted to exercise the phase-in allowance to omit the financial effects from material physical and transition risks and potential resource use and circular economy-related opportunities required in E5-6.

E5 Accounting Policies

ESRS DR	Data point/ Metric	Accounting Policy (Methodology/Assumption used)*
E5-4	Avoided emissions	Avoided emissions are calculated as the difference between the estimated emissions associated with the actual purchase of reused or recycled equipment and the notional emissions that would have been generated from purchasing comparable new equipment. A spend-based approach is used to estimate these emissions, applying Exiobase (2019) emissions factors to the purchase value of the equipment.

*All metrics presented cover the reporting period January 1, 2024 – December 31, 2024. None of the metrics have been validated by an external body. The metrics have been subject to the limited assurance procedures as outlined in the assurance report.

EU Taxonomy Disclosure

EU Taxonomy for sustainable activities

This section represents Shelf Drilling's first EU Taxonomy disclosure under Regulation ("EU") 2020/852, also known as the "Taxonomy Regulation." The EU Taxonomy is a classification system designed to help determine whether economic activities qualify as environmentally sustainable, and to increase investments in projects and investments essential for reaching the objectives of the European Green Deal. Activities must be covered by one of the Delegated Acts under Article 8 of the Taxonomy Regulation ("eligible") and meet both the technical screening criteria and minimum safeguards outlined in the regulation and associated Delegated Acts to be considered as environmentally sustainable ("aligned").

For the fiscal year 2024, none of Shelf Drilling's turnover ("revenue") are reported as eligible, as the provision of services related to drilling, completion, maintenance and decommissioning of oil and natural gas wells and related activities are not covered by any of the economic activities listed in the Delegated Acts to the Taxonomy Regulation. Regarding capital and operating expenditure, Shelf Drilling has identified expenses which are classified as eligible, under activity 7.7 Acquisition and ownership of buildings and activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles.

For the fiscal year 2024, none of our turnover ("revenue"), capital and operating expenditure has been classified as EU Taxonomy-aligned. As the EU Taxonomy continues to evolve and potentially incorporate a wider range of activities over time, the EU Taxonomy might become more relevant for Shelf Drilling in the future.

EU Taxonomy Accounting Policy

Shelf Drilling prepares its financial statements in accordance with Generally Accepted Accounting Principles in the United States of America ("US GAAP"). The EU's Taxonomy regulation references the KPI disclosure in accordance with International Financial Reporting Standards ("IFRS"). For the accounting treatment of financial data required for the KPI disclosures, the two standards are largely converged, with exception to the treatment of non-order R&D (not relevant for Shelf Drilling).

Our accounting approach follows the definition provided in the Disclosures Delegated act, and published Q&A's. The below outlines the most important aspects of the accounting in terms of our Company,

- Turnover ("Revenues"): This reflects the total revenues, including operating and other revenues. See "Revenues" in our consolidated statements of operations.
- Capital expenditure ("CapEx"): Includes expenditures for additions, and other costs necessary to bring the asset to the condition and location necessary for its intended use, improvements and substantial enhancements, as well as leases capitalized as Right-of-use assets.
- Operating expenditure ("OpEx"): Covers all cost related to repair and maintenance of the rigs and local office support costs, as well as short-term leases.

Process of Identifying Eligible Activities

As part of its eligibility assessment, Shelf Drilling examined each of our revenue-generating activities, as well as our capital and operating expenditures, to evaluate whether they are covered by the economic activities currently included in the Delegated Acts to the EU Taxonomy Regulation.

As described above, Shelf Drilling has determined that none of its turnover ("revenue") are currently associated with an activity covered by the EU Taxonomy.

Shelf Drilling primarily generates revenue through drilling contracts. This activity is not covered by the activities listed in the Delegated Acts to the Taxonomy Regulation, as per FY2024.

As part of the assessment, Shelf Drilling considered whether any revenue could be eligible, as Shelf Drilling provided a rig for a potential offshore carbon storage well. As Shelf Drilling is not the owner of the project, we deem the related revenue not to be associated with the EUT activity "Underground permanent geological storage of CO_2".

With regards to capital and operating expenditure, the following has been considered:

- Shelf Drilling's capital expenditures and operating expenditures are primarily directed at the revenue generating activities described above, and, therefore, assessed as non-eligible. It has also been considered whether any capital expenditure or operating expenditures could be associated with other eligible activities.
- Shelf Drilling does not have a capital expenditure plan as described in Annex I to the Disclosures Delegated Act.
- Shelf Drilling has identified purchase of output from Taxonomy-eligible economic activities or individual measures, as outlined in Annex I of the Disclosures Delegated Act. This relates to activity 7.7 Acquisition and ownership of buildings and 6.5 Transport by motorbikes, passenger cars and light commercial vehicles.

EU Taxonomy Disclosure

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

FY2024	2024			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	**Code (2)**	**Turnover (3)**	**Proportion of Turnover, 2024 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity and ecosystems (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) Turnover, 2023 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
		$ m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Of which enabling		0.00	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	E	
Of which transitional		0.00	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00	0%	0%	0%	0%	0%	0%	0%								N/A		
Turnover of Taxonomy-eligible activities (A.1+A.2)		0.00	0%	0%	0%	0%	0%	0%	0%								N/A		
B. Taxonomy-Non-Eligible Activities																			
Turnover of Taxonomy-non-eligible activities		985.2	100%																
Total		**985.2**	**100%**																

* Y = Yes (taxonomy-eligible and taxonomy-aligned activity), N = No (taxonomy-eligible but not taxonomy-aligned activity), N/EL = Not eligible (taxonomy-non-eligible activity), EL = Eligible (taxonomy-eligible activity), N/A = Not applicable

EU Taxonomy Disclosure

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

FY2024	2024			Substantial Contribution Criteria					
Economic Activities (1)	**Code (2)**	**Turnover (3)**	**Proportion of Turnover, 2024 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity and ecosystems (10)**
		$ m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-Eligible Activities									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0%	0%	0%	0%	0%	0%	0%
Of which enabling		0.00	0%	N/A	N/A	N/A	N/A	N/A	N/A
Of which transitional		0.00	0%	N/A	N/A	N/A	N/A	N/A	N/A
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
7.7 Acquisition and ownership of buildings	CCM 7.7	8.0	12.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		8.0	12.9%	12.9%	0%	0%	0%	0%	0%
CapEx of Taxonomy-eligible activities (A.1+A.2)		8.0	12.9%	12.9%	0%	0%	0%	0%	0%
B. Taxonomy-Non-Eligible Activities									
CapEx of Taxonomy-non-eligible activities		53.9	87.1%						
Total		**61.9**	**100.0%**						

FY2024	DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) Turnover, 2023 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-Eligible Activities										
A.1. Environmentally sustainable activities (Taxonomy-aligned)										
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Of which enabling	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	E	
Of which transitional	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
7.7 Acquisition and ownership of buildings										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)								N/A		
CapEx of Taxonomy-eligible activities (A.1+A.2)								N/A		
B. Taxonomy-Non-Eligible Activities										
CapEx of Taxonomy-non-eligible activities										
Total										

* Y = Yes (taxonomy-eligible and taxonomy-aligned activity), N = No (taxonomy-eligible but not taxonomy-aligned activity), N/EL = Not eligible (taxonomy-non-eligible activity), EL = Eligible (taxonomy-eligible activity), N/A = Not applicable

EU Taxonomy Disclosure

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

FY2024	2024			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	**Code (2)**	**Turnover (3)**	**Proportion of Turnover, 2024 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity and ecosystems (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) Turnover, 2023 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
		$ m	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Of which enabling		0.00	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	E	
Of which transitional		0.00	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
7.7 Acquisition and ownership of buildings	CCM 7.7	3.0	2.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.8	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3.8	2.6%	2.6%	0%	0%	0%	0%	0%								N/A		
OpEx of Taxonomy-eligible activities (A.1+A.2)		3.8	2.6%	2.6%	0%	0%	0%	0%	0%								N/A		
B. Taxonomy-Non-Eligible Activities																			
OpEx of Taxonomy-non-eligible activities		141.0	97.4%																
Total		**144.8**	**100%**																

* Y = Yes (taxonomy-eligible and taxonomy-aligned activity), N = No (taxonomy-eligible but not taxonomy-aligned activity), N/EL = Not eligible (taxonomy-non-eligible activity), EL = Eligible (taxonomy-eligible activity), N/A = Not applicable

EU Taxonomy Disclosure

	Proportion of Turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation ("CCM")	0%	0%
Climate change adaptation ("CCA")	0%	0%
Water and marine resources ("WTR")	0%	0%
Circular economy ("CE")	0%	0%
Pollution prevention and control ("PPC")	0%	0%
Biodiversity and ecosystems ("BIO")	0%	0%

	Proportion of Capital expenditure / Total Capital expenditure	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation ("CCM")	0%	12.9%
Climate change adaptation ("CCA")	0%	0%
Water and marine resources ("WTR")	0%	0%
Circular economy ("CE")	0%	0%
Pollution prevention and control ("PPC")	0%	0%
Biodiversity and ecosystems ("BIO")	0%	0%

	Proportion of Operating expenditure / Total Operating expenditure	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation ("CCM")	0%	2.6%
Climate change adaptation ("CCA")	0%	0%
Water and marine resources ("WTR")	0%	0%
Circular economy ("CE")	0%	0%
Pollution prevention and control ("PPC")	0%	0%
Biodiversity and ecosystems ("BIO")	0%	0%

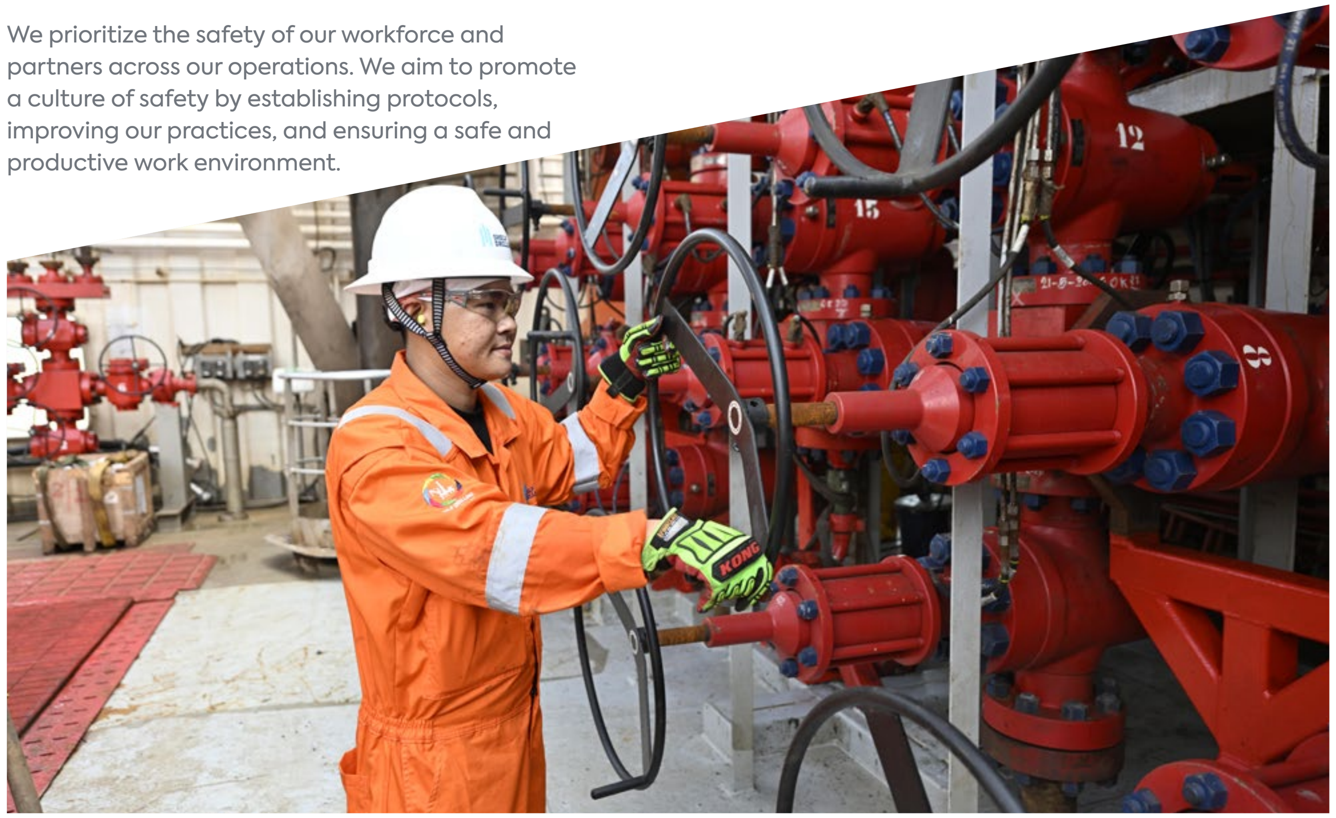
Nuclear and fossil gas related activities for Turnover ("Revenue"), CapEx and OpEx

Nuclear energy related activities	Yes/No
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Social Information

S1
Own Workforce – Health & Safety

We prioritize the safety of our workforce and partners across our operations. We aim to promote a culture of safety by establishing protocols, improving our practices, and ensuring a safe and productive work environment.



Material Impacts, Risks & Opportunities

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

S1 Own Workforce - Health & Safety

Material impacts, risks and opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Health & safety incidents, injuries and fatalities	Actual negative impact (accidents and injuries)		●		●	●	●
	Potential negative impact (fatalities)		●		●	●	●
	Risk		●		●	●	●

The double materiality assessment identified material impacts and risks relating to Shelf Drilling's own workforce. Health & safety was also identified as a salient human rights issue in our 2022 Human Rights saliency assessment, which is discussed in S1 Own Workforce, Working Conditions (see page 175).

All people within our workforce who could be materially impacted are included under the scope of this disclosure. Shelf Drilling's own workforce consists of both employees (see S1-6, Working Conditions) and non-employees. Non-employees are contracted workers ("contractors") onboard our rigs who are employed by third parties and considered to be engaged in employment activities.

When identifying and assessing impacts, risks and opportunities, Shelf Drilling used interviews with internal stakeholders to understand how workers with particular characteristics may be at greater risk of harm, this is described in ESRS 2 IRO-1 (see page 96).

Health & safety incidents, injuries and fatalities

The nature of offshore work means employees and contracted workers working onboard Shelf Drilling's rigs are exposed to high-risk working conditions. In 2024, the majority of recordable incidents resulted in no lost time (see S1-14 on page 162). However, the offshore environment carries intrinsic risk of more serious incidents from being in the 'line of fire' from energy sources; slip, trip and fall hazards, 'pinches' (getting caught between moving parts or objects), falling objects, exposure to potentially harmful chemicals, falls overboard, and loss of well control.

Accidents can happen on any rig in any part of the world and serious incidents can cause negative outcomes for those affected, such as trauma, reduced earning power, disability and in the most severe cases, loss of life. Injuries and fatalities can also impact the wellbeing of the co-workers and families those affected.

These actual (accidents and injuries) and potential (fatalities) negative impacts are considered systemic, affect members of Shelf Drilling's offshore workforce, and could occur in the short-, medium- and long-term.

Health and safety incidents during operations on our rigs offshore can also have financial repercussions for Shelf Drilling, including lawsuits and other consequences induced by affiliated parties or regulators. Incidents can erode trust and confidence in Shelf Drilling, impact its reputation and potentially deter customers from engaging our services due to concerns about safety. This risk is concentrated in Shelf Drilling's own operations, relates to offshore workers, and occurs in the short-, medium- and long-term.

Shelf Drilling reduces health & safety impacts and mitigates associated risks by implementing preventative measures. This includes a policy framework and robust health & safety management system, regular employee awareness sessions and training, described in S1-1 and S1-2 in this chapter.

Impacts, Risk & Opportunity Management

S1-1

Policies related to own workforce

HSE Policy Statement

Shelf Drilling's HSE vision is to create an incident-free workplace where no one gets hurt. Our Health, Safety, and Environment ("HSE") Policy Statement sets out our commitment to fostering a safe and healthy work environment. The full description of the HSE policy can be found in E1-2.

The policy applies to all Shelf Drilling employees, non-employees ("contractors"), customer representatives and service providers, and is integrated into our Company Management System, posted throughout our facilities and published on our website. The policy is approved by the CEO and reviewed annually by the HSE department, to identify the need for any changes or updates. This includes incorporating suggestions submitted through the HSE policy feedback channel (see S1-2 below).

HSE Management System

Shelf Drilling HSE Management System comprises a comprehensive set of policies, processes, and procedures. Implemented across our operations, this system serves as a framework for identifying, assessing, and controlling health, safety, and environmental risks. Shelf Drilling ensures all individuals are aware of health & safety requirements through exercised drills, training, onboarding procedures, and physical signposting onboard rigs.

All incidents are investigated thoroughly as per the Company approved methodology to ensure lessons learned are captured and the necessary action is taken

Social Information

to prevent reoccurrences and further improve Company policies and procedures. This is described in S1-3 below.

Management Commitment

We prioritize strong and demonstrable leadership in health and safety. The CEO holds ultimate responsibility for the wellbeing of all personnel. Our management actively engages and supports all endeavors to ensure the effectiveness of our HSE management system. Supported by robust HSE processes and a focused workforce, we maintain control over health and safety in our operations.

No significant changes to Shelf Drilling's Health & Safety policy framework were adopted during the year.

S1-2

Processes for engaging with own workers and workers' representatives about impacts

All members of Shelf Drilling's workforce can submit feedback and suggestions directly to Shelf Drilling regarding any part of the Company policies, processes and procedures via a dedicated SMART Feedback email channel. This proactively informs annual HSE reviews, which incorporate suggestions made via this mechanism to ensure our processes are practicable for those implementing them, effective in safeguarding our employees, assets, service providers, and customers and support continuous improvement of our safety performance.

The Head of HSE is responsible for ensuring all feedback is reviewed, considered and its conclusions are communicated back to the team. This feedback loop ensures Shelf Drilling's workforce is engaged in developing and continuously improving Shelf Drilling's HSE policies and procedures. The effectiveness of this engagement is reflected in the success of Shelf Drilling's HSE performance. This is measured by key HSE indicators, described in S1-4, S1-5 and S1-14 below.

All members of Shelf Drilling's workforce undergo thorough health assessments to ensure they are fit to work onboard the rigs and consequently, no groups are considered to be at particular risk of harm.

S1-3

Processes to remediate negative impacts and channels for own workers to raise concerns

Shelf Drilling has established processes for members of its workforce to raise concerns regarding health and safety. Any person onboard Shelf Drilling's rigs can call a 'time out for safety' if they feel uncomfortable with the safety of any practices. This will prompt a mandatory safety conversation, followed by the submission of a safety card detailing the safety concerns. The supervisor onboard the rig will review the safety card to identify if any action is required.

All health and safety events, incidents and injuries are reported and registered in Shelf Drilling's HSE Dashboard. HSE data is reviewed, and any incidents are discussed during the monthly HSE meeting (see S1-4). Shelf Drilling ensures all workers onboard rigs are aware of incident reporting procedures as part of health and safety inductions and periodic training.

In the event health & safety incidents do happen, Shelf Drilling ensures they are reported and investigated to identify key learnings and appropriate remedial action. Mechanisms to ensure any negative outcomes for individuals are addressed include: all rigs have a clinic and medic onboard, Shelf Drilling has established a dedicated medical care and documentation policy and a Medical Emergency Response Plan ("MERP"), and employees have access to health and life insurance.

S1-4

Taking action on material impacts on own workforce, and approaches to managing risks and pursuing opportunities related to own workforce, and effectiveness of those actions

We believe that **safety is a shared responsibility,** and we encourage open communication and feedback to continuously improve our safety practices.

We aim to foster a safety culture where every individual is empowered to actively contribute and take responsibility for safety. Our safety approach includes risk identification, implementation of preventative measures, and comprehensive education of employees and partners on best practices.

As Health & Safety topic owner, the HSE Steering Committee is responsible for identifying and overseeing appropriate action in response to material health & safety impacts, risks and opportunities. The HSE Steering Committee updates the Sustainability Steering Committee, which is overall responsible for the management of all of Shelf Drilling's material impacts, risks and opportunities (see ESRS GOV-1 on page 77).

The committee convenes annually to review HSE performance, action items, and goals with the executive management. Senior Management also attends a HSE Monthly Meeting to review performance, communicate initiatives, identify lessons learned and discuss any incidents. This ensures informed decision-making and continuous improvement in our HSE programs.

The corporate HSE department is responsible for implementing health & safety initiatives. Ongoing health & safety policies and procedures are implemented jointly with local HSE managers and rig staff.

Each of the described actions contribute to the mitigation of material health and safety impacts and risks on Shelf Drilling's workforce. None of the actions disclosed meet Shelf Drilling's thresholds for significant capital or operating expenditure.

Ongoing health & safety practices and procedures

Planning first

Planning is the first step of the Company's key planning approach process called Plan-Brief-Execution–Debrief ("PBED") which is a key planning process in creating a safe working environment through effective risk management and thorough task planning. The risk management process ensures thorough planning, risk assessment, and monitoring of tasks to prevent incidents. This supported by Safety Conversations, which reinforce safe behavior and address any unsafe acts or condition, and our Time out for Safety policy, which empowers anyone works at or visits any Company installation, facility or office to halt an unsafe practice. These are core parts of our HSE management system.

Emergency Preparedness

We aim to reduce risks to As Low as Reasonably Practicable ("ALARP"). All our rigs undergo Major Hazards and Risks Assessment ("MHRA"), identifying potential hazards, assessing their likelihood and severity, and implementing measures to minimize risks. Major hazards include incidents such as loss of well control, fires, helicopter crashes and boat collisions. MHRA is integral to our Hazard and Integrity Management system and covers our offshore operations.

Social Information

We have comprehensive strategies in place across our operations to respond to emergency situations:

- Emergency Response Procedures: Clearly defined plans, including Emergency and Medical Emergency Response Plans, are communicated to all stakeholders.
- Equipment and Resources: Rigs and shore-based facilities are equipped with firefighting, personal protective, medical, and power generation equipment.
- Communication and Coordination: Established procedures ensure seamless communication and coordination with local authorities and emergency services.
- Emergency Drills: Regular drills prepare personnel for emergencies and allow for procedure evaluation and improvement.
- Continuous Improvement: We regularly review and enhance our emergency preparedness plan, including MHRA, to incorporate best practices and technologies.

Employee Security

In locations identified as having high security risks, we collaborate with global security experts to detect and reduce potential threats. Supervisors and/or select crew in these areas receive training on personal safety, situational awareness, anti-piracy, kidnap response, emergency procedures, and communication protocols from third-party providers. We have country-specific security plans and guidelines to protect our staff, contractors, assets and reputation while engaged in high-risk countries. Additionally, our security guidelines on Rig hardening requires us to install and implement multiple security barriers for Rigs operating in high-risk countries.

HSE Training

All members of our workforce receive HSE training, including those working on rigs, in offices and at project sites. Training covers HSE and Emergency Response, is tailored to individuals' responsibilities with a specific focus and depth for those with emergency response duties. Competency is also evaluated through the on-the-job training ("OJT") system. This ensures staff are aware of policies and procedures to prevent and respond to incidents.

All people who work on our rigs or shore-based facilities receive training on our HSE management system.

Additional specific shore-based training is provided for personnel assigned to a new customer or a prolonged out-of-service project. High-risk offshore positions undergo IADC-endorsed Competency Assessments to ensure we have the most trained and skilled personnel in key roles.

Regular Safety Leadership and HSE Supervisor Trainings are organized for offshore employees, and One Team, One Goal workshops involve everyone who works on our rigs, including customer representatives and third-party service providers. These workshops reinforce knowledge of our Safety Management System, ensuring the safety of all involved in our operations.

Actions taken throughout the year

Human Performance Principles

In 2024, Shelf Drilling introduced Human Performance Principles into its governing Company management standards to strengthen incident response procedures and prevent future incidents. These apply across the organization, are incorporated into risk assessments and recognize that people are instrumental in identifying and managing risks but can also be the source of risks. When human error is identified to be the cause of an incident, Shelf Drilling will investigate and address the human error traps that enabled the event.

Safety Awareness & Recognition

In the year we continued our Make It Safer Today ("MIST") Program, which incentivizes our offshore crews to identify and report unsafe conditions and take proactive safety measures. The program includes awards and recognition tiers for the crews, from local level all the way to the CEO, who is the ultimate program sponsor. Since its launch in 2022, the MIST Program has led to significant improvements in safety performance.

Remediation of negative impacts

In the year, action was taken to address health and safety incidents in line with Company procedures. This means sharing lessons learned following event investigations with the fleet for verification, taking action to ensure similar gaps are not found on other installations and that appropriate safeguards to ensure a safe working environment are in place and functioning. Mechanisms to ensure any negative outcomes for individuals are addressed are described in S1-3, Health and Safety.

Significant learnings affect change in the Company's policies and procedures, to establish reaffirm safe operating procedures and effective safeguards requirement to prevent reoccurrence. Shelf Drilling also adjusts HSE campaigns when needed, to ensure its workforce remains vigilant and aware of particular risks.

Looking ahead

To mitigate impacts and risks relating to health and safety, in 2025, we will focus on strengthening the execution of fundamental processes and tools. In particular, we aim to further enhance supervisory engagement onboard rigs, to reinforce the proper application of core safety processes, including Planning First, PBED Process, Risk Assessment, Time Out for Safety, and the Verification and Validation Process through Worksite Verification Program. The Worksite Verification Program is an assurance program of the Company management system compliance at the task execution level which ensures the quality of the Planning process, integrity of the Risk Assessment and the present of effective and functioning controls specific to the task prior an execution.

Performance Monitoring

We utilize a monthly HSE Report and our "Dashboard" safety database to track key performance indicators, trends, and investigations. In particular, we measure the effectiveness of our health & safety measures by setting an entity-specific Total Recordable Incident Rate ("TRIR") goal that follows the IADC guidelines, see S1-5 below.

The Board of Directors ensure accountability, receive regular reports on HSE performance and plan to ensure accountability. Senior Management sets yearly HSE performance goals, signed off by the Board, and shares safety performance data with employees to drive improvements. As an IADC member, we contribute to industry safety efforts through incident data reporting.

Shelf Drilling identifies areas for improvement and ensures regulatory compliance through regular safety audits and inspections. Installation managers conduct monthly Self-Verification Audits ("SVA"), while corporate assessors perform Management System Assessments approximately every three years to identify areas for improvement. Incidents, performance and initiatives are discussed at group-level monthly HSE meetings.

Performance, Metrics & Targets

S1-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

HSE Results

Shelf Drilling has not set time-bound targets in relation to health and safety related impacts and risks because we monitor our safety performance on an ongoing basis against defined goals, which are set on an annual basis based on prior performance.

We measure the effectiveness of health & safety actions by monitoring the Total Recordable Incident Rate ("TRIR") and Lost Time Incident Rate ("LTIR"). The TRIR is calculated as the sum of actual number of recordable incidents recorded in our HSE management system, per 200,000 manhours following IADC's definition. The TRIR value captures incidents involving Shelf Drilling's own workforce (employees and non-employees) and catering crew.

Using TRIR to measure our health & safety performance allows Shelf Drilling to monitor our performance over time as well as benchmark our performance against the industry average. In 2024, Shelf Drilling set its TRIR goal to 0.12, having achieved this TRIR level in 2023, the best safety result since Company's inception. We achieved a TRIR of 0.18 in 2024 and it was 61% lower than the IADC average of 0.46. Furthermore, our LTIR was 0.04, comparing to the IADC average of 0.13.

All individuals' onboard rigs (including employees, vendors' employees or agency crew members) can help identify lessons for improvement through safety conversations.

Safety Track Record: Our TRIR continues to be significantly lower than the worldwide industry average as reported by IADC.

Social Information

S1-14

Health and safety metrics

Shelf Drilling has exercised the phase-in provision to omit reporting on cases of work-related ill-health (88d) for the first year of reporting.

	Unit	2023	2024
% workforce covered by **H&S management system**	%	100%	100%
Number of **fatalities**	Number	0	0
Own workforce		0	0
Other workers on Shelf Drilling's sites		0	0
Number of recordable work-related accidents	Number	7	10
Rate of recordable work-related accidents	Ratio	0.70	1.05
Days lost to work-related injuries, accidents and fatalities	Number	123	113

Entity-specific metrics

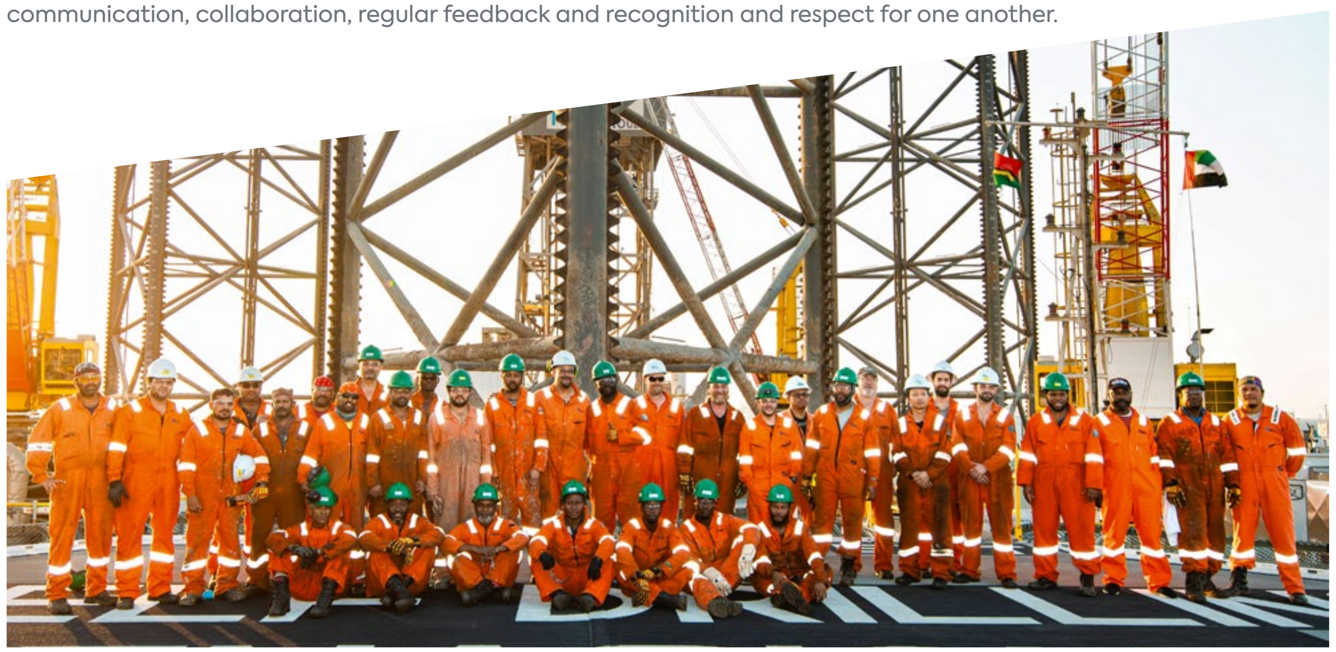
In addition to the metrics reported in S1-14, Shelf Drilling monitors its health & safety performance using the following indicators:

	Unit	2023	2024
Total Recordable Incident Rate ("TRIR")	Ratio	0.12	0.18
Lost Time Incident Rate ("LTIR")	Ratio	0.02	0.04
Near Miss Frequency Rate ("NMFR")	Ratio	0.44	0.40
Serious Near Miss Frequency Rate ("SNMFR")	Ratio	0.19	0.09
Total Potential Severity Rate ("TPSR")	Ratio	9.62	4.07

These metrics support the management of all material health and safety impacts, risks and opportunities.

S1
Own Workforce – Equal treatment and opportunities for all

Creating a working environment where employees can grow and succeed is central to the success of our operations. We focus on investing in the training and development of our people and fostering a culture built on open communication, collaboration, regular feedback and recognition and respect for one another.



Material Impacts, Risks & Opportunities

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

S1 Own Workforce – Equal treatment and opportunities for all

Material impacts, risks and opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Developing and retaining skilled workforce	Potential negative impact		●			●	●
	Risk		●			●	●
	Opportunity		●			●	●
Gender diversity in offshore operations	Actual negative impact (gender segregated accommodation on rigs)		●		●	●	
	Actual negative impact (some women aren't guaranteed right to work)		●		●	●	

Social Information

The double materiality assessment identified material impacts, risks and opportunities relating to training and equal opportunities for employees and non-employees in Shelf Drilling's workforce. All potentially affected people are included in the scope of this disclosure.

When identifying and assessing IROs, Shelf Drilling used interviews with internal stakeholders to understand whether members of the workforce with particular characteristics may be at greater risk of harm, this is described in ESRS 2 IRO-1 (see page 96).

Training & skills development

By prioritizing employee development through Training & Development, Performance Management, and Talent Attraction & Employee Retention, we cultivate a workforce that is skilled, motivated, and engaged. This can enhance performance and productivity and reduce turnover and associated costs.

Developing and retaining skilled workforce

Ongoing training and development are critical to both the wellbeing and satisfaction of Shelf Drilling's workforce and to the success of our operations. Failure to adequately upskill members of the workforce could lead to negative impacts through increased risk of operational and/or HSE incidents, which could result in downtime, poor operating performance, personal injury or damage to Shelf Drilling's assets or the environment.

Failure to invest in development could also affect Shelf Drilling's ability to attract or retain talent, posing a financial risk by creating competency gaps that impact operations and Shelf Drilling's ability to meet its strategic objectives.

Conversely, extensive training opportunities for onshore and offshore workers deepens individuals' knowledge and understanding of their role and the business, supporting internal promotion opportunities and professional development. This contributes to improved talent retention, decision-making and strengthens Shelf Drilling's reputation as an employer in local communities. This also creates a financial opportunity by saving costs associated with staff turnover and recruitment.

This potential impact, and its associated risk and opportunity, could affect all members of Shelf Drilling's offshore and onshore workforce, originates from Shelf Drilling's business model, is considered systemic and could occur in the medium-and long-term. Shelf Drilling's addresses this through a range of training and development related activities, described in detail below.

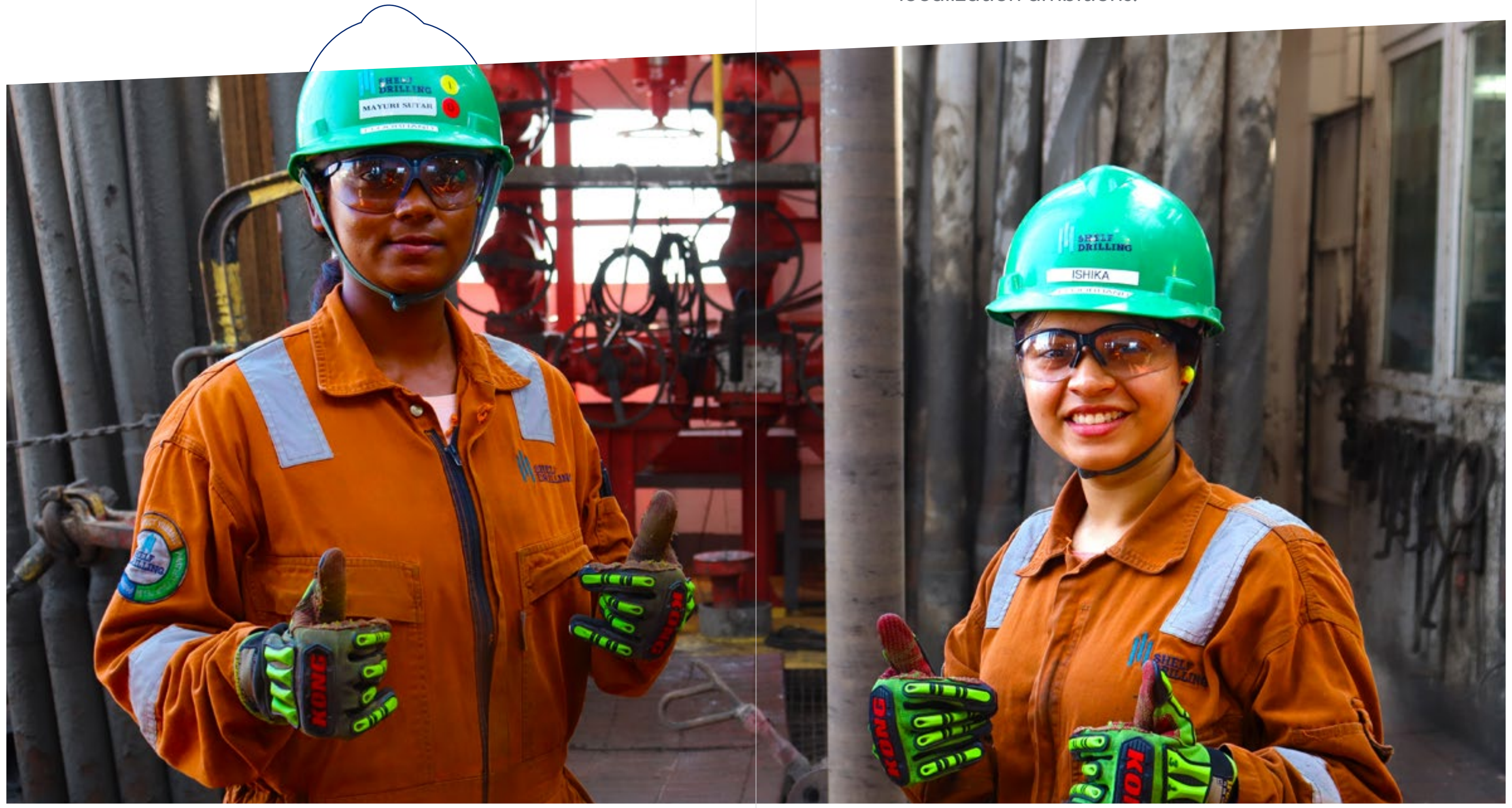
Diversity & equal opportunity

Gender diversity in offshore operations

Some of Shelf Drilling's rigs are not well-equipped to support the gender diversity of crews. Accommodation is limited and shared between multiple individuals of the same gender, and a few rigs in certain locations do not have adequately segregated facilities for women working offshore. This can contribute to a systemic hiring barrier in affected locations. Shelf Drilling has made a number of enhancements to rigs to improve working conditions, including in relation to diversity and inclusion, this is described in S1-4 below.

Moreover, in some regions, women may not be guaranteed the right to work onboard Shelf Drilling's rigs by local authorities, preventing gender diversity for these offshore crews.

These actual negative impacts are considered individual incidents, affecting female members of the workforce in these locations and occur in the short- and medium-term. Shelf Drilling takes steps to attract women workers in some offshore regions where the local legislation permits to address systemic barriers to access. These are described in S1-4 below.



Impacts, Risk & Opportunity Management

S1-1

Policies related to own workforce

Code of Business Conduct and Ethics

Our Corporate Code sets out Shelf Drilling's commitment to recruit, hire, train, promote and compensate without regard to race, color, citizenship, religion, gender, sexual orientation, marital status, national origin (except in the context of a local offshore workforce, see S3 Affected Communities), age, or any other category of persons to the extent protected by applicable laws.

The Code details Shelf Drilling's zero tolerance approach to discrimination and or harassment in the workplace or any other work-related setting, governing all aspects of employment. Shelf Drilling prohibits all harassment on the basis of race, color, national origin, citizenship, religion, gender, sexual orientation, marital status, age, or any other category to the extent protected by applicable law.

To ensure efforts to maintain a local offshore workforce do not inadvertently impact equal treatment and opportunities for non-local employees and expatriate workers, Shelf Drilling ensures workforce allocation balances skills and merit based factors with localization ambitions.

Everyone who represents or works for us, including employees, contractors, and partners, must adhere to the Code, which is described in more detail in G1-1 (see page 208).

Sustainability Policy

Our commitment to equal opportunities and non-discrimination is reiterated in our Sustainability Policy. The policy also includes our focus on driving employee performance and development by providing access to professional and personal growth opportunities. We believe in fostering a culture of continuous learning and improvement and offer a comprehensive range of both internal programs and external resources to support ongoing education. These are described in S1-4 below.

The Sustainability Policy covers all employees and representatives of the Company and is aligned with international instruments including the UN Guiding Principles on Business and Human Rights and ILO Fundamental Principles and Rights at Work. More information on the Sustainability Policy is outlined in the environmental information section (see page 120). Mechanisms to support human rights commitments are detailed in S1-1 Working Conditions (see page 178).

While gender diversity remains a challenge in our industry, we are committed to enhancing representation. Specific actions to improve gender diversity are described in S1-4 below.

Human Resources ("HR") Governance Framework

Our approach to training and development is governed by the Employee Development policy in our HR Governance Framework. The policy provides a framework for Shelf Drilling to manage employee performance, succession planning and training. The policy covers all employees in both corporate and country locations, and the Vice President Human Resources and Communication is the most senior person accountable for its development and implementation.

In the year, we commenced a review of the HR Governance Framework, in consultation with key internal stakeholders, which is described in S1-4, Working Conditions. There were no other significant changes to policies during the year.

To ensure discrimination is prevented, mitigated and acted upon, we implement policies through mandatory employee training and confidential reporting channels with thorough investigation procedures. Shelf Drilling will take disciplinary action in response to confirmed breaches of our code or policies.

Social Information

S1-2

Processes for engaging with own workers and workers' representatives about impacts

Shelf Drilling encourages individuals to discuss any concerns or issues they may have with their immediate supervisor. Detail on Shelf Drilling's workforce engagement is outlined in S1-2 Working Conditions (page 179).

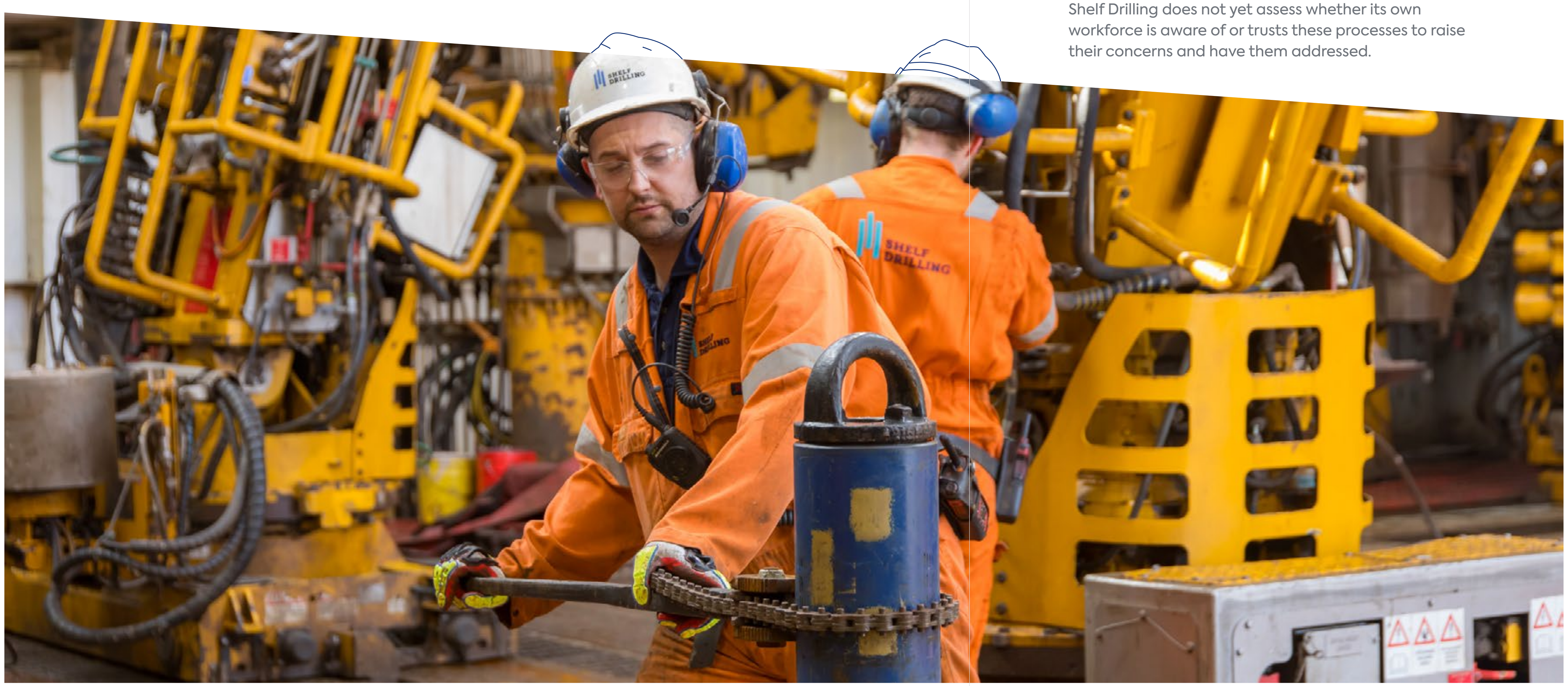
S1-3

Processes to remediate negative impacts and channels for own workers to raise concerns

Speak up

While we encourage open dialogue between employees and their managers, we recognize the challenges in addressing sensitive issues, such as those related to discrimination. To facilitate a safe environment for reporting concerns, Shelf Drilling has established multiple channels through which members of our workforce (including contractors) can raise grievances and report actual or suspected wrongdoings directly to Shelf Drilling.

Employees are encouraged to report concerns to their supervisors, or department manager in the first instance. They can also report serious allegations through our third-party confidential reporting helpline, EthicsPoint. More information on EthicsPoint, including how processes to track and monitor issues raised, how Shelf Drilling ensures its efficacy and non-retaliation policies are detailed in G1-1.



Shelf Drilling ensures members of its workforce are made aware of these mechanisms through awareness and training on the Speak Up initiative. Guidance policies and procedures on how to raise a concern are outlined in the Code of Conduct and the Speak Up Reporting User Guide.

Providing for or enabling remedy

Shelf Drilling will seek to remediate adverse impacts in a manner appropriate to the nature of the impact. For reports relating to discrimination and harassment, Shelf Drilling will conduct a formal investigation to determine the facts of the case. Remedial action may entail disciplinary action where relevant (e.g., in relation to confirmed cases of bullying, harassment or discrimination), and the affected individual may use the Employee Assistance Program (see S1-4 below) for ongoing support.

Shelf Drilling does not yet assess whether its own workforce is aware of or trusts these processes to raise their concerns and have them addressed.

S1-4

Taking action on material impacts on own workforce, and approaches to managing risks and pursuing opportunities related to own workforce, and effectiveness of those actions

Shelf Drilling seeks to support employee development and wellbeing, and minimize potential negative impacts and risks associated with staff retention through a range of ongoing and dedicated initiatives.

As topic-owner for own workforce-related impacts, the VP Human Resources and Communications is accountable for ensuring goals are met and impacts are managed effectively and appropriate actions identified. In practice, the Corporate HR department implements these actions. Overall material impact, risk and opportunity management is overseen by the Sustainability Steering Committee (see ESRS 2 GOV-1, page 77). No specific action to remediate actual negative impacts was taken throughout the year and none of the actions below Shelf Drilling's thresholds for significant capital or operating expenditure.

Ongoing actions

The below actions prevent impacts, mitigate risks, and support opportunities relating to developing and retaining skilled talent.

Talent Attraction & Employee Retention

Our talent retention strategy is centered around investing in our employees and prioritizing their well-being. This means taking a proactive approach to training and development, talent management, offering competitive benefits and packages, implementing targeted programs to recognize and reward excellence and undertaking strategic retention initiatives.

In the year, the HR department developed aspects of the employee experience, including employee feedback, mental health and wellbeing channels and the employee assistance program. These are described in G1-1 (see page 208) and S1-4 Working Conditions (see page 175). Shelf Drilling also

Social Information

sought to strengthen talent attraction, by implementing LinkedIn Recruiter globally and launching a LinkedIn Life Page to increase visibility and credibility.

We measure the effectiveness of our attraction and retention efforts by tracking the number of new hires and employee retention rates (see entity-specific metrics on page 174).

Training and development

Offshore workforce

All offshore employees can access comprehensive training and development programs that span from entry-level to the most-senior level on a rig. Development programs are ongoing, and employees acquire skills, knowledge and experience following a structured training matrix that specifies the training required for each role and responsibility. This has four main categories: on-the-job training, competency assessments, shore-based professional courses, and regulatory and marine licensing training courses. Programs are offered to a select number of candidates across the workforce, chosen based on a defined criteria, and in alignment with the succession planning.

In 2024, our Fast Track Program continued to deliver promotions in key areas, mitigating the impact of incremental demand for competent offshore employees. The program aims to support the development and promotion of high potential candidates and is available to offshore crew (both employees and contractors) in all locations.

Offshore employee progress towards the next level and compliance with defined training KPIs are tracked through our online reporting system, ensuring accountability and transparency. Shelf Drilling collects feedback from managers on the impact of training on individual and team-performance.

Onshore workforce

In 2024, we continued Management Skills Trainings for all manager-level employees at Corporate and coaching programs for certain employees. Selected employees in key locations also undertook additional leadership training and others received a management coach.

Company wide

Additionally, Company-wide compliance training ensures the whole workforce is equipped with the knowledge and skills necessary to adhere to our organizational standards and policies. This is discussed in G1-1 and G1-3 Bribery (see page 208 and 213)

Shelf Drilling acquired International Association of Drilling Contractors ("IADC")

Competency Assurance Accreditation for the NINTH consecutive year

for training programs customized and fit-for-purpose for our operations.

Looking ahead

In 2025, Shelf Drilling Corporate initiated the roll out of trainings for office-based employees in field locations where we operate.

Performance Management

At Shelf Drilling, we value open feedback between all employees and supervisors. Shelf Drilling encourages all supervisors and employees to engage in ongoing evaluation and dialogue, so employees make real-time adjustments and enhancements to their performance. Whilst we do not mandate annual performance reviews at a corporate level, in practice many countries undertake such reviews for their workforce.

We offer development plans tailored to the needs and goals of individual employees within our organization. Our HR Governance Framework for all the employees provides clear benchmarks and expectations to guide employees' development journey. These actions are ongoing and we measure the success of our performance management efforts by tracking the number of promotions throughout the year (see entity specific metrics below).

402

Promotions in 2024
(2023: 583)

Diversity and inclusion

Recruiting and developing women offshore

Shelf Drilling takes proactive steps to address systemic hiring barriers to women where possible. Efforts to improve the representation of women in offshore operations are localized, given the range of contexts and regulations. In 2024, our operations in Nigeria and India continued initiatives to advocate for the recruitment and development of women in offshore roles. In October 2024, our first female driller from Nigeria spoke as a panelist at the Women Offshore conference in Galveston.

In India, we hosted a Women Offshore career workshop at UPES, Dehradun for female students. The title of the workshop was "Pre-placement talk and opportunities for Women Offshore". The workshop was attended by 25 female students from the B.Tech. ("Petroleum Engineering") 2024 batch. Additionally, we have hired 2 women working offshore India (1 trainee Driller and 1 OSA).

Additional efforts to support women in Shelf Drilling's offshore workforce in the year included expanding female support networks, and a collaboration with non-profit Women Offshore Foundation as part of a broader strategy to align with international best practice. These actions contribute to addressing negative impacts relating to gender diversity in Shelf Drilling's offshore workforce.

Shelf Drilling continued a number of enhancements to working conditions onboard rigs, in part to address systemic negative impacts relating to gender inclusivity. This included separate accommodation and sanitary facilities, as well as conducting and awareness training on gender sensitivity and anti-harassment.

No remedial action for individuals was taken in relation to women denied work offshore, and women affected by insufficient gendered accommodation onboard rigs due to the systemic nature of these impacts.

We monitor the proportion of women in our workforce, both offshore and onshore, to measure the effectiveness of our diversity and inclusion initiatives (see S1-6 and S1-9 below).

Social Information

Performance, Metrics & Targets

S1-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Shelf Drilling has focused this year on enhancing its internal sustainability reporting, governance and data collection processes and has therefore not yet set measurable targets relating to equal treatment and opportunities.

Effectiveness of policies and actions are nonetheless tracked using a range of different qualitative and quantitative indicators. For training and development, this includes monitoring training compliance (see G1-1, page 208) and employee attrition (see S1-6 below). We aim for full training compliance and low levels of employee attrition which are reviewed periodically and have not set a base year. We solicit feedback from participants of some training sessions using surveys and use these insights to better understand their effectiveness.

In relation to diversity and inclusion, we track the proportion of women within our workforce (see S1-6 and S1-9) and the number of different nationalities. We have not set defined ambitions in relation to these so have not set a base year.

S1-6

Characteristics of own employees

Shelf Drilling employs approximately 2,448 people across 20 countries. Our employees consist of both salaried and hourly employees, with 5.2% being women and 94.8% men. This is disclosed as "Company employees" in the "Our People" section in the 10K equivalent.

Approximately 83.5% of our employees work offshore, working on our rigs in operational roles such as drilling, maintenance, and safety supervision. The remaining 16.5% work onshore, supporting the business through engineering, administration, and other essential functions.

Most employees hold permanent contracts, whereas a few employees are also employed on short-term contracts of generally 1-3 years. Third party contracted workers ("non-employees") are engaged as needed to support workload fluctuations, crew rotations, and short-term project requirements. This is discussed in detail in S1 Working Conditions, page 175.

Geographically, our workforce is distributed across our offshore drilling regions: Middle East, North Africa and the Mediterranean ("MENAM"); India; West Africa; Southeast Asia; and the North Sea. The employee breakdown by region is detailed in ESRS 2 SBM-1 (see page 85).

In 2024, 677 employees left Shelf Drilling during the period and the rate of employee turnover was 28%.

	2023	2024
Employee Turnover Rate (%)	13%	28%
Number of employees who left	371	677

Gender	Number of employees (headcount) – 2023	Number of employees (headcount) – 2024
Male	2,708	2,321
Female	122	127
Other	Not applicable	Not applicable
Not reported	Not applicable	Not applicable
Total employees	**2,830**	**2,448**

Country	Number of employees (headcount) – 2023	Number of employees (headcount) – 2024
Angola	137	128
Denmark	76	69
Egypt	215	178
India	339	342
Italy	231	228
Nigeria	121	183
Norway	151	178
Saudi Arabia	877	430
Thailand	394	379
United Arab Emirates	140	144
United Kingdom	92	73
Other*	57	116
Total employees	**2,830**	**2,448**

*Other countries are Bahrain, Cayman Islands, Hungary, Indonesia, Malaysia, Qatar, Singapore, United States and Viet Nam. Note that the headcount is less than 50 in each of these countries.

	Female	Male	Other*	Not Disclosed	Total
Number of employees (headcount)	127	2,321	Not applicable	Not applicable	2,448
Number of permanent employees (headcount)	125	2,297	Not applicable	Not applicable	2,422
Number of temporary employees (headcount)	0	1	Not applicable	Not applicable	1
Number of non-guaranteed hours employees (headcount)	0	23	Not applicable	Not applicable	23
Number of part-time employees (headcount)	2	0	Not applicable	Not applicable	2

Social Information

S1-7

Characteristics of non-employees in own workforce

In addition to our employees, our workforce is also comprized of 1,399 'non-employees'. Non-employees in our workforce comprises contractors hired by Shelf Drilling to perform work that would otherwise be carried out by an employee. This includes third party employed crew members (hired through agencies) in our offshore operations, and contractors working in yards in our onshore operations. In our operations in India, we also have a small number of consultants who are self-employed and provide work for Shelf Drilling.

	2023	2024
Total number of non-employees	1,390	1,399

S1-9

Diversity metrics

	2023	2024
Number of employees	2,830	2,448
Gender Diversity of Management		
Female	6	10
Male	43	50
% of women	12%	17%
% of men	88%	83%
Distribution of Employees by age Group		
Under 30 years old		10.6%
Between 30-50 years old		65.8%
Over 50 years old		23.6%

S1-16

Remuneration metrics (pay gap and total remuneration)

For onshore, the gender pay gap is primarily driven by the gender distribution within our organization where senior positions are predominantly held by men in operational roles due to the nature of the offshore drilling industry. Consequently, the representation of women in higher-level leadership positions is significantly lower. This imbalance leads to the average pay for women being lower than that for men in most countries.

Onshore Employees*	Gender Pay Gap - 2024 (%)
Angola	64%
Egypt	63%
India	81%
Italy	36%
Malaysia	81%
Nigeria	54%
Norway	33%
Qatar	61%
Saudi Arabia	70%
Thailand	73%
United Arab Emirates	66%
United Kingdom	67%
Vietnam	73%

*No Female employees in other locations that we operate

Offshore Employees*	Gender Pay Gap - 2024 (%)
Angola	69%
India	80%
Italy	22%
Norway	7%

*No Female employees in other locations that we operate

	2024
Remuneration Of the Highest Paid Individual (% Of Median Total Remuneration for The Company)	46:1

Social Information

S1-13

Training and skills development metrics

At Shelf Drilling, we prioritize continuous improvement in efficiency and effectiveness through an ongoing process of performance measurement, feedback, and management. This approach is embedded in our Company Management System. Our Human Performance framework emphasizes the importance of regular, informal feedback and coaching between managers and team members. Additionally, our improvement processes emphasizes that performance management is a continuous cycle aimed at achieving operational excellence. Employee Development is a key component, focusing on the growth and development of our workforce to meet both individual and organizational goals. This holistic approach to performance management aligns with our commitment to sustainability and supports our goal of fostering a high-performance culture.

	2024
Average Number of training hours per employee	30
Women	22
Men	31

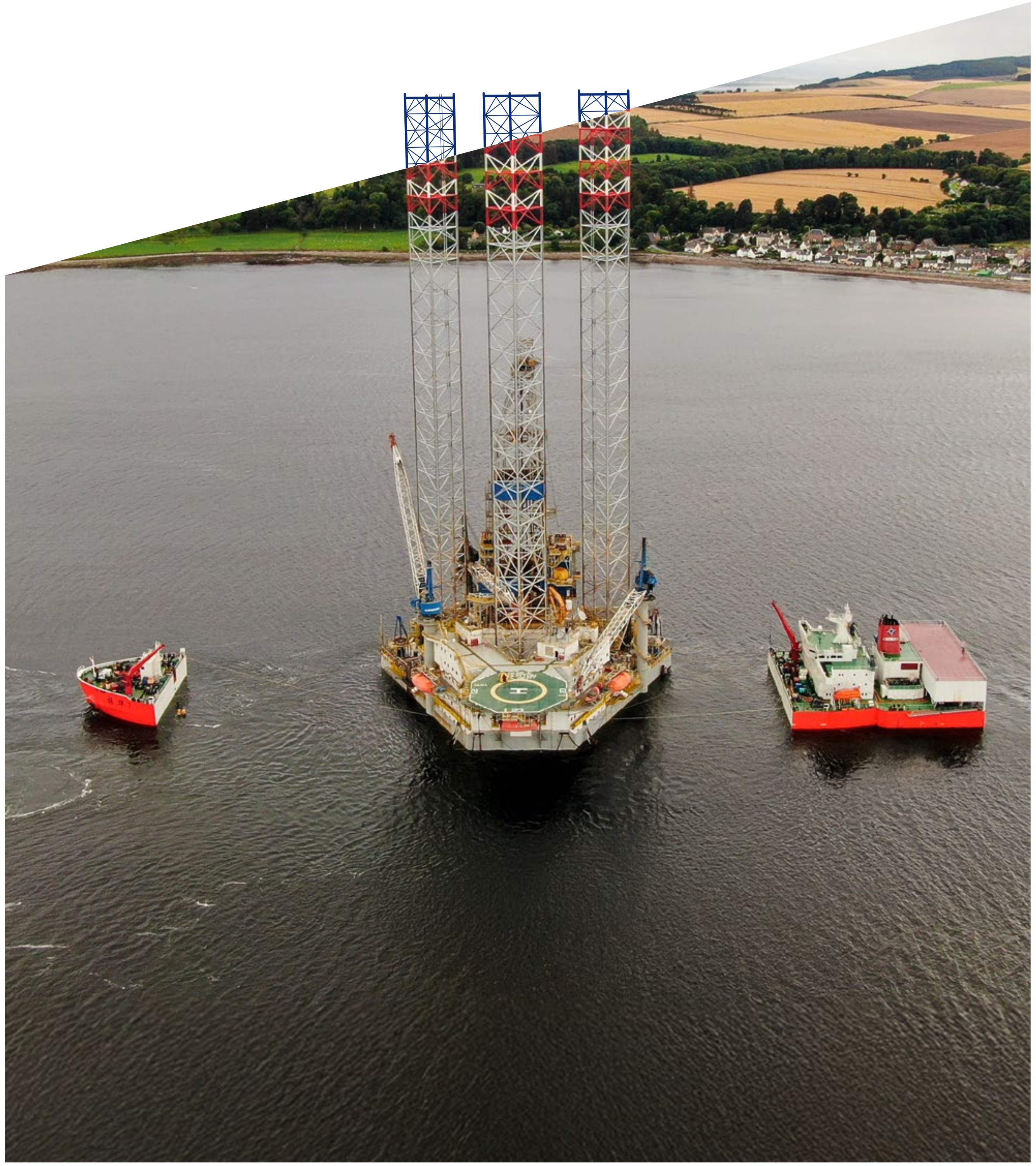
Entity-specific metrics

The below entity-specific metrics are used to track performance in relation to material impacts, risks and opportunities relating to developing and retaining skills talent.

	2023	2024
New hires		
Offshore workforce	1,325	903
Onshore workforce	81	56
Total nationalities	**56**	**58**

S1
Own Workforce – Working Conditions

At Shelf Drilling, we endeavor to provide a professional, safe, and trusted working environment where every individual is treated with respect, fairness, and dignity. In alignment with our commitment to human rights, we uphold strict adherence to labor laws and ethical standards across our global operations.



Social Information

Material Impacts, Risks & Opportunities

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

S1 Own Workforce – Working Conditions

Material impacts, risks and opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Job insecurity from short-term operational contracts offshore	Potential negative impact		●		●	●	●
Wage disparities across locations and employment types	Potential negative impact		●		●		
High local content of workforce enhances wellbeing, efficiency and operational performance	Opportunity		●		●	●	●
Compliance with localization regulations in Saudi Arabia	Risk		●		●		
Mental health challenges for offshore workers	Potential negative impact		●		●	●	●

The DMA identified the following impacts, risks and opportunities to be material. When identifying and assessing IROs, Shelf Drilling used stakeholder interviews to understand how members of Shelf Drilling's own workforce with certain characteristics may be at greater risk of harm, as described in ESRS 2 IRO-1 (see page 96).

Shelf Drilling conducted a human rights saliency assessment in 2022 which did not identify any part of our operations to be at significant risk of child or forced labor (see S1-4 below). All employees' and contractors' passports are checked before hire and further age checks are conducted at various points include as part of travel offshore and related regulatory and training requirements. Forced labor would be identifiable onboard rigs given the close living conditions, chain of command and health and safety procedures.

Pay and employment conditions

Job insecurity from short-term operational contracts offshore

Shelf Drilling has operations in several countries and we employ a local workforce during the operational contract of a rig. These contract durations vary but are generally for a period of 1-3 years per contract, independent of the location. Once the operational contract concludes, rigs may be redeployed to another location and the local workforce is often no longer needed. Additionally, early contract terminations may occur due to unforeseen circumstances, such as rig damage, or asset sale or client-drive changes. This can undermine long-term job security, leading to stress and anxiety for workers.

This potential negative impact is considered systemic to the nature of offshore drilling operations, affects offshore crew members ("employees" and "contractors") in Shelf Drilling's own operations and could occur in the short- , medium- and long-term. To mitigate this, Shelf Drilling aims to build scale within its operations to ensure a pool of employees remains who can be reassigned to another rig after a contract ends.

Wages disparities across locations and employment types

Shelf Drilling has operations in several countries, across which salary levels generally differ. Salary levels can also differ between different contractors, and between contractors and employed individuals, meaning workers performing similar tasks onboard rigs may be paid differently. This poses a challenge for ensuring payment levels are adequate and can impact individuals' quality of life and job satisfaction.

This potential negative impact would be considered individual incidents, could affect different types of workers (including contracted offshore crew members) within Shelf Drilling's operations, and could occur in the short-term. Mitigating measures includes annual salary reviews in all locations, country-by-country market analysis, engagement with employee representatives and recent measures to support equitable contractor pay.

Localization

High local content of workforce enhances wellbeing, efficiency and operational performance

Shelf Drilling's prioritizes hiring local people for roles at all levels of its offshore operations as part of its focus on localization. The high local content of Shelf Drilling's workforce supports improved crew efficiency through improved collaboration and communication, enabled by shared cultural and language backgrounds. This presents an opportunity by improving service delivery and reputation amongst customers, due to reduced likelihood of delays or incidents during operations.

This opportunity is located within Shelf Drilling's offshore operations and occurs in the short-, medium- and long-term. Shelf Drilling has implemented local hiring processes, as well as local workforce development programs to support the opportunity. These are described in S3 Affected Communities (see page 199).

Compliance with localization regulations in Saudi Arabia

In Saudi Arabia, Shelf Drilling must comply with mandatory localization requirements and demonstrate how the Company has plans to add value. Failure to meet these requirements could result in penalties and increased costs of expatriate worker visas resulting in increased operating costs, and in the most severe cases, exclusion from operations. This risk occurs in Shelf Drilling's operations and could materialize in the short-term. This risk has been mitigated by a significant reduction in activity in Saudi Arabia in 2024.

Mental health & wellbeing

Mental health challenges for offshore workers

The conditions and nature of offshore work can pose a heightened risk of developing mental health related issues for workers ("employees" and "contracted workers") onboard rigs. Isolation, noise, challenging physical work and long periods away from friends and family can contribute to anxiety, stress, burnout, isolation and/or depression. Decreased wellbeing amongst Shelf Drilling's workforce can affect employee attrition, performance and affect the Company's ability to attract and retain talent. These impacts could affect all workers, but affects offshore workers in particular, is considered systemic and occurs in the short-, medium- and long-term.

To minimize these potential impacts, Shelf Drilling has health & safety policies and resources (discussed in S1 Health & Safety) including onboard medics, offers all employees health insurance and has human resources procedures that ensure there are regular touchpoints with onboard workers. All members of our workforce can also contact the Employee Assistance Program to access counselling and support.

Social Information

Impacts, Risk & Opportunity Management

S1-1

Policies related to own workforce

HR Governance Framework

The HR Governance Framework provides the framework for Shelf Drilling's approach to its workforce. The Framework outlines HR principles and contains policies in relation to recruitment, compensation and benefits and employee management of the entire workforce. More detail on the HR Governance Framework is described in S1-1 Equal Treatment and opportunities for all. A review of the HR Governance framework commenced in 2024 and is described in detail in S1-4 below.

Sustainability Policy

The Sustainability Policy states that the Company shall respect fundamental human rights as described in the UN Guiding Principles on Business and Human Rights, which includes the International Labor Organization ("ILO") Fundamental Conventions. Shelf Drilling respects the right to freedom of association and collective bargaining, the right to privacy, employment contracts; the Company strictly forbids the use of forced and compulsory labor, child labor and discrimination in respect of employment and occupation.

The Sustainability Policy covers all members of Shelf Drilling's workforce and is described in S1-1 Equal Treatment and Opportunities for all (see page 165) and in environmental information (see page 120).

Monitoring compliance with human and labor rights commitments

In 2024, Shelf Drilling commenced a Human Rights Due Diligence ("HRDD") Process Review to identify any gaps in how we manage our salient human rights risks. This is described in S1-4 below.

Shelf Drilling's existing mechanisms to support its human rights commitments are:

Policy framework

Shelf Drilling's human rights commitments are set out in key policy documents, described above, in S2-1 (see page 194) and in S3-1 (see page 200). The Sustainability Policy is reviewed and approved by the Board.

Training and capacity building

Shelf Drilling conducts human rights training for certain members of its workforce – see S1-4 below.

Reporting and transparency

In addition to our CSRD reporting, we publish a consolidated UK Modern Slavery Act and Norwegian Transparency Act Statement detailing our human rights due diligence and commitments, actions taken, and future plans. The statement is approved by the Board of Directors.

Grievance mechanisms

Employees and other stakeholders can report breaches of the Sustainability Policy and Corporate Code, including human and labor rights breaches, through our confidential reporting mechanisms and grievance procedures. These are described in detail in S1-3 below.

Monitoring and evaluation

Shelf Drilling monitors cases raised through its internal grievance mechanisms, conducts regular audits of vendors to ensure compliance with HSE and/or quality standards, and regularly inspects its rigs to ensure compliance with existing standards.

Stakeholder engagement and collaboration

Shelf Drilling engages with some affected stakeholders. This includes engagement with worker representatives and through vendor audit processes (described in S1-2 below and S2-2 page 195, respectively). We conducted stakeholder analysis as part of our human rights saliency assessment and human rights due diligence review.

Shelf Drilling's general approach to workforce engagement is to prioritize interpersonal relationships, therefore our processes for seeking feedback from staff have not been formalized. This is discussed in S1-2 below. There were no severe human rights incidents relating to Shelf Drilling's own workforce reported during the period (see S1-17 below).

S1-2

Processes for engaging with own workers and workers' representatives about impacts

Shelf Drilling has not established formal processes to systematically gather the perspectives of its workforce at a corporate level. We value strong and open interpersonal relationships between our employees and their managers and therefore encourage individuals to discuss any issues with their immediate supervisor.

There are a number of channels through which employees can voluntarily and directly engage with Shelf Drilling. Individuals can raise concerns directly with the HR department, who perform regular site visits to rigs and onshore locations. Shelf Drilling also holds periodic Company town halls, for which members of our workforce can submit questions to be addressed by senior management.

Formal workforce engagement mechanisms exist in some countries. Namely, employee consultative committees have been established in Shelf Drilling's North Sea locations (Denmark and the UK). These committees comprise employee representatives which meet at least once per quarter and engage with management on key topics including pay and the working environment.

The nature of Shelf Drilling's engagement with unions varies depending on national legislative frameworks and the local context. Formal union negotiations on key topics relating to pay and conditions takes place annually. In certain regions Shelf Drilling will meet with union representatives outside of this process to promote alignment on key topics.

Detail about collective bargaining agreements ("CBA") is disclosed in S1-8 below. The VP Human Resources and Communications is the most senior level responsible for workforce engagement. Shelf Drilling does not assess the effectiveness of its engagement and has not taken particular steps in relation to potentially vulnerable workers.

S1-3

Processes to remediate negative impacts and channels for own workers to raise concerns

Members of Shelf Drilling's workforce can raise concerns relating to employee-matters via the Shelf Drilling's speak up channels, described in S1-3 Equal treatment and opportunities for all (see page 166). Shelf Drilling will take appropriate steps to provide remedy where members of its workforce raise concerns that they have been subject to negative impacts, and in particular relating to salient human rights issues. The type of remediation will depend on the nature of the adverse impact and may involve disciplinary action. Affected members of Shelf Drilling's workforce can also access the Employee Assistance Program for support, which is described in S1-4 of this chapter.

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S1-4

Taking action on material impacts on own workforce, and approaches to managing risks and pursuing opportunities related to own workforce, and effectiveness of those actions

The success of Shelf Drilling's operations depends on satisfaction and wellbeing of our people. It is therefore vital they are treated fairly and compensated appropriately. Our actions to ensure decent working conditions span efforts to ensure fair compensation and employment terms, support employee wellbeing, and promote local employment. They take the form of both ongoing commitments and targeted initiatives.

Processes to identify actions, implement and allocation resources to manage working conditions impacts, risks and opportunities are subject to our sustainability governance processes, detailed in S1-4, Equal Treatment & Opportunities for All (see page 167) and in ESRS 2 GOV-1 (see page 77).

Effectiveness of actions and initiatives are tracked and assessed using a range of quantitative and qualitative indicators – this includes monitoring several metrics including employee attrition, as well as performing ad hoc pay and contract term audits. None of the actions below, unless otherwise stated, meet Shelf Drilling's thresholds for significant capital or operating expenditure.

Human Rights Due Diligence ("HRDD") Process Review

In 2024, Shelf Drilling commenced a review of its human rights' due diligence practices to further enhance and strengthen our processes. The review aimed to identify any areas for improvement in how Shelf Drilling identifies, assesses, manages and addresses its salient human rights issues within its operations and across its value chain. This involved mapping its operations and value chain; review of relevant policies, documents and human rights governance; interviews with key stakeholders and benchmarking current management against the OECD Due Diligence Guidelines. This review is ongoing and expected to complete in 2025.

Shelf Drilling's salient human rights issues, as identified in a 2022 Human Rights Saliency Assessment, are:

Health & safety

Inherent risk to workers in the Oil & Gas industry, both within Shelf Drilling's own workforce and amongst value chain workers

Decent working conditions

Risk of inconsistent working practices and conditions across various geographies.

Use of contractors

Less oversight of contractors practice versus direct employees.

Rig recycling & scrap

Rig recycling is linked to hazardous working conditions / child labor. Sourcing of scrap is prone to similar issues.

Supply chain visibility

Supply chain exposure to high-risk geographies linked to child and forced labor.

Actions to mitigate potential human rights risks relating to rig recycling & scrap and supply chain visibility are addressed in S2-4 Workers in the Value Chain (see page 196).

Human rights training

In the year, all shore-based employees globally and specific offshore positions, including OIM, Marine, Maintenance and HSE leads, took part in ongoing human rights awareness training.

These actions mitigate all material impacts, risks and opportunities relating to working conditions.

Compensation and benefits

Ensuring competitive compensation, adequate benefits, and opportunities for career advancement are essential for attracting and retaining talent, maintaining employee satisfaction and productivity, mitigating negative impacts relating to pay and conditions, and supporting positive impacts relating to social protection.

Ongoing actions

We provide comprehensive health insurance and benefits to all our employees to ensure that they have access to the necessary resources for maintaining their physical health and wellbeing. In 2024, approximately 64% of Shelf Drillings' workforce was directly employed and had access to these benefits. In some countries, where local regulations limit medical insurance to employees only, we extend coverage to include families, surpassing statutory requirements to safeguard the health of our entire workforce.

Recognizing the importance of work-life balance and to accommodate the diverse needs of our workforce, we offer flexible work arrangements to office-based employees and contractors. How this is implemented differs from country to country.

To reduce the risk of pay discrepancy, salary reviews are conducted annually in all locations. In locations where market data is not available, reviews consider other factors such as country economics, attrition and comparison with other geographies.

Actions taken in the year

In 2024, we undertook a review of the HR Governance Framework, to ensure it accurately reflects practices and to incorporate sustainability matters. The review will be finalized in early 2025.

Contractor terms and conditions

Shelf Drilling makes efforts to ensure direct employment as far as possible. For the 36% of our workforce made up of contractors employed by third parties, we are committed to ensuring they receive fair and equitable pay and conditions.

Ongoing actions

Contracted crew members hired through third parties receive similar benefits – such as medical insurance and other social protection – as their directly employed peers. In some operating regions (e.g., the North Sea) agency worker regulations apply from early in the engagement process to align contractor pay with employees. To mitigate the risk of pay discrepancies for contractors in locations where this is not legally required, Shelf Drilling's local HR Groups work closely with manpower vendors to align to market rates to ensure equal and fair treatment.

Actions taken in the year

In 2024, Shelf Drilling's Corporate HR group conducted a focused review of contractor practices in India and Nigeria. The review was completed at the end of the reporting period and appropriate actions are being considered to improve oversight and address its findings.

In 2024, we reviewed and revised our Master Service Agreement ("MSA") for all third-party contractors to incorporate human rights related matters, including modern slavery and human trafficking.

Onboard Living Conditions ("offshore workforce")

All Shelf Drilling's rigs are compliant with various regulatory requirements for accommodation conditions. In 2024, we continued projects to enhance living conditions further. In addition to enhancements to improve gender accommodation described in S1 Equal treatment & opportunities for all (see page 164), improvements include expanded living spaces, redesigned galleys, enhanced recreational facilities and upgrades to the onboard clinic. These projects aim to improve the overall comfort, experience and facilities for our offshore crew and others working on the rigs. In 2024, 2 rigs received accommodation refurbishment/upgrades.

This action mitigates potential negative impacts relating to mental health challenges for offshore workers, and impacts relating to gender inclusivity onboard rigs (see S1 Equal Treatment and Opportunities for all).

Employee Assistance Program ("EAP") and mental health support

In 2024, Shelf Drilling completed the roll-out of its Employee Assistance Program ("EAP") in all locations globally. The EAP provides 24/7 emotional and psychological support & solutions to all employees and contractors and their family members. Leveraging a global network of resources and partners, the program offers solutions tailored to individual needs and is an important mechanism to support the remediation of

Social Information

negative mental health impacts and other personal or professional challenges workers may face. The EAP is available in multiple languages across all our locations and is sensitive to culture and national differences.

Mental Health awareness campaigns continued throughout the year and took the form of onsite and ongoing workshops. In 2024, Shelf Drilling also supported Mental Health First Aid Training for individuals in duty of care positions, engaged with the IADC Mental Health work group to collaborate and align on industry best practice; and continued to develop a wellbeing hub, which will be accessible to all members of Shelf Drilling's workforce globally.

Shelf Drilling also enlisted an external mental health advocate to engage with members of the workforce on mental health awareness. This program was piloted in 2024 in India, and Shelf Drilling will consider further initiatives in 2025.

These actions mitigate potential impacts relating to the mental health of members of Shelf Drilling's workforce.

Local Employment

Actions to capture opportunities presented by a high local content on Shelf Drilling's rigs are described in S3-4 (see page 201). Risks in Saudi Arabia related to localization have been mitigated largely through a significant reduction in activity in the region. Additional mitigations include:

- Saudi Arabia-led HR team with dedicated resources assigned to national workforce planning and talent functions.
- Engagement with local authorities to ensure alignment to current regulatory landscape.

Tracking performance

We track the effectiveness of policies and actions relating to working conditions by monitoring several qualitative and quantitative indicators, including employee attrition (see S1-6 below). Whilst we have not established defined engagement channels for all employees, we receive direct feedback from some members of our workforce – including man agers and other staff – through informal discussions and maintain oversight of issues raised through managerial channels.

Performance, Metrics & Targets

S1-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Shelf Drilling has not set measurable targets relating to working conditions for its own workforce because we have focused this year on enhancing its internal sustainability reporting, governance and data collection processes. Mechanisms to track the effectiveness of policies and actions relating to working conditions are described in S1-4 above. The Sustainability Steering Committee also monitors the effectiveness of policies and actions to address IROs (see ESRS2 GOV-1 on page 77). We have not defined a target level to be achieved, and therefore have not set a base rate.

S1-8

Collective bargaining coverage and social dialogue

Reporting against S1-8 is not material according to the outcomes of Shelf Drilling's double materiality assessment – the below reporting is voluntary.

In 2024, 9.1% of all employees were covered by collective bargaining agreements, and 1.5% of all employees globally were covered by workers' representatives. Shelf Drilling does not have any agreements with employees for representation by European Works Council ("EWC"), Societas Europaea ("SE") Works Council, or Societas Cooperative Europaea ("SCE") Works Council.

	2023	2024
Employees covered by collective bargaining agreements	5.6%	9.1%
Employees covered by workers representatives	1.3%	1.5%

Shelf Drilling has Collective Bargaining coverage in Norway and Nigeria and Social Dialogue in Egypt. Additionally, we align with union agreements in Italy for Italian nationals. However, none of these locations represent >10% of total employees.

S1-10

Adequate wages

All our employees are paid an adequate wage in line with applicable wage benchmarks. These are defined in the S1 Accounting Policies (see page 187).

S1-11

Social protection

Shelf Drilling has opted to exercise the phase-in provision to omit all datapoints required by S1-11 Social protection.

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S1-15

Work-life balance metrics

Shelf Drilling has opted to exercise the phase-in provision to omit all datapoints required by S1-15 Work-life balance.

S1-17

Incidents, complaints and severe human rights impacts

There were no severe human rights incidents connected to Shelf Drilling's workforce in the period.

	2024
Number of severe human rights incidents connected to workforce	0
Total amount of fines, penalties and compensation for damages as a result of severe human rights incidents	0
Total number of incidents of discrimination, including harassment, reported in the period	2
Total number of complaints filed through grievance / complaints mechanisms (excluding above incidents)	28
Total amount of fines, penalties and compensation for damages as a result of incidents and complaints	0

S1 Accounting Policies

ESRS DR	Data point/ Metric	Accounting Policy (Methodology/Assumption used)*
S1-6	Characteristics of Employees - Total Number of Employees	This figure includes all individuals with a valid employment contract with Shelf Drilling at the end of reporting period. It excludes contractors and third-party workers. Employees on gardening leave and unpaid leave are included in the count.
S1-6	Characteristics of Employees - Total Number of Employees by Gender	This metric is derived from the same dataset used for calculating the total number of employees above, and is disaggregated by gender.
S1-6	Characteristics of Employees - Total Number of Employees by Country	Employee data is disaggregated by country based on Shelf Drilling's presence. For reporting purposes, countries with more than 50 employees are listed individually. Countries with fewer than 50 employees are grouped under the category "others".
S1-6	Characteristics of Employees - Total Number of Employees by Contract Type	This metric includes all Shelf Drilling employees with one of the following types of employment contracts: - **Full-time:** Employees whose working hours are defined in accordance with national legislation and practices regarding standard working time. This typically includes a minimum of nine months per year and 40 hours per week. - **Part-time:** Employees whose working hours are less than those defined for full-time employment. - **Temporary employees:** Employees hired on a fixed-term or temporary basis to meet short-term operational needs. - **Non-guaranteed:** Employees who are temporarily without an active assignment due to operational factors (e.g., client-suspended rig operations). These employees remain on the Company's rolls and retain certain benefits such as medical and life insurance but are not actively working or paid during the standby period. The Company endeavors to reassign them to other rigs where possible.
S1-6	Characteristics of Employees - Total number of employees who left - Employee turnover rate	The total number of employees who left represents individuals whose employment with Shelf Drilling ended during the reporting period, regardless of the reason (e.g., resignation, termination, retirement, etc.). This does not include internal transitions between contractor and employee status (i.e., contractor-to-employee or employee-to-contractor changes). The employee turnover rate is calculated as the number of employees who left during the reporting period expressed as a percentage of the total number of employees at the end of the reporting period.

Social Information

ESRS DR	Data point/ Metric	Accounting Policy (Methodology/Assumption used)*
S1-7	Characteristics of Non-Employees - Total Number of Non-Employees	This metric refers to individuals categorized as contractors who perform work at Shelf Drilling facilities but are not directly employed by the Company. These individuals carry out duties equivalent to those performed by Shelf Drilling employees, but their employment contracts are held with third-party entities. This includes: - Third-party employed crew members engaged through agencies in offshore operations - Contractors working in yards as part of Shelf Drilling's onshore operations
	Entity specific metrics – New hires	The number of new hires includes individuals who were issued a new contract as either a Shelf Drilling employee or non-employee (contractor) during the reporting period. This excludes internal transitions between employee and contractor status (i.e., employee-to-contractor or contractor-to-employee changes). This metric is reported separately for offshore and onshore workforce.
	Entity specific metrics – Nationalities	This metric reflects the number of distinct countries represented by individuals working with Shelf Drilling, including both employees and non-employees (contractors). In cases of dual or multiple citizenships, the nationality recorded is based on the citizenship declared by the individual at the time of joining Shelf Drilling.
S1-8	Collective Bargaining Coverage and Social Dialogue - Employees Covered by Collective Bargaining Agreements	CBA coverage is reported at the Company level, as the thresholds required for country- or region-level reporting – both within and outside European Economic Area ("EEA") – are not met. In countries where legal provisions for CBA exist, membership data is maintained locally and reported to the corporate team on an annual basis.
S1-8	Collective Bargaining Coverage and Social Dialogue - Employees Covered by Social Dialogue	This metric includes Shelf Drilling employees in Egypt who have the option to opt into union representation. The data is reported at the Company level only, as country-level reporting is required solely for countries within EEA.
S1-9	Diversity Metrics - Women in Top Management	This metric is calculated as the number of female employees holding positions at the level of Senior Manager and above, expressed as a percentage of the total number of employees in the top management.
S1-9	Diversity Metrics - Distribution of employees by age group	This metric represents the percentage distribution of employees across the following age brackets: - Under 30 years - 30 to 50 years - Above 50 years The calculation is based on the total number of employees within each age group as a proportion of the overall employee population.

ESRS DR	Data point/ Metric	Accounting Policy (Methodology/Assumption used)*
S1-10	Adequate Wages - Percentage of Employees Paid Below the Applicable Adequate Wage Benchmark:	All Shelf Drilling employees are paid at or above the adequate wage benchmark applicable in their respective countries. Wages are assessed based on total guaranteed cash compensation, which includes the basic salary and any guaranteed allowances provided throughout the year. Adequate wage benchmarks are primarily sourced from the WageIndicator Foundation: Specific considerations include: - UAE: Given that there are no national or sub-national wage benchmarks, the adequate wage is estimated as the average of the minimum wage benchmarks for Qatar and Saudi Arabia. - Qatar: The benchmark is based on the minimum wage data published by the Government Communications Office - Italy, Norway and Denmark: No national adequate wage benchmarks are available. Wages in these countries are determined through collective agreements between unions and employers.
S1-13	Training Metrics - Average Number of Training Hours per Employee by Gender	This metric is calculated by dividing the total number of training hours completed by each gender category (male/female) by the total number of employees within that gender group. Total training hours include all completed training activities—both e-learning and in-person sessions—primarily recorded through SkillsVX and other Learning Management Systems ("LMS"). The stipulated course duration for each training is used to calculate total training hours.
S1-14	Health and Safety Metrics - Percentage of workforce covered by health and safety management system	100% of Shelf Drilling's workforce—including both employees and non-employees (contractors)—is covered by the Company's Health and Safety Management System. This comprehensive coverage is enforced through multiple mechanisms, including: - The HSE Policy - The HSE Management System - The Code of Business Conduct and Ethics - Mandatory HSE training programs - Workforce contracts - Compliance with applicable local HSE legislation - Adherence to customer-specific HSE requirements

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ESRS DR	Data point/ Metric	Accounting Policy (Methodology/Assumption used)*
S1-14	Health and Safety Metrics - Number of work-related accidents	This metric captures the total number of work-related incidents involving members of the Shelf Drilling workforce – including both employees and non-employees (contractors) – that occur on any Shelf Drilling facility, whether onshore or offshore. Reported incidents fall into the following categories: - **Fatality:** A work-related injury that results in death. - **Lost Time Incident ("LTI"):** Any injury resulting from a work-related incident that prevents the injured person from continuing their next shift. - **Restricted Work Case ("RWC"):** A situation in which a worker cannot perform all assigned routine job functions but is not classified as an LTI. - **Medical Treatment Case ("MTC"):** Any work-related injury case requiring medical care or treatment beyond first aid (regardless of the provider of such treatment) and any illness, abnormal condition or disorder of an employee that does not classify as an RWC or LTI. The classifications are based on definitions outlined in Shelf Drilling HSE Requirements.
S1-14	Health and Safety Metrics - Number of fatalities due to work-related injuries	This metric reflects the total numbers of deaths resulting from work-related injuries involving both employees and non-employees.
S1-14	Health and Safety Metrics - Rate of recordable work-related accidents	This metric is calculated as the number of work-related accidents (above) per one million man-hours worked during the reporting period. It includes both employees and non-employees (contractors) and covers offshore and onshore operations. Man-hours are calculated as follows: - **Onshore (Employees):** Based on a standard of 8 hours/day, 5 days/week, 52 weeks/year, divided by 12 months per person, and reduced by an average of 25 leave days per year. - **Onshore (Non-Employees):** Calculated using 8 hours/day, 7 days/week, 52 weeks/year, divided by 12 months per person, with no vacation considered. - **Offshore:** Man-hours are based on actual working hours for all personnel (employees, non-employees, and catering crew), calculated at 12 hours per working day.
S1-14	Health and Safety Metrics - Days lost to work-related injuries, accidents and fatalities	This metric represents the total number of days during which members of the workforce—both employees and non-employees (contractors)—were unable to perform their duties due to occupational injuries.

ESRS DR	Data point/ Metric	Accounting Policy (Methodology/Assumption used)*
	Entity-Specific Metrics - Total Recordable Incident Rate ("TRIR")	The TRIR is calculated as the total number of recordable incidents per 200,000 manhours following IADC's definition. The TRIR value captures incidents involving Shelf Drilling's own workforce (employees and non-employees) and catering crew.
	Entity-Specific Metrics - Lost Time Incident Rate ("LTIR")	The LTIR is calculated as the number of incidents resulting in lost workdays due to work-related injuries, accidents, or fatalities, per 200,000 manhours, following IADC's definition. The LTIR includes incidents involving Shelf Drilling's own workforce (employees and non-employees) and catering crew.
	Entity-Specific Metrics - Near Miss Frequency Rate ("NMFR")	A near miss is defined as an unplanned event that did not result in an actual consequence but had the potential to cause personal injury, loss of containment or property damage. Events with the potential to escalate into a First Aid Case ("FAC"), Restricted Work Case ("RWC"), Medical Treatment Case ("MTC") or Lost Time Incident ("LTI") within a six-month period, are classified as a near misses. NMFR is calculated as the number of near miss events per 200,000 man-hours worked during the reporting period. The NMFR includes incidents involving Shelf Drilling's own workforce (employees and non-employees) and catering crew.
	Entity-Specific Metrics – Serious Near Miss Frequency Rate ("SNMFR")	SNMFR is calculated in the same manner as NMFR – as the number of serious near miss events per 200,000 man-hours worked during the reporting period. The SNMFR includes incidents involving Shelf Drilling's own workforce (employees and non-employees) and catering crew. A serious near miss is defined as an unplanned event that did not result in an actual consequence but had the potential to lead to a Lost Time Incident ("LTI") exceeding six months or a fatality.
	Entity-Specific Metrics –Total Potential Severity Rate ("TPSR")	Calculated as sum of potential severity ratings assigned to all incidents per 200,000 man-hours worked during the reporting period. The TPSR includes incidents involving Shelf Drilling's own workforce (employees and non-employees) and catering crew.

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ESRS DR	Data point/ Metric	Accounting Policy (Methodology/Assumption used)*

S1-16	Remuneration Metrics – Gender Pay Gap	The gender pay gap is an estimate calculated as the difference in average annual total remuneration between female and male employees, expressed as a percentage of the average annual total remuneration of male employees. Annual total remuneration includes:
		- **Total Cash:** Basic Salary, any guaranteed allowances, bonus paid
		- **Benefits in Kind (non-cash):**
		  - **Medical Insurance:** premium paid by Shelf Drilling
		  - **Life Insurance + Accidental Death and Dismemberment ("AD&D") + Income Protection:** premium paid by Shelf Drilling
		  - **Schooling Allowance:** annual limit per child
		  - **Transport:** approximate costs
		  - **Housing:** limits are captured
		  - **Pension:** contribution made by employer
		- **Long Term Incentive Plan ("LTIP") awards**
		The calculation is based on headcount and the estimated annual total remuneration (compensation structure) as of December 31, 2024.
		The gender pay gap has been calculated separately for onshore and offshore locations. It is noted that female representation in offshore roles exists only in four locations.

S1-16	Remuneration Metrics – Annual total remuneration ratio	Ratio of the annual total remuneration of the highest paid individual in the Company (CEO) to the median annual total remuneration of all other employees (excluding the highest-paid individual). The calculation for CEO remuneration is based on actual expense for the reporting year and for all other employees, it is based on the compensation structure as of December 31, 2024.
S1-17	Incidents, Complaints and Severe Human Rights Impacts - Number of severe human rights incidents connected to workforce - Total number of incidents of discrimination including harassment - Total number of complaints filed through grievance/ complaints mechanism (excluding above incidents)	Shelf Drilling's EthicsPoint Helpline is a channel established for reporting, recording and tracking incidents and concerns. It is a tool, publicly and anonymously accessible to employees, non-employees and third parties to ask compliance and ethics questions, raise concerns and report any actual or suspected misconduct, unethical or illegal behavior, or violations to our Corporate Code and its supporting policies or applicable laws, or for seeking advice on how to handle such situations. Concerns can be reported via telephone (toll-free), webform or email. The helpline is operated by an independent third-party provider, NAVEX, to help maintain confidentiality and, when requested, anonymity. The total number of complaints includes complaints from employees, non-employees and third parties.
S1-17	Incidents, Complaints and Severe Human Rights Impacts - Total amounts of fines, penalties, and compensation for damages as a result of severe human rights incidents - Total amounts of fines, penalties, and compensation for damages as a result of incidents and complaints	Expenditure on amounts of fines, penalties and compensation for damages is reconciled with financial statements.

* All metrics presented cover the reporting period January 1, 2024 – December 31, 2024. None of the metrics have been validated by an external body. The metrics have been subject to the limited assurance procedures as outlined in the assurance report.

** For metrics S1-6, S1-7, S1-9 and S1-10, the source of data is Fusion, Shelf Drilling's Human Resource Management System ("HRMS"). For metrics under S1-14, the source of data is Skill Grid HSE Dashboard.

Social Information

S2
Workers in the Value Chain

Shelf Drilling acknowledges the risks and impacts its operations can have on workers throughout its value chain, both directly and indirectly. The Company is committed to upholding fundamental human rights as defined in the International Bill of Rights and the International Labor Organization's ("ILO") Fundamental Conventions. By adhering to the UN Guiding Principles on Business and Human Rights, Shelf Drilling ensures its responsibility extends across its entire value chain.

Material Impacts, Risks & Opportunities

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

S2 Workers in the Value Chain

Material impacts, risks and opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Health & safety incidents, injuries and fatalities involving vendors' employees	Actual negative impact (accidents and injuries)	●	●	●	●	●	●
	Potential negative impact (fatalities)	●	●	●	●	●	●
	Risk		●		●	●	●
Asbestos exposure to workers in rig recycling yards	Potential negative impact			●		●	●
Failure to recycle rigs responsibly could result in human rights impacts	Potential negative impact			●		●	●
	Risk			●		●	●

The double materiality assessment identified the following impacts and risks relating to workers in Shelf Drilling's value chain to be material. Interviews with internal stakeholders conducted during the DMA process considered whether and how certain groups of value chain workers could be at greater risk of harm. This is discussed in detail in ESRS 2 IRO-1 (see page 96).

All workers within Shelf Drilling's value chain who could be materially impacted are included under the scope of this disclosure.

Health & safety incidents, injuries and fatalities involving vendors' employees

There are several groups of workers on board Shelf Drilling's rigs at any given time. This includes vendors' employees who provide services to the rigs; consultants or other specialists paid for by customers; and employees' of Shelf Drilling's customers themselves. As with Shelf Drilling's own workforce, value chain workers on rigs are exposed to high-risk working conditions which can lead to accidents, injuries and loss of life. Other workers in Shelf Drilling's value chain may also be subject to high risk working conditions, for example workers involved in rig recycling, rig towing, and in the manufacture of parts for rigs. The potential impacts of health and safety incidents on individuals is described in detail in S1 ESRS 2 SBM-3 Health & Safety (see page 156).

These actual ("incidents" and "injuries") and potential ("fatalities") negative impacts are considered systemic, could affect vendors' and customers' employees working on rigs in Shelf Drilling's offshore operations and value chain workers connected to Shelf Drilling through both its direct and indirect business relationships, and could materialize in the short-, medium- and long- term.

Health and safety incidents onboard Shelf Drilling's rigs involving value chain workers can also have financial repercussions for Shelf Drilling. The potential effects of health and safety risks on Shelf Drilling's business are described in S1 ESRS 2 SBM-3 Health & Safety (see page 156).

This risk is concentrated in Shelf Drilling's own operations, could occur over the short-, medium- and long-term. Shelf Drilling mitigates these impacts and their associated risks through its health and safety management system and vendor management processes, which are described in S2-1 and S2-4.

Asbestos exposure to workers in rig recycling yards

Some of Shelf Drilling's rigs may contain asbestos, which is released when rigs are exposing workers at rig recycling yards downstream in Shelf Drilling's value chain. Asbestos has been linked to negative health outcomes, such as respiratory issues.

Shelf Drilling is involved with this potential negative impact through its direct business relationships with rig recycling yards. The impact could affect workers downstream in Shelf Drilling's value chain, is considered systemic and could materialize in the medium- and long-term. To prevent this, Shelf Drilling has a policy to determine the presence or absence of Asbestos Containing Material ("ACM") onboard the rigs and all asbestos removal activities are performed by a qualified third-party contractor, in accordance with all applicable regulations. These are described in S2-1 and S2-4 below.

Failure to recycle rigs responsibly could result in human rights impacts

Failure to ensure rigs are recycled responsibly could result in rigs being dismantled through unscrupulous ship breaking practices, which cause environmental damage and put workers lives at risk[1]. Potential human rights impacts linked to irresponsible ship-breaking include hazardous working conditions, child and forced labor. Incidents of severe human rights violations can have a broad range of negative outcomes, including loss of freedom, poor working conditions and inadequate pay.

This could pose financial repercussions for the Company. Media coverage of such activities by third parties linked to Shelf Drilling's activities could jeopardize Shelf Drilling's reputation amongst customers, investors and other stakeholders. Shelf Drilling could also face large fines and/or sanctions from governments and regulators.

This potential impact would be considered an individual incident that would affect workers downstream in Shelf Drilling's value chain. The impact and its associated risk could materialize in the medium- and long-term. To mitigate this, Shelf Drilling has established responsible rig recycling procedures, in line with applicable laws and voluntary guidelines. Our Rig Recycling Policy (see S2-1 below) imposes health & safety and human rights requirements and Shelf Drilling contracts an independent third party to oversee the rig recycling process and ensure these standards are upheld.

The Human Rights Saliency Assessment conducted in 2022 (see S1-4 Working Conditions page 180) identified salient human rights issues linked to Shelf Drilling's own operations and value chain by assessing business activity, industry (through assessment of peers and industry bodies) and through review of NGO and civil society organization research in this field. Whilst consideration of

[1] https://shipbreakingplatform.org/wp-content/uploads/2022/01/Shipbreaking-OG-Report_compressed-compressed.pdf

Social Information

the locations of Shelf Drilling's operations and value chain formed part of the assessment, the assessment was not explicitly performed by geography.

In 2024, Shelf Drilling identified 30 vendors based on factors including business value, location and type of vendor and initiated an ESG due diligence exercise. This is expected to complete in 2025 and described in S2-4 below.

Impacts, Risk & Opportunity Management

S2-1

Policies related to value chain workers

We believe in a responsible and sustainable supply chain and make efforts to ensure our suppliers and business partners share our commitment to human rights and decent working conditions. We recognize the impacts that our activities may have on human rights and are committed to ensuring compliance with relevant regulatory frameworks across the areas where we operate.

To understand and address human rights risks in our supply chain, we maintain effective supply chain governance through clear policies, proactive risk management, and monitoring of suppliers' performance. Shelf Drilling does not have mechanisms for engaging directly with value chain workers, however management of supplier relationships offers a proxy means of engaging with hard-to-reach value chain workers. All stakeholders can raise concerns through our grievance mechanism which enables access to remedy. These mechanisms are discussed in more detail in S2-2 and S2-3 below.

During the year, there were no cases of non-respect of the UN Guiding Principles on Business and Human Rights ("UNGPs"), International Labor Organization Declaration on Fundamental Principles and Rights at Work ("ILO Fundamental Principles") or OECD Guidelines for Multinational Enterprises ("OECD Guidelines") involving value chain workers reported in Shelf Drilling's upstream or downstream value chain.

Vendor Code of Conduct

Our Vendor Code of Conduct ("the Vendor Code") outlines ethical requirements for all third parties engaged with Shelf Drilling with respect for human rights being a fundamental expectation. The Vendor Code explicitly prohibits the use of child, forced and compulsory labor, and enshrines an expectation that vendors respect human and labor rights, including the right to privacy and to negotiate fair and equal treatment of workers and providing a safe working environment. The policy, therefore, supports all material impacts, risks and opportunities relating to value chain workers.

The Vendor Code is aligned with international human rights conventions, including the UN Convention on Human Rights and the ILO Fundamental Principles. Shelf Drilling's mechanisms to monitor compliance with the international Human Rights instruments are described in S1-1 Own workforce – Working Conditions (see page 178).

All vendors must acknowledge and accept the Vendor Code and we expect third parties to extend the Code's expectations to their own vendors and subcontractors. The Vendor Code, therefore, covers all value chain workers who could be affected by our operations. The policy is approved by Senior Vice President of Technical & Enterprise Innovation and is reviewed periodically. The CEO is accountable for the Vendor Code of Conduct and the Senior Vice President of Technical & Enterprise Innovation is responsible for its implementation. The policy is also published on Shelf Drilling's website.

Rig recycling policy

Shelf Drilling established a Rig Recycling Policy that includes due diligence requirements to screen any potential buyers of our rigs at the end of their useful life. It includes a requirement that the scrapping process is overseen by an independent third party appointed by Shelf Drilling. The policy supports the management of material impacts and risks relating to the human rights and safety of workers involved in rig recycling.

The policy is aligned with applicable laws and regulations, as well as international instruments including the UNGPs, ILO fundamental principles, OECD guidelines and Responsible Ship Recycling Standards. The policy applies to all rigs that we recycle, and so covers workers involved in the recycling of our rigs. Expectations relating to responsible rig recycling, as outlined in the policy, are communicated to a potential buyer at the start of the engagement and set out in the sale arrangement. The Chief Executive Officer is the most senior person accountable for its implementation.

Asbestos policy - Health, Safety and Environment ("HSE") Requirements

Shelf Drilling's HSE Policy includes a dedicated policy on identifying, managing and abating Asbestos. The policy covers all key personnel, installations, and Company owned facilities and offices and includes a requirement that asbestos removal is performed by a qualified, independent third party, in accordance with applicable regulations.

The policy prevents potential safety impacts on rig recycling workers by ensuring processes asbestos is identified and removed from Shelf Drilling rigs and can be accessed through Shelf Drilling's HSE Management System. The overarching HSE Policy is described in E1-2, and the Senior Vice President of Technical & Enterprise Innovation is the most senior person accountable for overseeing Asbestos procedures.

S2-2

Processes for engaging with value chain workers about impacts

Shelf Drilling engages with value chain workers on impacts indirectly, by managing its relationships with suppliers who are considered proxies for the affected workers. This engagement is both proactive and reactive: we conduct due diligence as part of the vendor onboarding process, and regularly assess and monitor the selected vendors, based on their size and importance to Shelf Drilling. This is detailed in G1-2 Management of relationships with suppliers (see page 211).

The perspectives of value chain workers inform decisions and activities to manage impacts on them to differing extents. Vendors' employees on board rigs can participate in safety conversations in response to potential or actual safety incidents in the same capacity as Shelf Drilling's own workforce. This is detailed in S1-1 Health & Safety (see page 157).

Perspectives of other suppliers' workers are ascertained indirectly as part of physical audits of suppliers, which cover ESG elements including health and safety and human rights. Physical audits of suppliers are conducted for selected vendors based on various criteria, including business value. Shelf Drilling does not take specific steps to engage with value chain workers with particular characteristics.

HSE and Quality Audits

Shelf Drilling tracks the effectiveness of its supplier engagement through vendor audits to ensure compliance with HSE and/or quality standards. This includes physical site visits for selected vendors, which consider the working conditions and safety of workers. Vendors are selected for audit based on vendor scope, the criticality of the service or goods provided, and/or issues reported by our rig teams.

If rights violations are identified within our value chain, Shelf Drilling will take appropriate action determined by the nature of the violation and the relationship with the vendor or supplier in question. This may include termination of the supplier relationship and/or disqualification from bidding or future business with Shelf Drilling. The Senior Vice President of Technical & Enterprise Innovation is the most senior person responsible for engaging with vendors, including with respect to their ESG performance and adherence with human rights.

In 2024, we introduced a vendor ESG due diligence initiative to assess the effectiveness of how we manage our suppliers, including impacts on their workers. This is described in more detail in S2-4 below and in G1-2 Management of Relationships with Suppliers (see page 211).

Shelf Drilling tracks the effectiveness of its supplier engagement through vendor audits to ensure compliance with HSE and/or quality standards.

Social Information

S2-3

Processes to remediate negative impacts and channels for value chain workers to raise concerns

All external stakeholders, including value chain workers who may be impacted by Shelf Drilling have access to grievance mechanisms to report any actual or suspected violations or unethical conduct, including in relation to human rights, directly to Shelf Drilling.

The EthicsPoint Helpline is available 24/7 in multiple languages and formats and concerns can be raised anonymously. The Vendor Code of Conduct (see S2-1) stipulates that vendors must ensure their employees are not subject to any form of retaliation for raising a concern in good faith. The helpline is operated by an independent, third-party provider to ensure confidentiality and, if requested, anonymity. All cases raised through the helpline are handled according to the same processes - more detail, including how issues raised are tracked and monitored, is provided in S1-3 Own Workforce – Working Conditions (see page 179) and G1-1 Business Conduct (see page 208).

Information about reporting mechanisms is outlined in the Vendor Code of Conduct and value chain workers on Shelf Drilling's rigs are made aware of the grievance mechanism via posters throughout the rigs. As the relationships with rig recycling workers are managed by independent third parties, Shelf Drilling does not have direct mechanisms to ensure workers at rig recycling yards are aware of these mechanisms.

For impacts not addressed by the grievance mechanism, Shelf Drilling's Master Services Agreement stipulates that vendors are responsible for managing impacts to their employees. Safety incidents that take place on board Shelf Drilling's rigs will be investigated and responded to in line with standard Shelf Drilling HSE procedures to identify key lessons. However, the employer retains responsibility for providing remedy and ensuring the individual is appropriately covered by insurance. In certain cases, Shelf Drilling may request to see a vendor's incident response processes.

Similarly, remediation of impacts on rig recycling workers is managed by the independent third party contracted by Shelf Drilling to oversee the process and ensure compliance. Responses to any actual impacts will be included in the reporting received by Shelf Drilling.

Shelf Drilling does not assess whether value chain workers are aware of or trust these structures.

S2-4

Taking action on material impacts on value chain workers, and approaches to managing risks and pursuing opportunities related to value chain workers, and effectiveness of those actions

To prevent negative impacts on value chain workers, including health & safety incidents and human rights abuses, Shelf Drilling has in place ongoing responsible procurement practices including vendor onboarding due diligence, implementation of the Vendor Code of Conduct and vendor monitoring.

Our vendor onboarding processes integrate human rights risk assessment as part of the initial screening and a human rights questionnaire as part of vendor audits. This is detailed in G1-2 (see page 211). We also conduct media searches to identify exposure due to any misconduct related to human rights. Vendors are made aware of our confidential grievance mechanism, which is signposted on our rigs and in the Vendor Code of Conduct. Mechanisms to ensure these channels are effective are described in G1-1 (see page 210).

As topic owner, the Senior Vice President of Technical & Enterprise Innovation is accountable to the Sustainability Steering Committee for ensuring goals are met, appropriate actions are identified and impacts on value chain workers are effectively managed (see ESRS 2 GOV-1, page 77). Shelf Drilling's procurement function manages relationships with suppliers and, therefore, is responsible for implementing these policies and actions.

In most cases, vendors are responsible for remediating material negative impacts on their employees. However, Shelf Drilling ensures workers are protected and remediated by ensuring agreements include the requirement to provide decent working conditions and respect human rights. Action taken in the year to address health and safety incidents within Shelf Drilling's operations is described in S1-4 Health & Safety.

None of the actions disclosed meet Shelf Drilling's thresholds for significant capital or operating expenditure. No cases of severe human rights issues and incidents involving workers in Shelf Drilling's upstream and downstream value chain were reported through the Company's confidential reporting helpline or other reporting mechanisms during the year. No specific action to remediate actual negative impacts involving value chain workers was taken throughout the year.

High-Risk Vendor Categories

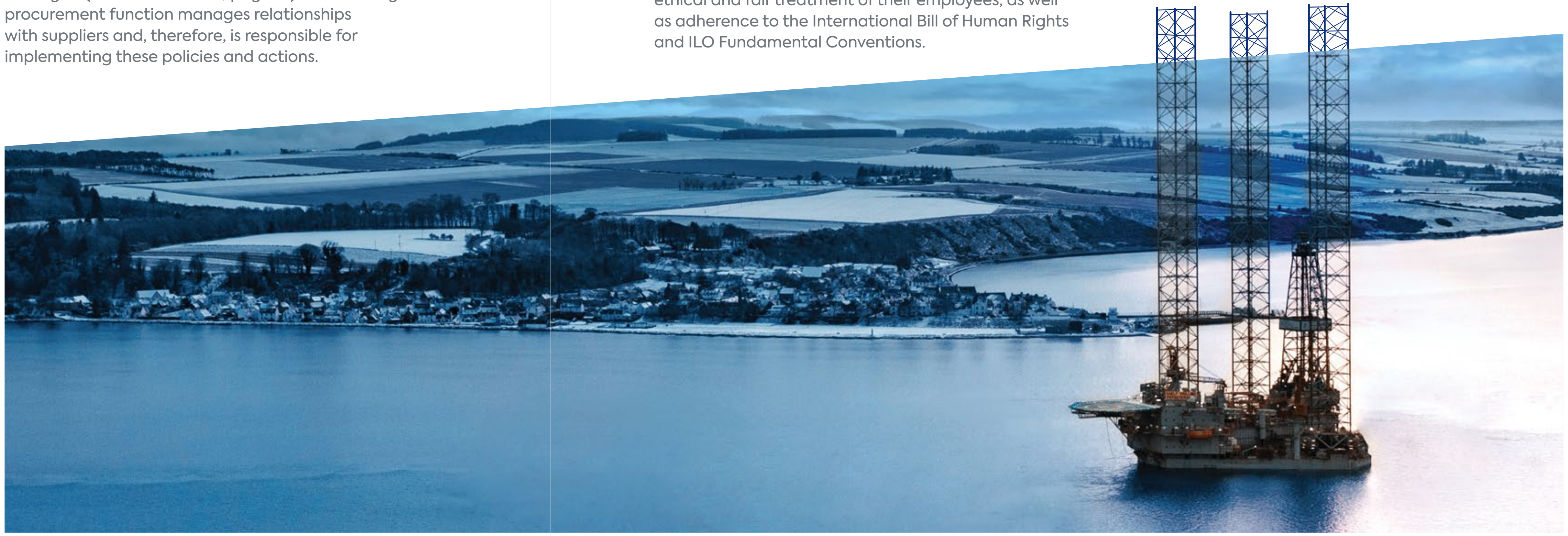
We collaborate closely with vendor categories that may pose a higher risk of negative impact on human rights, labor rights, and the environment.

Contractors: When hiring for junior crew and other positions in certain geographies, we engage third-party labor providers who are subject to our due diligence process. This includes commitments to ethical and fair treatment of their employees, as well as adherence to the International Bill of Human Rights and ILO Fundamental Conventions.

To prevent these impacts and mitigate associated risks relating to value chain workers working onboard Shelf Drilling's rigs, all personnel assigned to work on our rigs must follow our health & safety policies and procedures, including safety briefings, which are described in S1-1, Health & Safety (page 157). Other ongoing actions to ensure the safety of all workers onboard rigs include recent implementation of Shelf Drilling's online tool 'cAdvisor', which allows people on board rigs to access safety information. Additionally, all rigs are staffed by a 24/7 medic.

Other ongoing actions to ensure the safety of vendors' employees onboard rigs include: vendors are contractually obligated to ensure employees working on board the rigs receive a medical check, which is reviewed by Shelf Drilling. Performance monitoring processes (see S1-4 Health and Safety, page 157) include some metrics involving value chain workers.

Recycling yards: We prioritize safe and environmentally responsible recycling when selecting buyers and recycling facilities for recycling our rigs. This includes including conditions relating to safe recycling in both the Sale and Purchase Agreement between Shelf Drilling and the buyer and in the Memorandum of Agreement between the buyer and the ship recycling yard. The yard also provides a certificate of compliance with IMO guidelines.



Social Information

Shelf Drilling also engages independent third parties to oversee the rig recycling process to ensure adherence to the highest safety and environmental standards. The independent third parties manage any impacts, including relating to value chain workers, and provide a thorough report and assessment to Shelf Drilling.

Actions taken in the year

ESG third-party due diligence

Our ESG due diligence initiative, which commenced in 2024, identified 30 vendors based on factors including business value, location, and type of vendor. The initiative is focused on ESG related risks, including human rights risks and the first phase of this exercise is expected to be completed in 2025.

Vendor onboarding enhancement

Based on the outcomes of our Human Rights Saliency Assessment and Human Rights Due Diligence Process Review (see S1-4 Working Conditions, page 180), in 2024 Shelf Drilling enhanced its vendor onboarding process to better address human rights, modern slavery and human trafficking concerns.

This involved strengthening human rights due diligence for all vendors, and enhancing the vendor onboarding questionnaire to ensure vendors are aware of Shelf Drilling's expectations in relation to human and labor rights. The review also considered enforcement of the Vendor Code of Conduct including requiring vendors to better substantiate their ESG commitments in a form appropriate to the nature of the business relationship.

All new vendors will be subject to these changes, and, as a result, their employees will be captured by this action. This action mitigates human rights risks amongst vendors and promotes better practices in relation to human rights and working conditions.

Review of Master Service Agreements ("MSA")

In 2024, we strengthened our oversight mechanisms by revising Master Service Agreements ("MSAs") to incorporate specific human rights requirements and foster a culture of accountability among our contractors. The revised MSAs cover vendors who provide services to Shelf Drilling's rigs. Therefore, workers employed by vendors who work onboard rigs will be covered by these changes. Expected outcomes include improved awareness of and compliance with human rights outcomes and enhanced accountability among contractors.

Human Rights Due Diligence ("HRDD") Process Review

In 2024, to further enhance and strengthen our processes, Shelf Drilling commenced a review of its human rights due diligence in line with the OECD Due Diligence Guidelines. This is ongoing and expected to complete in 2025. The considered how the Company manages all its salient human rights risks, including relating to value chain workers and is detailed in S1-4 Working Conditions (see page 180).

Looking forward

In 2025, Shelf Drilling will focus on implementing and monitoring the initiatives launched in 2024 to strengthen human rights oversight in its supply chain. This includes finalizing assessments, operationalizing enhanced requirements, and identifying actions in relation to the HRDD Process Review.

Assessing effectiveness of actions

Shelf Drilling primarily assesses the effectiveness of is policies, procedures and practices to protect value chain workers' safety and human rights through on going monitoring of vendors. Physical audits of vendors are central to understanding vendors' approach to human rights. This is described in more detail in S2-2 above.

Performance, Metrics & Targets

S2-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Shelf Drilling's focus in 2024 was on enhancing sustainability reporting, governance and data collection processes. We have therefore not yet set any measurable targets relating to material impacts, risks and opportunities for value chain workers.

We nonetheless track the effectiveness of our policies and actions to prevent human rights and health & safety impacts for value chain workers using qualitative and quantitative data, gained through our ongoing vendor and supplier monitoring. This includes reports from supplier audits, our ESG due diligence initiative, and vendor onboarding due diligence, described above. As mentioned in S2-4, value chain workers involved in health & safety incidents can partake in safety conversations onboard rigs to identify areas for improvement.

We have not defined a particular level of ambition to be achieved and, therefore, have not set a base year or base target.

S3
Affected Communities

Shelf Drilling aims to create sustainable economic opportunities and foster positive social impact in the communities where we operate. Prioritizing local hiring fosters inclusive growth and strengthens community ties. A high local content within Shelf Drilling's workforce also reduces operational costs, supports a cohesive local workplace culture, and strengthens relationships with host states and customers.

Material Impacts, Risks & Opportunities

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

S3 Affected Communities

Material impacts, risks and opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Local economic development through workforce localization	Actual positive impact		●		●	●	●

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The double materiality assessment identified the below impact relating to affected communities as material. Communities materially affected by Shelf Drilling's operations consist of communities living or working around Shelf Drilling's operations. Stakeholder interviews conducted during the DMA process considered whether and how certain groups of value chain workers could be at a greater risk of harm. This is discussed in detail in ESRS 2 IRO-1 (see page 96). All affected communities who could be materially impacted by Shelf Drilling are included under the scope of this disclosure.

Local economic development through workforce localization

Shelf Drilling proactively hires and supports the development of locals from the regions where we operate, including within our leadership teams, to establish a high local content within our workforce. This benefits local communities where we operate, reduces operational costs relating to crew transfer and employee turnover, and strengthens relationships with customers and government entities, particularly National Oil Companies ("NOCs"). As of December 31, 2024, approximately 87% of our offshore workforce in key locations comprised of locals.

Hiring employees from areas where rigs are in operation (rather than relying on a largely expatriate workforce) benefits communities at an individual and collective level. Individuals benefit from increased wages, better quality of life and improved well-being, and the local economy benefits from their increased spending power. Activities to support these positive impacts, including in relation to Shelf Drilling's localization strategy, are described in S3-4.

This positive actual impact benefits local communities living around all rig locations in the short, medium and long-term and is located within Shelf Drilling's own operations. Shelf Drilling supports this impact through its localization strategy, programs focused on hiring and training local talent, and partnerships with local educational institutions.

Impacts, Risk & Opportunity Management

S3-1

Policies related to affected communities

Shelf Drilling is committed to respecting human rights within our internal business and in our relations with any people who are directly affected by the group's activities.

The Code of Business Conduct and Ethics (see S1-1 page 165 and G1-1 page 208) sets the standard for responsible business conduct and respecting human and labor rights across our operations and value chain, and the Sustainability Policy (see S1-1 page 165) affirms our commitment to human rights in accordance with international instruments, including in relation to affected communities.

Shelf Drilling's mechanisms to support its human and labor rights commitments are described in S1-1 Working Conditions (see page 178).

Human Resources ("HR") Governance Framework

Our approach to talent attraction and retention is governed by our HR Governance Framework, which stipulates that Shelf Drilling will seek to hire the best-qualified local talent for all positions. The HR Governance Framework is described in detail in S1-1, Equal Treatment & Opportunities for All (see page 165).

Corporate Social Responsibility ("CSR") Framework

Shelf Drilling's approach to engaging with local communities is supported by our Corporate Social Responsibility Program ("CSR") and is detailed in S3-2 below. The CSR Program formalizes our approach to CSR activities, which support health, education, charitable contributions, and environmental sustainability for local communities, in line with the UN Sustainable Development Goals. The CSR Program guidelines apply to all employees and operations of Shelf Drilling, and the CEO is the most senior person accountable for the implementation of the Program. Feedback from community engagement is used to develop the CSR program and guidelines.

Members of affected communities can raise concerns by accessing our EthicsPoint helpline. To date, we have not identified any negative impacts on affected communities that would require a formal remediation mechanism.

There were no cases of non-respect of the UNGPs, ILO Fundamental Principles and Rights at Work, or OECD Guidelines involved affected communities reported in Shelf Drilling's own operations or value chain in the year.

S3-2

Processes for engaging with affected communities about impacts

Shelf Drilling engages with communities as part of its CSR Program. The CSR program sets out guidelines for stakeholder engagement: Shelf Drilling will identify key stakeholders, including local communities, and engage with them to understand their needs and expectations regarding CSR. We also collaborate with relevant NGOs and local organizations to ensure the effectiveness of CSR initiatives. These organizations are taken to be credible proxies for the beneficiary communities.

This engagement is performed on an initiative-specific basis and does not explicitly address material impacts identified by the DMA. Rather, it seeks to ensure that CSR initiatives are executed in close collaboration with the people they are intended to benefit. The form and frequency of the engagement therefore varies depending on the initiative. Shelf Drilling does not have formal mechanisms for assessing the effectiveness of the CSR initiatives, nor does it take specific steps in relation to vulnerable groups. The Sustainability Manager is the most senior person responsible for engagement under the CSR program.

S3-3

Processes to remediate negative impacts and channels for affected communities to raise concerns

All external stakeholders, including all members of affected communities who may be impacted by Shelf Drilling, can report any actual or suspected violations or unethical conduct, including in relation to human rights, directly to Shelf Drilling via the EthicsPoint hotline.

The hotline is operated by an independent, third-party provider to ensure confidentiality and, if requested, anonymity, with respect to privacy and data protection rights. The users can access the EthicsPoint hotline on Shelf Drilling's website and are protected by a non-retaliation policy. More detail is provided in G1-1 (see page 210).

External stakeholders, including communities, can also contact Shelf Drilling directly to raise other types of concerns via the website. Currently, Shelf Drilling does not have formal mechanisms to provide remedy for communities who may be adversely impacted by its activities beyond the EthicsPoint investigation procedures. We do not assess whether affected communities are aware of or trust these structures.

S3-4

Taking action on material impacts on affected communities and approaches to managing risks and pursuing opportunities related to affected communities, and effectiveness of those actions

Shelf Drilling supports its localization strategy through talent attraction and talent development initiatives targeted at recruiting and training a local workforce. Efforts to increase local employment are resourced through the Corporate Human Resources function and as topic owner, the VP Human Resources and Communications is responsible for identifying appropriate actions to address material impacts, risks and opportunities.

None of the actions disclosed meet Shelf Drilling's thresholds for significant capital or operating expenditure. In 2024, no cases of severe human rights issues and incidents involving affected communities in Shelf Drilling's upstream and downstream value chain were reported through the Company's confidential reporting helpline or other reporting mechanisms.

Local employment through localization strategy

Attracting local talent: Shelf Drilling has implemented initiatives to attract local talent and develop a robust talent pipeline. In 2023 in Saudi Arabia and India, Shelf Drilling has attended university job fairs to connect with local graduates and students through campus recruitment initiatives; partnered with universities and technical colleges to attract potential talent – for example, we collaborated closely with the Saudi Arabian Drilling Academy, and worked closely with local recruitment agencies to develop talent pools. These are ongoing initiatives and we remain committed to supporting the candidates until the end of the program and their subsequent graduation.

Targeted talent development

In order to achieve meaningful outcomes for individuals and communities through localization, Shelf Drilling focuses on developing the local talent it recruits. These actions support Shelf Drilling's localization strategy by ensuring high local content at all levels of the organization. This benefits individual local workers through increased skills development and higher earning power, and contributes to positive outcomes to the wider community by ensuring local, high-quality jobs.

Social Information

Fast Track Program: Our Fast Track Program aims to accelerate the development of locals into roles of greater responsibility within our organization. This ongoing program supports the development of local Supervisors and Managers in Thailand, Saudi Arabia and Angola. Notably, in Egypt and India, we have either achieved or are nearing full localization.

Fostering Future Talent: We also have tailored recruitment and development programs. These programs target selected profiles to undertake a developmental curriculum involving expedited onshore skills training and practical offshore experience, in alignment with our strategic objectives. This action was implemented for certain individuals in Saudi Arabia, Egypt, India and Nigeria. Our objective is to develop a proficient local workforce in these areas and develop the foundation of our future leadership.

Monitoring performance

The field and corporate management teams hold frequent discussions as part of Annual Succession Planning process to ensure progress towards achieving localization objectives as well as the development of adequate bench strength for key positions. Shelf Drilling assesses the effectiveness of actions and initiatives to increase local employment by monitoring the localization of its workforce. See Localization metrics at the end of this chapter for more detail.

Other community initiatives that contribute to positive impacts for communities

Shelf Drilling also undertakes number of voluntary initiatives intended to deliver additional positive outcomes for local communities, in accordance with the objectives defined in the CSR Framework (see S3-1). In 2024, we focused on enhancing education and IT infrastructure, and supported critical improvements in healthcare infrastructure in Thailand, Egypt, Nigeria and India.

Thailand	During the year, Shelf Drilling continued to donate essential medical instruments to Baanrai Hospital in Uthai Thani and its healthcare network. This support began in 2022 and has enabled the hospital to treat multiple patients daily. Shelf Drilling is also committed to improving student learning experiences and fostering community engagement. Since 2022, Shelf Drilling's local team has focused on enhancing educational infrastructure of four rural community schools Wat SaNum School ("UTI"), Wat Sri Chai School ("SKL"), Wat Chimlar School ("NST"), Wat Pak Phai School ("Uttaradit") This has included upgrading school facilities and providing essential resources, including computers, printers, laboratory equipment, kitchen supplies, sports equipment, playgrounds, and water dispensers to ensure access to clean drinking water. These ongoing initiatives have resulted in increased student enrolment, the recruitment of additional teachers, and further government support.
Egypt	During the year, Shelf Drilling supported the establishment of a Community Center in Luxor. This center aims to expand educational access for individuals who may have had limited access learning opportunities. The Community Center, a 2-floor building, offers educational programs designed to support residents, including a literacy and adult education program and a childcare center. In 2024, the ground floor has been completed and made operational, offering two daily shifts for 20 to 30 adult students and a childcare facility that serves 20 children each day. The construction of the center's second floor is also completed and will be made operational in 2025.
Nigeria	To support critical hospital services, Shelf Drilling supplies vital consumables and equipment to a health center in Itsekiri and provides ongoing maintenance for a generator donated by the Company to the University of Port Harcourt Emergency Unit. Shelf Drilling also maintains a solar inverter system at the Heritage Orphanage, to support vulnerable children by ensuring electricity for fans, a water dispenser, and lighting during study hours. Additionally, we completed a project to supply potable water by installing a borehole with a solar inverter, aiming to deliver clean drinking water to residents in Ibeno, Akwa Ibom State. Shelf Drilling also supports local communities through educational and infrastructure focused initiatives. In 2024, the Skill Acquisition Program for Young Girls trained 16 participants in tailoring, makeup artistry, and hair weaving over eight weeks. Graduates received a starter kit to help them begin their work. The Company also awarded scholarships to 26 students from five charitable organizations, and donated books and new bookshelves to Molutehin Comprehensive College library in Ondo State.
India	In 2024, Shelf Drilling India donated to the Sahaara Charitable Society to support the operational expenses of its three minor children's hostels. The Sahaara NGO supports vulnerable families, working with children and their parents to provide literacy support and skills training.

Social Information

Performance, Metrics & Targets

S3-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Shelf drilling has not set any measurable targets relating to material impacts, risks and opportunities for affected communities because it focused on its sustainability reporting, governance and data collection processes during the year.

We track the effectiveness of our local employment efforts by monitoring the localization of our workforce as part of our monthly HR reporting. We have not defined a base period or a level of ambition to be achieved as this varies from location to location based on unique circumstances.

Localization metrics (entity-specific)

Shelf Drilling tracks the localization of its offshore workforce across key countries where we operate, as a measure of our effectiveness in hiring local talent.

	2024
Overall Localization (%)	**87.1%**
Angola	77.9%
Denmark	95.3%
Egypt	100%
India	99.6%
Italy	98.6%
Nigeria	84.5%
Norway	58.9%
Saudi Arabia	66.4%
Thailand	94.3%
UK	80.4%
Vietnam	71.5%

S3 Accounting Policies

ESRS DR	Data point/ Metric	Accounting Policy (Methodology/Assumption used)*
S3	Entity specific metric - Localization	This metric is calculated for the offshore workforce, including both employees and contractors. Localization is determined as the number of local personnel in the offshore workforce expressed as a percentage of the total offshore workforce at the end of reporting period – calculated at both location and Company level. In Norway, Denmark and Italy, all EU/EEA nationals have been categorized as locals considering they have right to work.

*All metrics presented cover the reporting period January 1, 2024 – December 31, 2024. None of the metrics have been validated by an external body. The metrics have been subject to the limited assurance procedures as outlined in the assurance report.

Governance Information

G1
Business conduct

Shelf Drilling is committed to upholding the highest standards of governance, integrity, and transparency, recognizing their critical role in ensuring long-term success and safeguarding our reputation. These principles are embedded across all facets of our operations and interactions in the value chain, encompassing relationships with customers, suppliers, employees, investors & lenders, and the communities where we operate.

Aligned with ESRS standards, Shelf Drilling has implemented a comprehensive, risk-based compliance and ethics program designed to address regulatory expectations and maintain accountability. This program integrates governance structures and practices to promote ethical behavior, mitigate risks, and support our commitment to responsible and sustainable business conduct.

Impacts, Risks & Opportunities

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

G1 Business Conduct

Material impacts, risks and opportunities

		Location in value chain			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Corruption & bribery	Risk		●		●	●	●
Failure to adhere to payment practices could impact suppliers	Potential negative impact	●				●	●

The double materiality assessment identified one material impact and one risk related to Shelf Drilling's business conduct.

Risks

Corruption and bribery

Instances of corruption and bribery would significantly disrupt Shelf Drilling's business model, damaging its reputation and leading to financial losses from fines and legal expenses.

This risk is concentrated within our own operations with a short-, medium- and long-term time horizon. Incidents of corruption and bribery could occur at any level of the organization or with vendors, particularly in regions with weaker regulatory frameworks or high-risk industries.

Exploration and production companies are vulnerable to corruption and bribery due to the inherent complexities and nature of securing contracts, particularly those operating in countries that score lower on the Corruptions Perceptions Index[1].

Violations of anti-corruption or anti-bribery laws could lead to fines, higher compliance costs through increased scrutiny from regulators, and to the loss of existing supplier and customer contracts.

Shelf Drilling has implemented a robust risk-based compliance program that is designed to mitigate risk and ensure continued compliance with anti-corruption and anti-bribery laws.

This risk continues to be ranked as a high-risk area in our business, which remains unchanged since the previous reporting period.

Impacts

Failure to adhere to payment practices could impact suppliers

Shelf Drilling's relies on a network of suppliers who provide equipment, services and materials needed to service its rigs. Failure to adhere to fair payment practices could result in cash flow constraints for smaller vendors in particular and potentially impact their ability to meet financial obligations such as payroll, procurement and other operating expenses. Failure to maintain this practice could weaken supplier relationships, affecting operational efficiency and procurement terms.

Shelf Drilling values long-term relationships with suppliers and maintains credibility among vendors by ensuring on-time payments. This potential negative impact is located upstream in Shelf Drilling's value chain and could materialize in the medium and long- term. To mitigate this, Shelf Drilling enforces fair payment practices which are described in G1-2.

[1] Corruption Perceptions Index published by Transparency International

Governance Information

Impacts, Risks & Opportunity Management

G1-1

Business conduct policies and corporate culture

Shelf Drilling is committed to upholding its corporate culture with honesty, fairness and transparency. These shared values are ingrained in everything we do, including our interactions with customers, suppliers, employees, investors & lenders, and the communities where we operate. Our comprehensive, risk-based global compliance and ethics program is designed to meet regulatory expectations and uphold the highest standards of integrity.

We prioritize building long-term, trust-based relationships with our stakeholders, fostering collaboration and shared values across our value chain. Comprehensive policies and ongoing trainings empower employees to uphold ethical standards, fostering a culture of accountability and transparency. We conduct regular audits, monitor compliance, and facilitate transparent investigation and reporting mechanisms. We have also established effective channels enabling anyone to report an actual or suspected violation, ask questions, or express concerns in relation to our business and operations.

Code of Business Conduct & Ethics

The Shelf Drilling Code of Business Conduct & Ethics ("Corporate Code") forms the foundation of our compliance and ethics program. All IROs related to G1 relate to the Corporate Code. It sets the standards for responsible business conduct and is based on the following fundamental themes.

Commitment
to conduct our operations sustainably, ethically and in full compliance with legal requirements.

Commitment
to being an equal opportunity employer and establish a work environment in which all individuals are respected and treated with dignity.

Acting
with honesty and integrity, preventing conflict of interest and insider trading.

Protecting
Company intellectual property and respecting individual privacy.

Ensuring
our employees' safety and well-being and freedom from harassment and discrimination.

Zero
tolerance for corruption and bribery, and money laundering.

Maintaining
responsible supply chain.

Speaking
up without fear of retaliation.

The executive leadership of Shelf Drilling sets the tone and actively promotes a culture of ethical business practices and compliance with anti-bribery legal and regulatory requirements in all the countries in which we operate.

The Corporate Code and the Anti-corruption policy are managed by the Head of Compliance who provides updates to the Audit Committee at quarterly meetings. Shelf's anti-corruption and anti-bribery policy is consistent with the United Nations Convention against Corruption. If an issue is considered high-profile, the case is communicated to the Audit Committee immediately. The Board of Directors retains ultimate responsibility and accountability for the Corporate Code and the Anti-corruption policy.

The Audit Committee's mandate includes regular review and discussion of compliance-related matters including reviews of concerns reported, ensuring proper governance, and reporting to the Board, as needed.

Everyone who represents or works for us, including employees, contractors, and partners, is expected to uphold these ethical principles. Our offshore and onshore employees have access to the Corporate Code and its key supporting policies in nine different languages.

All changes are communicated to employees who are required to complete recertification of the Corporate Code and its supporting policies on an annual basis. Further, new policies (including location-specific policies) as well as additional guidelines on existing policies are issued, from time to time. Our Corporate Code and key supporting policies are available on our Company website and intranet.

Compliance training & awareness

Shelf Drilling maintains a robust compliance and ethics training program designed to ensure that all employees are well-versed in our corporate policies and values. This program includes core compliance training for all employees, as well as targeted, in-depth training sessions for identified staff members. Additionally, we provide tailored location-focused training sessions to address specific needs within different regions.

Throughout the year, Shelf Drilling provides mandatory training sessions for employees and vendor representatives on a range of topics to enhance awareness and promote a culture of compliance. This includes annual programs covering the Corporate Code and the Global Anti-corruption Policy, along with their supporting policies.

The training and awareness program is dynamic, regularly updated for relevance and effectiveness, and delivered through various methods such as e-learning modules, virtual and in-person sessions, as well as email updates, posters, and newsletters to engage employees. Specific trainings are also rolled out for Executive Management as part of this initiative. See Table 1 for a breakdown of training conducted in 2024.

Anti-corruption and anti-bribery training

	At-risk functions	AMSB*	Other own workforce
Training coverage			
Total	979	10	2858
Total receiving training - Annual Certification of the Code of Business Conduct and Ethics and the Global Anti-Corruption Policy and their supporting policies	974	10	2843
Total receiving training - Anti bribery	198	5	28
Total receiving training - Reporting and non-retaliation	376	8	273
Delivery method and duration			
Computer-based training	85 minutes	85 minutes	85 minutes
Frequency			
How often training is required	Annually	Annually	Annually
Topics covered			
Definition of corruption	Yes	Yes	Yes
Policy	Yes	Yes	Yes
Procedures on suspicion/detection	Yes	Yes	Yes
Non-retaliation	Yes	Yes	Yes

* Administrative, Management and Supervisory Bodies

Governance Information

Additional training areas are included based on risks identified through the ERM process and audit findings.

All new hires are required to complete a certification of the Corporate Code and its supporting policies. In addition, we are in the process of launching a suite of employee training modules specifically targeted for new hires, including below trainings.

Respect in Workplace

Conflict of Interest

Introduction to Data Protection and Privacy

Shelf Drilling has established a global Anti-corruption policy to support our Corporate Code in promoting ethical values and enhancing our anti-corruption efforts. This policy prohibits corruption and bribery (including facilitation payments) and guides Third-Party Due Diligence Procedures. Together, the policies mandate compliance with applicable anti-corruption laws and regulations in all countries where we operate, including the U.S. Foreign Corrupt Practices Act ("FCPA") and the UK Bribery Act.

The Anti-corruption policy applies to Shelf Drilling, its employees and all third parties who undertake to act on behalf of the Company. The policy is available on Shelf Drilling's website.

Shelf Drilling's compliance policies, together with our anti-corruption policies, enforce specific rules, procedures, guidelines and limits that aim to effectively address key risk areas.

Though corruption and bribery risks cut across the organization, the functions most at-risk are:

- Employees in decision making powers (Managers and above - both shore-based and offshore); and
- Employees in the Marketing, Supply Chain and Technical Services functions, given their inherent roles and responsibilities.

All functions at risk are covered in the Annual Certification of the Code of Business Conduct and Ethics and the Global Anti-Corruption Policy, along with their supporting policies.

Our training plan focuses on the key risk areas to help employees understand the risks of bribery and corruption.

Speak Up

At Shelf Drilling, we are committed to promoting and sustaining a culture where everybody feels comfortable reporting concerns in good faith and without fear of retaliation. Through our Speak Up initiative, employees and third parties can ask compliance and ethics questions, report actual or suspected misconduct, unethical or illegal behavior, or violations of our Corporate Code and its supporting policies or applicable laws, or seek advice. Embedded in our Corporate Code is a strict non-retaliation policy. Shelf Drilling does not tolerate any form of action against any individual who makes a report in good faith regarding actual or potential violations of this code.

Shelf Drilling has established multiple, easy to access internal and external reporting channels, that provide a safe and confidential environment for people to report any concerns they may have without fear of retaliation. Shelf Drilling EthicsPoint Helpline, gives the ability to report complaints, concerns, and incidents via either the telephone ("EthicsPoint Hotline") or the internet ("EthicsPoint Website"), confidentially and if requested, anonymously.

Concerns can also be reported through the mobile intake NAVEX platform or using the QR Code. These external reporting channels are available 24/7 and operated by an independent third-party provider, ensuring investigators are separate from the chain of management involved in the prevention and detection of corruption and/or bribery.

Reporting mechanisms were further improved in 2024 with the introduction of an online 'Manager Incident Reporting Form', which enables authorized officials to capture and consolidate concerns received from multiple sources, such as emails etc., into the case management database. This not only widens the touch points for capturing concerns but also ensures consistent handling. Integrating data reported from disparate sources into the common database enables uniform capturing and mapping and a more complete aggregation of the reported data.

As part of our compliance training, all employees receive information and training on the speak-up initiative. We have rolled out a course on 'Reporting and non-retaliation.' The following training modules were rolled out during the year, which also included a section on speak-up awareness, as well as on the non-retaliation policy:

- Anti-bribery Modular course
  - Anti-Corruption: Third party, global edition, Facilitation Payments Prohibited
  - Business Courtesies
  - Reporting and Non-Retaliation
- Certification of the Shelf Drilling Code of Business Conduct and Ethics and its Supporting Policies
- Shelf Drilling Refresher Conflicts of Interest

These training modules also include links to our core policies which have information on our speak-up channels.

Concerns reported through the Shelf Drilling EthicsPoint Helpline are received by the Executive Vice President and Associate General Counsel. Based on the nature of the allegations and issues involved, a suitable investigation team (including one or more members) will be identified by the Head of Compliance.

All incidents are thoroughly reviewed and investigated with strict confidentiality. All concerns reported and the actions taken, including disciplinary action, are reported to the Audit Committee.

In 2024, 30 concerns were reported and duly resolved.

G1-2

Management of relationships with suppliers ("Responsible Procurement")

We ensure effective supply chain governance through clear policies, proactive risk management, and monitoring of suppliers' performance. Collaboration, communication, and continuous improvement are essential elements of our approach.

Through the Corporate Code, the Vendor Code and the Sustainability Policy (described in E1-2), Shelf Drilling addresses and manages risks and impacts related to sustainability within our supply chain.

The Vendor Code governs our supplier relationships and outlines the ethical expectations from all third parties engaged with Shelf Drilling. See S2-1 Workers in the Value Chain for more details on the Vendor Code.

Our Sustainability Policy further solidifies our commitment to responsible business conduct by outlining the basic principles that we expect from our employees and third parties. This policy also stipulates that the selection of vendors and agents must follow the tiered risk-based vendor diligence process before being onboarded as a vendor.

Our commitment to upholding high standards of business conduct also means that we recognize our responsibility to treat our vendors fairly. Our Finance Policies and Procedures Manual stipulates that all vendor invoices shall be paid on a timely basis and in accordance with the accepted terms of payment. Terms of payment are agreed upon at the time of vendor onboarding and stipulated in the Master Service Agreements / Purchase Orders.

Our Vendor Code core expectations are categorized under three broad topics:

Ethical Business Conduct

Social Responsibility

Environmental Stewardship

Governance Information

Vendor onboarding- screening and due diligence

We conduct tiered and risk-based due diligence when onboarding vendors, following our Supply Chain Procedures Manual and Third-Party Due Diligence Procedure. The depth of the onboarding process varies based on service type, location, and other considerations, including Human Rights and other ESG risks. Our due diligence process includes screening of vendors against comprehensive global databases to check for potential ESG risks including, human rights, modern slavery, and human trafficking.

Vendor Code

As part of the onboarding process, it is mandatory for all third parties to acknowledge and accept our Vendor Code otherwise provide suitable explanations for any deviations. We also expect third parties to extend the Vendor Code expectations to their own vendors and subcontractors, thus promoting a sustainable supply chain that is aligned to our corporate values and policies. More details on the Vendor Code of Conduct are set out in S2-1 (see page 194).

Grievance mechanism

Shelf Drilling EthicsPoint helpline is also accessible by third parties to report any actual or suspected violations or unethical conduct, including in relation to human rights and other ESG risks.

Ongoing monitoring

Identified vendors undergo continuous screening as part of our monitoring efforts. Additionally, we conduct periodic site visits and audits on key vendors to assess ESG-related risks. In 2024, we commenced an ESG-focused third-party due diligence initiative targeting identified tier-1 vendors.

The ESG-focused due diligence initiative selected 30 vendors, amounting to over 35% of Shelf Drilling's procurement value, excluding financial institutions, insurance and regulatory taxes, to examine against ESG criteria. 17 assessments have been completed as on December 31, 2024 and the remaining are expected completion in 2025.

Prioritizing Human Rights in Supply chains

We are committed to managing and improving our human rights impact, with a particular focus on preventing modern slavery and human trafficking within our supply chains. We recognize that this is an ongoing process requiring continual assessment and action.

In 2022, we conducted a thorough assessment to identify salient human rights issues relevant to our business operations and in response to its findings, enhanced our vendor onboarding and monitoring processes to better address human rights, modern slavery, and human trafficking concerns. The outcome of the Human Rights saliency assessment is detailed in S1-4, Own Workforce – Working Conditions (see page 180) and actions taken to enhance vendor onboarding are described in S2-4 Workers in the Value Chain (see page 196).

In 2024, we did not receive any concerns regarding human rights, modern slavery or human trafficking violations by any of our vendors.

Tracking compliance – HSE and Quality Audits

Shelf Drilling establishes specific HSE and/or quality standards with vendors providing goods or services to our rigs and operations and performs audits to ensure compliance. This is detailed in S2-2 and S2-4 (see page 195/196).

High-Risk Vendor Categories

We collaborate closely with vendor categories that may pose a higher risk of negative impact on human rights, labor rights, and the environment, including contractors and recycling yards (two areas of our supply chain identified to carry higher human rights risks). This is discussed in S2-4 (see page 196).

G1-3

Prevention and detection of corruption and bribery

Shelf Drilling has various mechanisms in place to prevent, detect and address allegations of corruption and bribery. Internal and external stakeholders can report alleged misconduct through our whistleblowing mechanisms, while internal controls and procedures include financial controls as well as gift and hospitality declarations. The procedures for preventing corruption and bribery, including anti-corruption and anti-bribery training are disclosed as part of G1-1.

Metrics & Targets

G1-4

Incidents of corruption or bribery

During the 2024 reporting period, there were no confirmed cases of corruption and/or bribery at Shelf Drilling. There were, therefore, no convictions of Shelf Drilling employees, nor were there any fines imposed upon the Company. As a result, actions were not required.

G1-6

Payment practices

To avoid unfair payment practices, Shelf Drilling's Finance Policies and Procedures Manual sets out our payment terms.

The policy stipulates that all vendor invoices shall be paid on a timely basis and in accordance with the accepted terms of payment. Terms of payments are agreed upon at the time of vendor onboarding and stipulated in the Master Service Agreements / Purchase Orders.

Shelf Drilling does not differentiate the payment to its vendors based on their size or volume of business.

Standard payment terms are not stipulated by this policy, however, terms are agreed with individual vendors, including a payment term of Net 30 days for most vendors. The table below provides a summary of payment terms for all our vendors as of December 31, 2024, along with the % of payments aligned with each payment terms.

	Large Vendors	
Payment Terms	% of vendors	% of payments aligned
Net 0 Days	5%	4%
Net 1-29 Days	1%	34%
Net 30 Days	82%	41%
Net 31-90 Days	12%	78%
Overall	100%	43%

	Small Vendors	
Payment Terms	% of vendors	% of payments aligned
Net 0 Days	2%	2%
Net 1-29 Days	3%	22%
Net 30 Days	91%	54%
Net 31-90 Days	4%	61%
Overall	100%	52%

In 2024, the Company adhered to its standard practice of processing vendor invoices on a fortnightly basis. This practice ensures sufficient time for proper scrutiny of received invoices and verification of their compliance with agreed terms. It is important to note that the invoice date and the actual date of receipt by the Company may often differ. Nonetheless, the Company strives to process vendor invoices in accordance with the agreed payment terms from the invoice date. In 2024, approximately 48% of invoices were paid within the agreed payment terms when calculated from the actual invoice date. However, considering normal business practices, including the actual date when the invoice is received, its scrutiny, and the timing of the subsequent pay run, it is observed that 80% of invoices were settled within 15 days over the agreed payment terms. The average number of days to pay an invoice was 37.4 days in 2024.

Vendor type	Average number of days to pay invoice
Large	41.0
Small	34.4
Overall	37.4

Shelf Drilling does not have any legal proceedings outstanding against it for late payments.

Governance Information

G1
Accounting Policies

ESRS DR	Data point/ Metric	Accounting Policy (Methodology/Assumption used)*
G1-3	Prevention and Detection of Corruption and Bribery - Percentage of functions-at-risk covered by training programs	Functions considered at risk were identified as: - All workforce members in managerial positions (both offshore and onshore) - Workforce in Marketing, Supply Chain and Technical Services functions, due to the inherent nature of their roles and responsibilities Three trainings were identified as related to the prevention and detection of bribery 1. Annual Certification of Code of Business Conduct and Ethics 2. Anti-bribery 3. Non-retaliation The metric is calculated as the number of individuals in identified at-risk functions who completed all relevant trainings during the reporting period.
G1-3	Prevention and Detection of Corruption and Bribery - Extent to which training is given to members of the administrative, management and supervisory bodies ("AMSB")	Shelf Drilling's administrative, management and supervisory bodies ("AMSB") include the Board of Directors, the Audit Committee and the Executive Steering Committee. The metric is calculated as the number of AMSB members who completed training programs related to the prevention and detection of corruption and bribery, as listed above.
G1-4	Total number of confirmed incidents of corruption or bribery	The number of convictions for violations of anti-corruption and anti-bribery laws involving Shelf Drilling.
G1-4	Number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	The number of employees or contractors who were dismissed or subjected to disciplinary action due to confirmed involvement in corruption or bribery-related incidents.
G1-4	Number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery:	The number of contracts with business partners that were either terminated or not renewed due to confirmed violations related to corruption or bribery.

ESRS DR	Data point/ Metric	Accounting Policy (Methodology/Assumption used)*
G1-4	Number of public legal cases regarding corruption or bribery brought against the undertaking and its own workers	The total number of publicly disclosed legal cases related to corruption or bribery outstanding against Shelf Drilling or its workforce.
G1-6	% of vendors by payment terms (Large/ Small)	Vendors are categorized into large and small based on their business volume (US$) with Shelf Drilling. - All OEMs – Large - Vendors with over US$ 5mn in business with Shelf Drilling in 2024 – Large - Vendors with under US$ 5mn in business with Shelf Drilling in 2024 – Small Note: Financial institutions, tax authorities, clients are not classified as vendors for the purposes of this analysis. After vendor categorization, the percentage of vendors and associated payments is calculated across the following four payment terms, for both large and small vendors. - Net 0 Days - Net 1-29 Days - Net 30 Days - Net 31-90 Days
G1-6	% of invoices paid within agreed payment terms (Large/ Small)	Number of invoices paid within the agreed payment terms as a percentage of the total number of all invoices, either paid during the reporting period or unpaid & delayed at the end of the reporting period.
G1-6	Average number of days to pay invoice (Large/ Small)	Calculated as the sum of difference between invoice date and payment date for each transaction divided by the total number of paid invoices during the reporting period.
G1-6	Ongoing legal proceedings for late payment	The number of outstanding legal cases at the end of reporting period related to payment disputes with vendors.

*All metrics presented cover the reporting period January 1, 2024 – December 31, 2024. None of the metrics have been validated by an external body. The metrics have been subject to the limited assurance procedures as outlined in the assurance report.

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ESRS 2 GOV-4 – Statement on due diligence

Core elements of Due Diligence	Location in Sustainability Statement	Disclosure relates to
a) Embedding due diligence in governance, strategy and business model	**Sustainability governance** • ESRS 2 GOV-2, page 79 **Sustainability linked remuneration** • ESRS 2 GOV-3, page 79 **Material impacts, risks and opportunities** • ESRS 2 SBM-3, page 104 **Material business-conduct related impacts, risks and opportunities** • ESRS 2 SBM-3-G1, page 207	People and environment
	Material environment-related impacts, risks and opportunities • ESRS 2 SBM-3-E1, page 118 • ESRS 2 SBM-3-E2, page 131 • ESRS 2 SBM-3-E4, page 138 • ESRS 2 SBM-3-E5, page 142	Environment
	Material people-related impacts, risks and opportunities • ESRS 2 SBM-3-S1, pages 156, 163 and 176 • ESRS 2 SBM-3-S2, page 192 • ESRS 2 SBM-3-S3, page 199	People
b) Engaging with affected stakeholders in all key steps of the due diligence	**Sustainability governance** • ESRS 2 GOV-2, page 79 **Interests and views of stakeholders** • ESRS 2 SBM-2, page 93 **Processes to identify and assess material impacts, risks and opportunities** • ESRS 2 IRO-1, page 96	People and environment
	Environment-related policies • E1-2, page 120 • E2-1, page 133 • E4-2, page 139 • E5-1, page 143	Environment
	Business conduct-related policies • G1-1, page 143	People and environment
	Social-related policies • S1-1, pages 157, 165 and 178 • S2-1, page 194 • S3-1, page 200 **Processes to engage with affected stakeholders** • S1-2, pages 158, 166 and 179 • S2-2, page 195 • S3-2, page 201	People
c) Identifying and assessing adverse impacts	**Processes to identify and assess material impacts, risks and opportunities** • ESRS 2 IRO-1, page 96 **Material impacts, risks and opportunities** • ESRS 2 SBM-3, page 104 **Material business-conduct related impacts, risks and opportunities** • ESRS 2 SBM-3-G1, page 207	People and environment
	Material environment-related impacts, risks and opportunities • ESRS 2 SBM-3-E1, page 118 • ESRS 2 SBM-3-E2, page 131 • ESRS 2 SBM-3-E4, page 138 • ESRS 2 SBM-3-E5, page 142	Environment
	Material people-related impacts, risks and opportunities • ESRS 2 SBM-3-S1, pages 156, 163 and 176 • ESRS 2 SBM-3-S2, page 192 • ESRS 2 SBM-3-S3, page 199	People
d) Taking actions to address those adverse impacts	**Environment-related actions** • E1-3, page 121 • E2-2, page 133 • E4-3, page 140 • E5-2, page 145	Environment
	Social-related actions • S1-4, pages 159, 167 and 180 • S2-4, page 196 • S3-4, page 201	People
	Climate decarbonization plan • E1-1, page 116 **Biodiversity transition plan** • E4-1, page 139	Environment

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Core elements of Due Diligence	Location in Sustainability Statement	Disclosure relates to
	Business conduct-related policies and actions • G1-1, page 208 • G1-2, page 211 • G1-3, page 213	People and environment
e) Tracking effectiveness of these efforts and communicating	**Environment-related targets** E1-4, page 122 E2-3, page 135 E4-4, page 141 E5-3, page 146 **Environment-related metrics** E1-5, page 122 E1-6, page 124 E4-5, page 141 E5-4, page 146	Environment
	Social-related targets • S1-5, pages 115 and 219 • S2-5, page 198 • S3-5, page 204 **Social-related metrics** • S1-6, page 170 • S1-7, page 172 • S1-8, page 183 • S1-9, page 172 • S1-10, page 183 • S1-13, page 174 • S1-14, page 162 • S1-15, page 184 • S1-16, page 173 • S1-17, page 184 • S1 Health & safety entity specific metrics, page 162 • S1 Equal treatment & opportunities for all entity specific metrics, page 174 • S3 Affected communities entity specific metrics, page 204	People
	Business conduct-related metrics • G1-4, page 213 • G1-6, page 213	People and environment

ESRS 2 IRO-2 – Disclosure requirements covered by the sustainability statement

Disclosure Requirements	Page number/ Paragraph
ESRS 2 - General Disclosures	
BP-1 General basis for preparation of the sustainability statement	Page 74
BP-2 Disclosures in relation to specific circumstances	Page 75
GOV-1 The role of the administrative, management and supervisory bodies	Page 77
GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Page 79
GOV-3 Integration of sustainability-related performance in incentive schemes	Page 79
GOV-4 Statement on due diligence	Pages 80 and 216
GOV-5 Risk management and internal controls over sustainability reporting	Page 80
SBM-1 Strategy, business model and value chain	Page 81
SBM-2 Interests and views of stakeholders	Page 93
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Page 104
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	Page 96
IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	Pages 115 and 219
E1 - Climate change	
ESRS 2 GOV-3-E1 Integration of sustainability-related performance in incentive schemes	Page 79
E1-1 Transition plan for climate change mitigation	Page 116
ESRS 2 SBM-3-E1 Material impacts, risks and opportunities and their interaction with strategy and business model	Page 118
ESRS 2 IRO-1-E1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Page 102
E1-2 Policies related to climate change mitigation and adaptation	Page 120
E1-3 Actions and resources in relation to climate change policies	Page 121
E1-4 Targets related to climate change mitigation and adaptation	Page 122
E1-5 Energy consumption and mix	Page 122
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	Page 124
E1-7 GHG removals and GHG mitigation projects financed through carbon credits	Not material
E1-8 Internal carbon pricing	Not material
E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in exercised

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Disclosure Requirements	Page number/ Paragraph
E2 - Pollution	
ESRS 2 SBM-3-E2 Material impacts, risks and opportunities and their interaction with strategy and business model	Page 131
ESRS 2 IRO-1-E2 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Page 103
E2-1 Policies related to pollution	Page 133
E2-2 Actions and resources related to pollution	Page 133
E2-3 Targets related to pollution	Page 135
E2-4 Pollution of air, water and soil	Page 135
E2-5 Substances of concern and substances of very high concern	Not material
E2-6 Anticipated financial effects from material pollution-related impacts, risks and opportunities	Phase-in exercised
E3 - Water and marine resources	**Not material**
E4- Biodiversity and ecosystems	
E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Page 139
ESRS 2 SBM-3-E4 Material impacts, risks and opportunities and their interaction with strategy and business model	Page 138
ESRS 2 IRO-1-E4 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks dependencies and opportunities	Page 103
E4-2 Policies related to biodiversity and ecosystems	Page 139
E4-3 Actions and resources related to biodiversity and ecosystems	Page 140
E4-4 Targets related to biodiversity and ecosystems	Page 141
E4-5 Impact metrics related to biodiversity and ecosystems change	Page 141
E4-6 Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities	Phase-in exercised
E5- Resource use and circular economy	
ESRS 2 SBM-3-E5 Material impacts, risks and opportunities and their interaction with strategy and business model	Page 142
ESRS 2 IRO-1-E5 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Page 103
E5-1 Policies related to resource use and circular economy	Page 143
E5-2 Actions and resources related to resource use and circular economy	Page 145
E5-3 Targets related to resource use and circular economy	Page 146
E5-4 Resource inflows	Page 146
E5-5 Resource outflows	Not material
E5-6 Anticipated financial effects from material resource use and circular economy-related impacts, risks and opportunities	Phase-in exercised

Disclosure Requirements	Page number/ Paragraph
S1- Own workforce	
ESRS 2 SBM-2-S1 – Interests and views of stakeholders	Page 93
ESRS 2 SBM-3-S1 - Material impacts, risks and opportunities and their interaction with strategy and business model	Pages 156, 163 and 176
S1-1 Policies related to own workforce	Pages 157, 165 and 178
S1-2 Processes for engaging with own workforce and workers' representatives about impacts	Pages 158, 166 and 179
S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns	Pages 158, 166 and 179
S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Pages 159, 167 and 180
S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Pages 161, 170 and 183
S1-6 Characteristics of the undertaking's employees	Page 170
S1-7 Characteristics of non-employees in the undertaking's own workforce	Page 172
S1-8 Collective bargaining coverage and social dialogue	Page 183
S1-9 Diversity metrics	Page 172
S1-10 Adequate wages	Page 183
S1-11 Social protection	Phase-in exercised
S1-12 Persons with disabilities	Not material
S1-13 Training and skills development metrics	Page 174
S1-14 Health and safety metrics	Page 162
S1-15 Work-life balance metrics	Phase-in exercised
S1-16 Remuneration metrics (pay gap and total remuneration)	Page 173
S1-17 Incidents, complaints and severe human rights impacts	Page 184
S2- Workers in the value chain	
ESRS 2 SBM-2-S2 Interests and views of stakeholders	Page 93
ESRS 2 SBM-3-S2 Material impacts, risks and opportunities and their interaction with strategy and business model	Page 192
S2-1 Policies related to value chain workers	Page 194
S2-2 Processes for engaging with value chain workers about impacts	Page 195
S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	Page 196
S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Page 196
S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 198

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Disclosure Requirements	Page number/ Paragraph
S3- Affected communities	
ESRS 2 SBM-2-S3 – Interests and views of stakeholders	Page 93
ESRS 2 SBM-3-S3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Page 199
S3-1 Policies related to affected communities	Page 200
S3-2 Processes for engaging with affected communities about impacts	Page 201
S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	Page 201
S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Page 201
S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 204
S4- Consumers and End-users	**Not material**
G1 - Business Conduct	
ESRS 2 SBM-3-G1 Material impacts, risks and opportunities and their interaction with strategy and business model	Page 207
ESRS 2 GOV-1-G1 The role of the administrative, management and supervisory bodies	Page 77
ESRS 2 IRO-1-G1 Description of the processes to identify and assess material impacts, risks and opportunities	Page 103
G1-1 Business conduct policies and corporate culture	Page 208
G1-2 Management of relationships with suppliers	Page 211
G1-3 Prevention and detection of corruption and bribery	Page 213
G1-4 Incidents of corruption or bribery	Page 213
G1-5 Political influence and lobbying activities	Not material
G1-6 Payment practices	Page 213

ESRS 2 IRO-2 – List of datapoints that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Location in the Sustainability Statement
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation ("EU") 2020/1816, Annex II		Material	Page 77
ESRS GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation ("EU") 2020/1816, Annex II		Material	Page 77
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	Pages 80 and 216
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation ("EU") No 575/2013: Commission Implementing Regulation ("EU") 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation ("EU") 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation ("EU") 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation ("EU") 2020/1818, Article 12(1) Delegated Regulation ("EU") 2020/1816, Annex II		Not material	

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Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Location in the Sustainability Statement
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation ("EU") 2020/1818, Article 12(1) Delegated Regulation ("EU") 2020/1816, Annex II		Not material	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation ("EU") 2021/1119, Article 2(1)	Material	Page 116
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation ("EU") No 575/2013; Commission Implementing Regulation ("EU") 2022/2453 Template 1: Banking book Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation ("EU") 2020/1818, Article 12.1 (d) to (g), and Article 12.2		Material	Page 116
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation ("EU") No 575/2013; Commission Implementing Regulation ("EU") 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation ("EU") 2020/1818, Article 6		Material	Page 122
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Material	Page 122
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	Page 122
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Material	Page 122
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation ("EU") No 575/2013; Commission Implementing Regulation ("EU") 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation ("EU") 2020/1818, Article 5(1), 6 and 8(1)		Material	Page 124
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation ("EU") No 575/2013; Commission Implementing Regulation ("EU") 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation ("EU") 2020/1818, Article 8(1)		Material	Page 124
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation ("EU") 2021/1119, Article 2(1)	Not material	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation ("EU") 2020/1818, Annex II Delegated Regulation ("EU") 2020/1816, Annex II		Material (Phase in Provision exercised)	Page 126

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Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Location in the Sustainability Statement
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation ("EU") No 575/2013; Commission Implementing Regulation ("EU") 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Material (Phase in Provision exercised)	Page 126
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation ("EU") No 575/2013; Commission Implementing Regulation ("EU") 2022/2453 paragraph 34; Template 2: Banking book –Climate change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral			Material (Phase in Provision exercised)	Page 126
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation ("EU") 2020/1818, Annex II		Material (Phase in Provision exercised)	Page 126
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Material	Page 135
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not material	
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material	
ESRS 2- SBM-3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not assessed	Page 138
ESRS 2- SBM-3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not assessed	Page 138
ESRS 2- SBM-3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not assessed	Page 138
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not Material	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Material	Page 139

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Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Location in the Sustainability Statement
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not Material	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material	
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material	
ESRS 2- SBM3 - S1 Risk of incidents of forced labor paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Material	Page 176
ESRS 2- SBM3 - S1 Risk of incidents of child labor paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Material	Page 176
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	Page 178
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	Page 178
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Material	Page 178

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Location in the Sustainability Statement
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Material	Page 157
ESRS S1-3 grievance/ complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	Pages 158, 166 and 179
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation ("EU") 2020/1816, Annex II		Material	Page 162
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Material	Page 162
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation ("EU") 2020/1816, Annex II		Material	Page 173
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Material	Page 173
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Material	Page 184
ESRS S1-17 Nonrespect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation ("EU") 2020/1816, Annex II Delegated Regulation ("EU") 2020/1818 Art 12 (1)		Material	Page 184

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Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Location in the Sustainability Statement
ESRS 2- SBM-3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Material	Page 192
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Material	Page 194
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Material	Page 194
ESRS S2-1 Nonrespect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation ("EU") 2020/1816, Annex II Delegated Regulation ("EU") 2020/1818, Art 12 (1)		Material	Page 194
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 19			Delegated Regulation ("EU") 2020/1816, Annex II		Material	Page 194
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Material	Page 196
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Material	Page 200
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	Page 200
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Material	Page 201
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Not material	
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Material	Page 208
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material	Page 208
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Material	Page 213
ESRS G1-4 Standards of anti-corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material	Page 213

To the General Meeting of Shelf Drilling, Ltd.

Independent Sustainability Auditor's Limited Assurance Report

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of Shelf Drilling, Ltd. (the "Company") included in the Sustainability Statement section of the Board of Directors' Report (the «Sustainability Statement»), as at December 31, 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in section Materiality Assessment Process (IRO-1); and
- compliance of the disclosures in section EU Taxonomy Disclosure of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Sustainability Auditor's Responsibilities* section of our report.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements as required by relevant laws and regulations in Norway and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other Matter

The comparative information included in the Sustainability Statement was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Responsibilities for the Sustainability Statement

The Board of Directors is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process in section Materiality Assessment Process (IRO-1) of the Sustainability Statement. This responsibility includes:

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

The Board of Directors is further responsible for the preparation of the Sustainability Statement, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the ESRS;
- preparing the disclosures in section EU Taxonomy Disclosure of the Sustainability Statement, in compliance with the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that the Board of Directors determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability Statement

As discussed in section Value chain estimation and sources of estimation and outcome uncertainty (BP-2) to the sustainability statement, greenhouse gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

In reporting forward-looking information in accordance with ESRS, the Board of Directors is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Sustainability Auditor's Responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;

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- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process set out in section Materiality Assessment Process (IRO-1).

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in section Materiality Assessment Process (IRO-1).

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by:
  - Obtaining an understanding of the Group's control environment, processes and information system relevant to the preparation of the Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control; and
  - Obtaining an understanding of the Group's risk assessment process;
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;

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- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Performed substantive assurance procedures on selected information in the Sustainability Statement;
- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the consolidated financial statements and other sections of the Board of Directors' report;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- Obtained an understanding of the Company's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- Evaluated whether information about the identified taxonomy-eligible and taxonomy-aligned economic activities is included in the Sustainability Statement; and
- Performed inquiries of relevant personnel and substantive procedures on selected taxonomy disclosures included in the Sustainability Statement.

Oslo, 14 April 2025
PricewaterhouseCoopers AS

Øystein Blåka Sandvik
State Authorised Public Accountant – Sustainability Auditor

Glossary

Adjusted EBITDA	Adjusted earnings before interest, taxes, depreciation and amortization consists of net income / (loss) plus interest expense and financing charges, net of interest income, income tax expense, depreciation, amortization of deferred costs, impairment loss, (gain) / loss on disposal of assets, amortization of intangible liability, (gain) on insurance recovery, onetime corporate transaction costs and other specific items in certain periods.
Adjusted EBITDA Margin	Adjusted EBITDA divided by Adjusted Revenues
Adjusted Free Cash Flow	Adjusted EBITDA less capital and deferred expenditures excluding rig acquisitions, interest expense (excluding loss on debt extinguishment), net of interest income and income tax expense.
Adjusted Revenues	Revenues less the amortization of intangible liability
AIB	Association of Issuing Bodies
ALARP	As Low as Reasonably Practicable
API	American Petroleum Institute
APS	Announced Pledges Scenario
ART Committee	IADC Advanced Rig Technology ("ART") Committee
ART EE Sub-committee	ART Energy Efficiency Subcommittee
ASME	American Society of Mechanical Engineers
Average Dayrate	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. Average day rate can be calculated related to historical revenues or contract backlog.
Bbls	Barrels.
Bbls/d	Barrels per day
BIO	Biodiversity and Ecosystems
Board	The Company's board of directors
BUNKER	Bunker Fuel (Fuel oil used in ships)
BWM	Ballast Water Management
CapEx	Capital Expenditures

Capital expenditures & deferred costs	Rig acquisition and other fixed asset purchases, construction expenditures on newbuild rigs and certain expenditures associated with regulatory inspections, major equipment overhauls, contract preparation (including rig upgrades), mobilization and stacked rig reactivations.
CCA	Climate Change Adaptation
CCM	Climate Change Mitigation
CCS	Carbon Capture and Storage
CDP	Climate Disclosure Project
CE	Circular Economy
CLC	International Convention on Civil Liability for Oil Pollution Damage of 1969
CMS	Company Management System
Code/ Corporate Governance Code	The Norwegian code of practice for corporate governance, dated October 14, 2021
Company	Shelf Drilling, Ltd. together with its consolidated subsidiaries. Also referred to as Shelf Drilling or SHLF
Corporate Code	The Company's code of business conduct and ethics
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DEFRA	Department for Environment, Food and Rural Affairs (UK)
DEFRA (2024) Factors	Greenhouse gas conversion factors published by DEFRA in 2024 to assist organizations in calculating and reporting their emissions. These factors enable organizations to convert activity data—such as fuel consumption, distance traveled, or waste produced—into equivalent carbon dioxide ("CO2e") emissions.
DMA	Double Materiality Assessment
E&P	Exploration and Production
EEMS	Environmental and Emissions Monitoring System
Effective Utilization	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. Effective utilization measures the dayrate revenue efficiency of our marketable rigs.

Glossary

ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ESG	Environmental, social and governance
ESRS	European Sustainability Reporting Standards
EUT	EU Taxonomy
EXIOBASE	A comprehensive global Multi-Regional Environmentally Extended Supply-Use Table ("MR-SUT") and Input-Output Table ("MR-IOT") database. It integrates detailed economic and environmental data across numerous countries, facilitating the analysis of environmental impacts associated with the final consumption of various product groups.
EXIOBASE (2019)	The emission factors within EXIOBASE, published in 2029, quantify the environmental impacts—specifically greenhouse gas emissions—linked to economic activities. These factors are typically expressed in terms of emissions per unit of economic output (e.g., kilograms of CO_2-equivalent per euro).
Form 10-K Equivalent	The Form 10-K Equivalent, with certain exceptions, is provided pursuant to the indenture for our debt and should be read in its entirety as it pertains to Shelf Drilling, Ltd. Except where indicated, the consolidated financial statements and the notes to the consolidated financial statements are combined.
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
Harsh Environment Rigs/ Jack-ups	Categorization of rigs designed to operate in harsh weather and sea conditions, typically with high winds, rough seas and cold temperatures, such as those found in the North Sea and other harsh climate regions.
HLV	Heavy Lift Vessel
HRDD	Human Rights Due Diligence
HSE	Health, safety and environment
IADC	International Association of Drilling Contractors
IAPP	Air Pollution Prevention Certificate
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IMO	International Maritime Organization
IOCs	International oil companies

IOGP	International Association of Oil & Gas Producers
IPIECA	International Petroleum Industry Environmental Conservation Association
IROs	Impacts, Risks and Opportunities
ISO	International Organization for Standardization
LOCM	Loss of Containment Major (>10 bbl)
LOCS	Loss of Containment Severe (<10 bbl)
LTIR	The lost time incident rate which is calculated as the number of lost time incidents per 200,000 man-hours
LTM	Last twelve months
Marketable Rigs	The total number of rigs that are operating or are available to operate, but excluding rigs under third party bareboat charter agreements, stacked rigs, rigs under contract for activities other than drilling, plug and abandonment or associated services, as applicable.
MARPOL	International Convention for the Prevention of Pollution from Ships
MERP	Marine Environmental Response Plan
MGO	Marine Gas Oil
MHRA	Major Hazards and Risks Assessment
MIST	Make it Safer Today
MSA	Master Service Agreement
Net Debt	Represents total debt less cash and cash equivalents.
NGO	Non-Governmental Organization
NMFR	Near Miss Frequency Rate which is calculated as the number of near miss incidents per 200,000 man-hours.
NMVOCs	Non-Methane Volatile Organic Compounds
NOCs	National oil companies.
NOx	Nitrogen Oxides
NZE	Net Zero Emissions by 2050 Scenario

Glossary

ODS	Ozone Depleting Substances
OEM	Original Equipment Manufacturer
OJT	On-the-Job Training
Operating Position/ Market Position	Ranking of a company in terms of number of jack-ups deployed in a region, excludes owner-operators, for example ONGC in India, ADNOC in UAE.
OpEx	Operating Expenditures
OWS	Oily Water Separator
P&A	Plug and Abandonment
PBED	Plan Brief Execution Debrief
PM10	Particulate Matter (10 micrometers or less)
PPC	Pollution Prevention and Control
Premium Rigs/ Premium Jack-ups	Categorization of rigs based on specifications and capabilities, typically with 1.5-million-pound hook load capacity, 120 persons of accommodation capacity, and 350-foot water depth capability.
RALs	Responsible Area Leads
Rystad/ Rystad Energy	An independent energy research and business intelligence company.
SASB	Sustainability Accounting Standards Board
SCR	Selective Catalytic Reduction
SNMFR	Serious Near Miss Frequency Rate which is calculated as the number of serious near miss incidents per 200,000 man-hours.
SOPEP	Shipboard Oil Pollution Emergency Plan
SOx	Sulfur Oxides
SPE	Society of Petroleum Engineers
STP	Sewage Treatment Plant
SVA	Self-Verification Audits
TPSR	The total recordable incident rate which is calculated as the sum of the potential severity values of all events (incidents and near/serious near hits) per 200,000 man-hours.
TRIR	The number of recordable safety incidents per 200,000 man-hours.
TTW	Tank to Wheel
WTT	Well to Tank
WTR	Water and marine resources
Uptime	The period during which the Company performs well operations without unplanned stoppage due to mechanical, procedural, or other operational events that result in non-productive well operations time. Uptime is expressed as a percentage measured daily, monthly, or yearly. Uptime performance is a key customer contracting criterion, an indication of the Company's operational efficiency and directly related to current and future revenues and profit generation.
Note to EBITDA/ Adjusted EBITDA	In addition to terms under generally accepted accounting principles in the United States of America ("US GAAP"), the Company presents non-GAAP financial measures, including EBITDA and Adjusted EBITDA. The Company believes that Adjusted EBITDA and Adjusted EBITDA Margin are useful non-GAAP financial measures because they are widely used in our industry to measure a company's operating performance without regard to the excluded items, which can vary substantially from company to company, and are also useful to an investor in evaluating the performance of the business over time. In addition, our management uses Adjusted EBITDA and Adjusted EBITDA Margin in presentations to our Board to provide a consistent basis to measure the operating performance of the business, as a measure for planning and forecasting overall expectations, for evaluation of actual results against such expectations and in communications with shareholders, lenders, noteholders, rating agencies and others concerning our financial performance. Adjusted EBITDA and Adjusted EBITDA Margin may not be comparable to similarly titled measures employed by other companies and should not be considered in isolation or as a substitute for net income (loss) or other data prepared in accordance with US GAAP. Adjusted EBITDA and Adjusted EBITDA Margin have significant limitations, including but not limited to the exclusion from these numbers of various cash requirements to operate our business.

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Form 10-K Equivalent

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SHELF DRILLING

SHELF DRILLING, LTD.

Form 10-K Equivalent for the
year ended December 31, 2024

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This Form 10-K Equivalent ("Form 10-K Equivalent"), with certain exceptions, is provided pursuant to the indenture for our debt and should be read in its entirety as it pertains to Shelf Drilling, Ltd. Except where indicated, the consolidated financial statements and the notes to the consolidated financial statements are combined.

FORWARD-LOOKING STATEMENTS

Statements contained in this report that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include words or phrases such as “anticipate, ” “believe, ” “estimate, ” “expect, ” “intend, ” “plan, ” “project, ” “could, ” “may, ” “might, ” “should, ” “will” and similar words and specifically include statements regarding expected financial performance; expected utilization, dayrates, revenues, operating expenses, contract terms, contract backlog, capital expenditures and deferred costs, insurance, financing and funding; the timing of availability, delivery, mobilization, contract commencement or relocation or other movement of rigs; current or future rig construction (including construction in progress and completion thereof), enhancement, upgrade, repair or reactivation and timing thereof; the suitability of rigs for future contracts; general market, business and industry conditions, trends and outlook; future operations; the impact of increasing regulatory complexity; expected contributions from our acquired rigs; expense management; and the likely outcome of litigation, legal proceedings, investigations or insurance or other claims and the timing thereof. These forward-looking statements speak only as of the date of this Form 10-K Equivalent and we undertake no obligation to revise or update any forward-looking statement for any reason, except as required by law. Such statements are subject to numerous risks, uncertainties and assumptions that may cause actual results to vary materially from those indicated, including:

- the impact of variations in oil and natural gas production, prices, and demand for hydrocarbons, which drives activity in resource exploration and drilling activity;
- changes in general economic, fiscal and business conditions in jurisdictions in which we operate and elsewhere;
- the decline in demand as oil and natural gas fossil fuels are replaced by sustainable/clean energy;
- changes in worldwide rig supply and demand, competition or technology, including as a result of delivery of newbuild rigs;
- the demand for our rigs, including the preferences of some of our customers for newer and/or higher specification rigs;
- our ability to renew or extend contracts, enter into new contracts when such contracts expire or are terminated, and negotiate the dayrates and other terms of such contracts;
- future regulatory requirements or customer expectations to reduce carbon emissions;
- the effects of supply chain disruptions such as supplier capacity constraints or shortages in parts or equipment, supplier production disruptions, supplier quality and sourcing issues or price increases;
- public health issues, including epidemics and pandemics such as COVID-19 and their effect on demand for our services, global demand for oil and natural gas, the U.S. and world financial markets, our financial condition, results of operations and cash flows;
- our and our customers’ ability to obtain permits and approvals for operations;
- expectations, trends and outlook regarding operating revenues, operating and maintenance expense, insurance coverage, insurance expense and deductibles, interest expense and other matters with regard to outlook and future earnings;
- the effect of disproportionate changes in our costs compared to changes in operating revenues;
- complex and changing laws, treaties and regulations, including environmental, anti-corruption and tax laws and regulations, that can adversely affect our business;
- the effects and results of our strategies;
- downtime and other risks associated with offshore rig operations or rig relocations, including rig or equipment failure, damage and other unplanned repairs;
- the expected completion of shipyard projects including the timing of rig construction or reactivation and delivery and the return of idle rigs to operations;
- future capital expenditures and deferred costs, refurbishment, reactivation, transportation, repair and upgrade costs;

- sufficiency and availability of funds and adequate liquidity for required capital expenditures and deferred costs, working capital, share repurchases and debt service;
- our levels of indebtedness, covenant compliance, access to future capital, and liquidity sufficient to service our debt;
- the market value of our rigs and of any rigs we acquire in the future, which may decrease and/or be impaired as a result of Company specific, industry specific or market factors;
- the level of reserves for accounts receivable and other financial assets, as appropriate;
- the proceeds and timing of asset dispositions;
- litigation, investigations, claims and disputes and their effects on our financial condition and results of operations;
- effects of accounting changes and adoption of accounting policies;
- our ability to attract and retain skilled personnel on commercially reasonable terms, whether due to labor regulations, unionization or otherwise;
- the security and reliability of our technology systems and service providers;
- the adverse changes in foreign currency exchange rates and currency convertibility;
- the cost and timing of acquisitions and integration of additional rigs;
- our incorporation under the laws of the Cayman Islands and the limited rights to relief that may be available compared to United States ("U.S.") laws; and
- the other factors listed in "Item 1A. - Risk Factors" and elsewhere in this Form 10-K Equivalent.

Part I

Item 1. Business.

General

Shelf Drilling, Ltd. ("SDL") was incorporated on August 14, 2012 as a private corporation in the Cayman Islands. SDL, with its majority owned subsidiaries (together, the "Company", "we" or "our") is a leading international shallow water offshore contractor providing equipment and services for the drilling, completion, maintenance and decommissioning of oil and natural gas wells. We are solely focused on shallow water operations in depths of up to 500 feet and our fleet consists of 33 independent-leg cantilever ("ILC") jack-up rigs as of December 31, 2024, excluding a held for sale rig, making us one of the world's largest owners and operators of jack-up rigs by number of active shallow water rigs. Since June 25, 2018, SDL shares have been listed on the Oslo Stock Exchange ("OSE") under the ticker symbol SHLF.

We furnish financial reports, including our Form 10-K Equivalent annual reports and Form 10-Q Equivalent quarterly reports, news releases and presentations free of charge on our website at www.shelfdrilling.com. Similar information can also be found on the Euronext website at live.euronext.com. Euronext is an exchange group operating regulated markets in seven European countries including the OSE in Norway. References in this Form 10-K Equivalent to "Shelf,", the "Company,", "Group,", "we", "us", "our" and words of similar meaning refer collectively to Shelf Drilling, Ltd and its consolidated subsidiaries.

Since our inception in 2012, we have applied our fit-for-purpose strategy to enhance the performance of our business, people and processes, leveraging our sole focus on the shallow water segment and the decades of experience of our people with our customers, rigs and markets where we operate. The diversified geographical focus of our jack-ups and the allocation of resources to purchase, build or upgrade rigs are determined by the activities and needs of our customers. Our main customers are national oil companies ("NOCs"), international oil companies ("IOCs") and independent oil and natural gas companies, who contract our rigs for varying durations.

SDL is a holding company with no significant operations or assets other than interests in its direct and indirect subsidiaries. All operations are conducted through Shelf Drilling Holdings, Ltd. ("SDHL") an indirect wholly-owned subsidiary of SDL. Our corporate offices are in Dubai, United Arab Emirates, geographically close to our operations in the Middle East, North Africa and the Mediterranean (together, "MENAM"), Southeast Asia, India, West Africa and the North Sea.

Recent Events

During the year ended December 31, 2024, the Company received 13 new contract awards, including new or extended contracts in all of its key geographic areas which contributed to our backlog of $2.1 billion as of December 31, 2024, inclusive of the suspended rigs in Saudi Arabia.

In October 2024, SDL acquired the remaining 40% Shelf Drilling (North Sea), Ltd ("SDNS") shares by issuing 42.0 million common shares with a par value of $0.01 per common share and cash of $30.1 million to the former SDNS shareholders, and equity issuance costs were $1.4 million. SDNS has become a wholly-owned subsidiary of SDL at completion of this transaction.

In December 2024, the Main Pass IV secured and commenced a new contract in Nigeria for a firm term of approximately two years.

In February 2025, the Company announced that it had entered into a memorandum of understanding to form a strategic alliance with Arabian Drilling Company for the deployment of premium jack-up rigs internationally and to unlock new opportunities in our core markets.

In February 2025, the Shelf Drilling Scepter secured a one-year extension in West Africa in direct continuation of the current contract.

Operations

Our primary operations are providing services for the drilling, completion, maintenance and decommissioning of oil and natural gas wells and associated services using the rigs in our fleet and related equipment. A significant portion of our revenues are generated through dayrates charged to our customers, including NOCs, IOCs and independent oil and natural gas companies. Additionally, we may earn lump-sum fees relating to contract preparation, capital upgrades, mobilization, demobilization and/or termination revenues in certain contracts. We also provide catering, additional equipment and personnel, consumables or accommodations at the request of the customer and we may use third parties for the provision of such goods and services. See also "Customers and Customer Contracts" below for additional discussion on our customers and revenue generating activities.

Although certain of our rigs may be affected by seasonal monsoons or other weather events, generally seasonal factors do not have a material effect on our business.

Our operating expenses consist primarily of operating and maintenance expenses, which can be classified as rig related or shore-based. Our other significant operating expenses include depreciation, amortization of deferred costs and general and administrative expenses. As we operate in a capital-intensive business, we may also incur significant losses related to impairment of assets. See also "Operating Expenses, Capital Expenditures and Deferred Costs" below for additional discussion of our cost and expenses.

We have one reportable segment, contract services, which reflects how we manage our business, our fleet is mobile and our market is dependent upon the worldwide oil and natural gas industry.

We utilize various operational and financial measures that we believe are useful in assessing our business and performance. Many of these measures are common to our industry and we believe they are useful in measuring our operating performance over time. See also "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of our operating measures and financial measures.

We use various operational measures common to our industry to evaluate our operational performance, including:

- *Contract backlog* is the maximum contract dayrate revenues that can be earned from firm commitments for contract services represented by executed definitive agreements based on the contracted operating dayrate during the contract period less any planned out-of-service periods for regulatory inspections and surveys or other work. Contract backlog excludes revenues resulting from mobilization and demobilization fees, capital or upgrade reimbursement, recharges, bonuses and other revenue sources. Contract backlog may also include the maximum contract amount of revenues for the use of our rigs as bareboat charters or as accommodation units. The contract period excludes revenues from extension options under our contracts unless such options have been exercised. The contract operating dayrate may differ from the amount estimated due to reduced dayrates for rig movements, adverse weather, planned out of service periods and equipment downtime, among other factors. Actual dayrates may also include contractual adjustments based on market factors, such as Brent crude oil or natural gas prices or cost increases. Contract backlog is a key indicator of our potential future revenue generation.

- *Total recordable incident rate ("TRIR")* is the number of recordable safety incidents per 200,000 man-hours as per IADC guidelines.

- *Uptime* is the period during which we perform well operations without unplanned stoppage due to mechanical, procedural or other operational events that result in non-productive operations time. Uptime is expressed as a percentage measured daily, monthly or yearly. Uptime performance is a key customer contracting criterion, an indication of our operational efficiency and directly related to our current and future revenues and profit generation.

The following tables include selected operating measures:

	As of December 31,		
	2024	**2023**	**2022**
Contract backlog (in millions)	$ 2,141	$ 2,340	$ 2,682

(1) Figures as of December 31, 2024 include the backlog for the suspended rigs in Saudi Arabia.

	Years ended December 31,		
	2024	**2023**	**2022**
TRIR	0.18	0.12	0.16
Uptime	99.3%	98.8%	99.3%

Customers and Customer Contracts

Our contracts are typically awarded on an individual basis and vary in terms and rates depending on the operational nature and duration of the contract, amount and type of services and equipment provided, geographic area served, market conditions and other variables. Dayrates are negotiated directly with customers or determined through a formal bidding process and can be influenced by the operating performance of the service provider or rig. Prior experience with a customer can be a deciding factor in the awarding of contracts and negotiation of contract terms, as discussed further below. Brent crude oil and natural gas prices, which are sensitive to global supply and demand, and other market factors can also impact dayrates and demand for our services. As is common in the industry, our customer contracts can contain multiple dayrates, including specified dayrates for contracted operations and reduced dayrates for rig movements, adverse weather, equipment downtime, or other instances of scheduled or non-scheduled events, including for circumstances both within and outside of our control.

Revenues may increase or decrease largely due to changes in average dayrates and effective utilization as defined in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations". Average dayrates can be affected by new contract dayrates that are lower or higher than previous dayrates and by changes in the mix of dayrates earned by different rigs in different operating regions. Effective utilization can be affected by the timing of new contracts, contract extensions or terminations and changes in operational uptime. Out of service periods that reduce operational uptime can include planned or unplanned downtime such as for periodical surveys, rig inspections, contract preparation and upgrades and the use of alternative dayrates for waiting-on-weather periods, repairs, standby, move, mobilization, force majeure, or other rates that apply under certain circumstances.

We may receive additional compensation or reimbursement for contract preparation, capital upgrades, such as mechanical or structural modifications to a rig necessary to meet customer specifications, and for mobilization costs necessary to relocate the rig for contractual operations. Some contracts also include lump-sum revenues which are triggered upon the demobilization of the rig if stipulated conditions are present. These provisions vary and are based on negotiations of individual contracts with customers, which can be influenced by the contract duration, dayrates, drilling rig availability, country specific conditions and other factors.

Many contracts have extension options, which can be exercised at the option of the customer, some are at previously agreed prices and terms. Customer contracts may also be subject to suspension, termination, cancellation and delays for a variety of reasons, including at the customers' convenience and sole option or for other circumstances beyond our control, such as due to force majeure. Contract suspension provisions may allow customers to suspend contract activity for a predetermined period or up to a certain period, and in certain circumstances may extend the contracted term for a period of time equal to the suspension period. Such suspension provisions may provide for a reduced dayrate, or no dayrate, and may require a rig to be ready for redeployment at the customer's option. Certain customer contracts may outline specific termination provisions, which usually include a notice period and may also include termination payments and fees. Termination payments, if applicable, vary from contract to contract and can include the payment of a certain percentage of the contract dayrate for either a contractually specified number of days or the number of firm contract days remaining on the contract. However, in certain contracts the termination fee paid can be refunded or reduced (or infrequently, eliminated) if we are able to secure a subsequent contract for the rig with a different operator. Additionally, contracts customarily provide for automatic or optional customer termination for cause, often without the payment of any termination fee. These provisions can be triggered under pre-defined circumstances such as non-performance or material breach of the contract, for reasons including but not limited to operational or safety performance issues, equipment failure and sustained downtime related to force majeure events.

Contract terms range in length from the time necessary to drill or workover one well up to multiple wells or many years. We seek to secure long-term agreements providing enhanced stability and deeper customer relationships rather than the highest possible dayrates on a shorter-term basis. Typically, contracts with NOCs are for longer terms when compared to contracts with IOCs and independent oil and natural gas companies, although in certain countries annual government budget approval cycles may limit the term of these contracts.

The type of contract can also impact the length and predictability of a contract term. Greenfield exploration consists of exploration of unchartered territory, where mineral deposits are not confirmed to exist, and such projects are generally considered an investment in developing a future production field. Brownfield projects consist of drilling or workover activity on producing assets, and such projects are generally considered part of ongoing operations. Greenfield exploration tends to be shorter term and more closely linked to prevailing commodity prices and success of exploration activities than brownfield projects, as customers are often unwilling to make investments in unproven fields during periods of low oil prices. Decommissioning projects consist of plugging and abandonment of mature oil and natural gas wells at the end of their lives by removing existing well equipment and sealing off producing zones. Shallow water fields are generally mature and therefore consist of more brownfield projects than greenfield projects and decommissioning projects in shallow water represent a growing segment of the jack-up market.

The methods through which we pursue new business opportunities vary significantly. Small IOCs and independent oil and natural gas companies are generally less likely to require formal tender processes, while large IOCs and NOCs are more likely to require participation in full tender exercises prior to awarding new contracts. We believe that extending current contracts or entering into additional contracts with existing customers benefits both us and our customers, due to the following factors:

- Readily available rigs and crews for the customer's work site, eliminating additional mobilization expense and risk;
- Available equipment, which meets customer specifications both from an operational and a safety perspective;
- Employees familiar with the customer's policies and procedures and
- Simplified process for contract negotiations and related legal and administrative requirements.

We believe that our ability to maintain relationships with, and to win repeat business from, our existing customers is critical to our stability and growth of cash flows. If an existing customer fails to renew a contract, we will seek to secure a new contract for that rig.

Our current customer base includes Chevron Corporation, Oil and Natural Gas Corporation Limited, Equinor ASA, Ente Nazionale Idrocarburi S.p.A, TotalEnergies SE, Saudi Arabian Oil Company ("Saudi Aramco"), PTT Exploration and Production Public Company Limited and Qatargas Liquefied Gas Company Limited, who contract our rigs for varying durations.

For the year ended December 31, 2024, of the 13 contract awards or contracts or extensions we entered into, nine represented contract renewals or extensions with the existing customer. Based on customer contracts in place as of December 31, 2024, eight are scheduled to expire during 2025, 13 during 2026, five in 2027 and five in 2028 or later. As of December 31, 2024, our shortest remaining contract term was approximately less than a month and the longest remaining contract term was approximately seven years.

Customers are typically invoiced monthly, based on the dayrates applicable to the specific activities we perform on an hourly basis, and have 30 to 60 day payment terms. Lump-sum contract preparation, capital upgrade and mobilization fees are typically invoiced at the commencement or initial phase of the contract. Demobilization and termination fees are typically billed at the completion of a contract if certain stipulated conditions are present. Some contracts also provide for price adjustments tied to material changes in specific costs or variations in the average price of Brent crude oil or natural gas.

Our contracts provide for varying levels of indemnification for both us and our customers. We believe the terms of such indemnification provisions are standard for the industry. In general, the parties assume liability for their respective personnel and property. Our customers typically assume responsibility for, and indemnify us against, well control and subsurface risks under dayrate contracts, which includes indemnifying us from any loss or liability resulting from pollution or contamination, including clean-up and removal and third party damages, arising from operations under the contract and originating below the surface of the water, including as a result of blow-outs or cratering of the well. However, in certain cases, we may retain limited risk for damage to customer or third party property on our rigs and retain liability for third party damages resulting from surface pollution or contamination originating from our equipment. Additionally, we may have contractually agreed upon certain limits to our indemnification rights and can be responsible for damages up to a specified maximum amount. We generally indemnify customers for pollution that originates from our rigs that is within our control (e.g., diesel fuel or other fluids stored onboard for the use of the rig). However, all contracts are individually negotiated, and the degrees of indemnification and/or risk retention can vary from contract to contract, and prevailing market conditions and customer requirements, among other factors, existing when the contract was negotiated can influence such contractual terms. In most instances in which we are indemnified for damages to the well, we are obligated to re-drill the well at a reduced dayrate. However, in certain circumstances our customers may be financially or otherwise unable to honor their contractual indemnity obligations to us and contractual indemnification may not prevent government authorities or other third parties from taking action against us or naming the Company in a lawsuit.

The interpretation and enforceability of a contractual indemnity depend upon the specific facts and circumstances involved, as governed by applicable laws, and may ultimately need to be decided by a court or other proceeding, considering the specific contract language, the facts and applicable laws. The law generally considers contractual indemnity for criminal fines and penalties to be against public policy. Regardless of indemnification provisions, local jurisdiction regulations may require us to post surety bonds, letters of credit and parent company guarantees for contract performance. In addition, certain jurisdictions in which we operate, local customs and practice or governmental requirements necessitate the formation of joint ventures with local participation. In certain jurisdictions, such customs and laws also effectively mandate establishment of a relationship with a local agent or sponsor. When appropriate, we enter into agency or sponsorship agreements, in such jurisdictions. We are currently party to five joint ventures, one in Malaysia, one in Indonesia, two in Nigeria and one in Angola. Although we may not control all aspects of these joint ventures, we are an active participant in and are the primary beneficiary of each of these joint ventures. For more information regarding joint ventures, see "Note 17 – Variable Interest Entities" to the Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data".

The above description of our customer contracts and indemnification provisions is a general summary of the types of such provisions as of December 31, 2024 and does not contain sufficient details to fully understand our contractual and indemnification risks. For additional information, including but not limited to a discussion of the risk that the indemnification provisions in our contracts may not adequately mitigate our risks, see "Risk Management and Insurance" below and "Item 1A. Risk Factors".

Strategy and Competitive Strengths

Our strategy is to solely focus on shallow water drilling services, leveraging decades of industry experience and an outstanding track record to provide best-in-class operations for our customers. Our vision is to be the international jack-up contractor of choice by delivering outstanding performance through our fit-for-purpose business strategy.

Our fit-for-purpose business strategy is focused on having the right assets in the right locations, operated by a right sized organization with high national content and appropriate policies, procedures and processes. This allows us to meet our customers' specific needs in an efficient and cost-effective manner.

We believe that the size of our fleet, coupled with the balance of premium and standard jack-ups, is well-suited to provide the right asset for various customer requirements across our operating regions. Our diverse fleet of jack-up rigs possesses proven operating capabilities with an increasing number of rigs outfitted with new technology and equipment aimed at reducing emissions in line with our sustainability goals. We continuously evaluate our fleet and enhance our rigs with "smart upgrades" to meet specifications for the markets in which we intend them to operate. Additionally, we are able to customize our rig equipment and operations to meet the specific technical needs of our customers, including for example the unique specifications for plugging and abandonment of mature wells, or installing offshore structures.

We continually evaluate the suitability of and prospects for our rigs. In recent years, we have enhanced our fleet through the opportunistic acquisition of premium jack-up rigs available at historically low acquisition prices. From 2016 through 2022, we added 15 premium jack-up rigs to our fleet at significantly lower prices than the historic cost of construction for comparable newbuild rigs. Five of the rigs most recently acquired are high-specification, harsh environment capable units built for the North Sea. These rigs were previously owned by one of our majority-owned subsidiaries but are now wholly-owned by the Company. In addition, from time to time certain of our standard jack-up rigs that have reached or are near the end of their useful lives may be difficult to redeploy on a cost-effective basis. In such instances, we have opportunistically sold these assets at highly attractive values. Selectively monetizing these standard rigs improves the Company's financial flexibility and reduces or avoids the cost outlay otherwise required to maintain or upgrade these assets. We believe our actions to maintain and upgrade our fleet, customize our rigs to customer requirements and selectively acquire and dispose rigs allows us to deploy a competitive fleet that can meet the needs of our customers.

We continue to exclusively focus on jack-up rig operations in our core operating regions of MENAM, Southeast Asia, India, West Africa, and the North Sea with rigs from time to time moving between these regions. Following multiple rounds of contract suspensions in Saudi Arabia in 2024, which have impacted all of our peers in the region, we have begun to redeploy a number of both standard and premium rigs from MENAM to West Africa. Our presence in these key geographic markets allows us to maintain critical mass, drive significant market share and also provide opportunities for our rigs departing certain regions. In addition, we believe activities in our core regions are generally characterized by low production costs, low carbon intensity and short cycle times. Though rig demand has been uneven across these regions, we believe a number of these markets will exhibit relatively favorable rig supply and demand fundamentals in the medium and long term.

We maintain a right sized organization with centralized and streamlined systems and processes geared to the specific needs of our business and fleet. Our strategically positioned headquarters in Dubai is in close proximity to our core operating regions and eliminates the need for numerous regional offices. Our centralized structure allows us to coordinate our supply chain networks to serve all our geographies, standardize equipment and spares across our fleet and centralize management of key engineering and maintenance activities, all of which are key drivers of our industry leading low-cost structure. In addition, since our inception, we have maintained our practice of building high national content through hiring and developing talents locally from the countries in which we operate, including among our regional leadership teams. These local hiring practices minimize the additional costs of bringing in expatriate workers, while enhancing the stability of our operations and closely aligning our goals with the interest of the governments, customers, and local communities where we work. We believe that our centralized organizational structure and high national content provide us with an advantage over our competitors.

We apply our fit-for-purpose business strategy in a way that is consistent with our fundamental ethical values and with respect for individuals, the environment and society. We do this through our three strategic priorities and our three essential values.

Our three strategic priorities are as follows:

- Focus – Jack-up operations are our sole focus.
- Reliability – With safety and operational performance at the forefront of everything we do, we strive to create an environment where no one gets hurt.
- Relationships – Our goal is to develop long-term and mutually beneficial relationships with customers and suppliers. We provide development for our people to support their long-term career goals.

Our three essential values are as follows:

- Protect – Protect yourself, your team, your asset, and our environment.
- Lead – We conduct business ethically, with responsibility and accountability.
- Execute – We consistently deliver outstanding performance for our customers and other stakeholders.

We believe that our centralized structure and focus on jack-up rig operations have significantly contributed to the reliability of our operations as seen through our emphasis on safety and operational performance. We had a TRIR of 0.18 for the year ended December 31, 2024, which was significantly below the average of 0.46 reported by the International Association of Drilling Contractors ("IADC"). Our safety track record has consistently exceeded the industry benchmark since inception. See also "Risk Management and Insurance" below. Additionally, we achieved a fleet uptime of 99.3% in 2024 and have consistently maintained an average fleet uptime of at least 98.5% since our inception in 2012. Through ongoing training, appropriate incentive structures at all levels and our make it safe today program, we continue to improve our safety and operational performance as we strive to further reduce workplace incidents.

We have well-established relationships with our customers, and we believe that our customers prefer to work with contractors who have strong safety and operating uptime track records. We are proactive and flexible in addressing our customers' specific needs and seek collaborative and innovative solutions to achieve customer objectives. We also work with our customers to improve efficiencies, which frequently results in rig operations being completed ahead of plan and ultimately lowering the cost per well for our customers. Our ability to maintain relationships with, and to win repeat business from, our existing customers is a competitive strength.

The members of our executive management team lead the organization with a commitment to ethical business practices, responsibility and accountability and the majority have been involved with the Company since our inception. 2024 represented a year of change in regard to the Company's leadership. In August 2024, after 12 years of serving as chief executive officer ("CEO"), our founder, David Mullen, transitioned to the role of executive chairman and our former chief financial officer ("CFO") Greg O'Brien assumed the role of CEO. Then, in October 2024, Douglas Stewart joined the Company as the new CFO. Our executive officers are industry veterans with extensive experience in the global oil and natural gas industry with over 120 years of collective industry and financial experience. They have held leadership positions at highly regarded offshore drilling and oilfield services companies, including Schlumberger Ltd., Transocean Ltd., Noble Drilling plc, Wellstream Holdings plc and Vantage Drilling International Ltd.

Our fit-for-purpose strategy is underpinned by our large and high-quality versatile fleet, operated in our core geographic regions by a right sized organization with centralized, efficient operations and high national content. We operate our business in accordance with our strategic priorities and values that deliver ethical business practices, safe and reliable operations and strong customer relationships, which provides us with a strong competitive advantage and contributes to our contracting and operational success.

Risk Management and Insurance

Our operations are subject to hazards inherent in the drilling, completion, maintenance and decommissioning of shallow water oil and natural gas wells. These hazards include, but are not limited to, blowouts, punch through, loss of control of the well, abnormal conditions, mechanical or technological failures, seabed cratering, fires and pollution. These conditions can cause personal injury or loss of life, pollution, damage to or destruction of the environment, property and equipment, the suspension of operations, loss of revenues and could result in claims or investigations by regulatory bodies, customers, employees and others affected by such events. In addition, claims for loss of oil or natural gas production and damage to formations can occur. If a serious accident were to occur at a location where our services and equipment are being used, it could result in us being named as a defendant in lawsuits asserting large claims and incurring costs and losses associated with such claims.

Despite our efforts to maintain high safety standards, from time-to-time, we have suffered accidents, and there is a risk that we will experience accidents in the future. The frequency and severity of incidents, and/or the level of any resulting compensatory payments, could adversely affect the cost of, or our ability to obtain liability, workers' compensation and other forms of insurance and could negatively impact our operating costs and our relationships with regulatory agencies, customers, employees and others. Such events and their impacts could have a material adverse effect on our financial condition, results of operations and cash flows.

We maintain insurance coverage which we believe is customary in the industry, including general business liability, hull and machinery, cargo, casualty and third party liability insurance. Our insurance policies typically consist of twelve-month policy periods, and the next renewal date for a substantial portion of our insurance program is scheduled for November 2025. Our insurance policies may not be adequate to cover all losses and have deductibles, limits of liabilities and exclusions of coverage for certain losses. Further, some pollution and environmental risks are generally not completely insurable. In addition, we may not be able to maintain adequate insurance coverage or obtain insurance for certain risks at rates we consider reasonable and commercially justifiable or with terms comparable to our current arrangements. Our fleet is insured for its estimated fair market value and we periodically evaluate risk exposures, insurance limits and self-insured retentions. As of December 31, 2024, the insured value of our fleet was $2.6 billion.

The above description of our insurance program is a general summary of the types of such policies in effect as of December 31, 2024 and does not contain sufficient details to fully understand our insurance risks. For additional information, including but not limited to a discussion of the indemnification provisions in our customer contracts and the risk that our insurance policies may not adequately mitigate our risks, see "Customers and Customer Contracts" above and "Item 1A. Risk Factors".

Health, Safety and Environment

Consistent with our strategic priorities and core values, we are guided by the highest ethical standards and are firmly committed to excellence in the fields of workplace health and safety, environmental sustainability, social responsibility and ethical business conduct. At Shelf Drilling, safeguarding the health, safety and well-being of our employees, contractors, customers, partners, and service providers is our highest priority. Our health, safety and environment ("HSE") policy statement lays the foundation for the Company's commitment and our employees' obligations to create and maintain a safe and healthy work environment. Shelf Drilling is committed to fostering an environment that results in an incident free workplace where no one gets hurt. All employees are empowered and supported with the necessary training, tools, resources, and authority to take personal responsibility for their own safety, the safety of their colleagues, and the protection of the environment in which we operate.

We have developed and implemented robust HSE policies, processes, and systems that align with the industry best practices. Recognizing the inherent risks in offshore drilling, we are steadfast in our commitment to adhering to the highest national and international HSE standards, prioritizing the health and safety of our people and the protection of the environment.

Our integrated HSE management system operates across all offshore and onshore activities, embedding principles of health, safety, environmental sustainability and quality into every aspect of our operations. This system continuously monitors performance, enabling proactive enhancements to safeguards that protect our workforce, assets, contractors, customers, and the broader environment.

Our senior management demonstrates unwavering dedication to the HSE through visible and active leadership. This includes participating in strategic planning and follow up meetings with employees, customers, business partners and contractors, active leadership visit and onsite engagement, leading improvement and development support and regular HSE audits to ensure continual improvement and a sustained focus on safety, operational integrity, and environmental stewardship. These efforts underscore our commitment to operational excellence and responsible business practices in all that we do.

We monitor and evaluate our HSE performance through structured reviews of the HSE performance and actions including a monthly call with executive management and all division leadership. These reviews provide insights into trends, lessons learned from incident investigations, and initiatives for improvement, fostering a culture of continuous learning and enhancement across our fleet. As an active member of the IADC, we participate in its incident statistics program to benchmark and refine our practices. The Company's total absences due to sickness were minimal during the year ended December 31, 2024.

Our operations are governed by a wide array of environmental and HSE regulations and requirements, including international conventions and treaties, as well as national, state, and local legislation in the jurisdictions where our rigs operate or are registered. Compliance requires obtaining HSE permits from relevant governmental authorities. In 2024, we have incurred significant costs to achieve compliance with the EU corporate sustainability reporting directive, including the associated assurance-related expenses. Non-compliance with applicable laws and regulations could lead to administrative or civil penalties, criminal sanctions, operational suspensions, terminations, or other liabilities.

Outlined below are examples of key international conventions and regulations that govern our operations. We are confident that all our rigs are materially compliant with the applicable HSE standards. For further details on the potential impacts of environmental regulations on our business, please refer to “Item 1A. Risk Factors.”

Greenhouse Gas Regulation

Climate change and the reduction of greenhouse gas emissions have become central issues for businesses and policymakers worldwide. The global framework for addressing these challenges began with the 1992 United Nations framework convention on climate change, which laid the foundation for collective action. Building on this, the Kyoto protocol of 2005 became the first binding international treaty requiring greenhouse gas reductions. In 2015, the Paris agreement marked a milestone by asking countries to establish nationally determined contributions for emissions reductions and adopt a mechanism for the global stocktake—a periodic review of collective progress. Further momentum was gained during the 2021 Glasgow climate change conference, where the Glasgow climate pact was adopted. In 2023, during COP28 conference, the oil and gas sector took a significant step by launching the oil & gas decarbonization charter, aimed at accelerating climate action through sector-wide collaboration, driving emissions reductions, and enhancing accountability to support global net-zero goals. However, the oil and gas industry continues to have a crucial role to play in helping the world meet our ever-expanding energy needs.

While the full impact of these treaties and subsequent regulations on the oil and gas sector remains uncertain, it is evident that stricter emission standards and new laws could reshape the industry. For drilling contractors, such developments may limit drilling opportunities or increase operational costs. However, Shelf Drilling’s business model is designed to remain resilient amidst the challenges posed by the energy transition. The shallow water segment continues to play a crucial role in the global energy supply, and our strategic focus on operations in low-cost, low-CO_2 areas strengthens resilience under all climate change scenarios.

At Shelf Drilling, we have committed to contributing to a more sustainable future. In 2020, we formally launched our sustainability program with the publication of our 2019 annual report. In 2025, we will issue our 2024 sustainability statement in compliance with the EU corporate sustainability reporting directive, with a limited assurance from an auditor. We measure and record the scope 1 & 2 global greenhouse gas (“GHG”) emissions from our rigs, offices and yards by monitoring the fuel and electricity consumption. Additionally, we acknowledge the importance of measuring and reporting on our scope 3 GHG emissions and continue to enhance our data capture and accounting processes for indirect emissions. Our emissions reduction target along with our progress on meeting our emissions reduction goals will be published in our annual report.

United Nations’ International Maritime Organization Regulatory Regime

The operations of shipping and international maritime trade are regulated by international conventions, laws, and standards established by the International Maritime Organization (“IMO”). These IMO regulations, widely adopted by United Nations member states, are often supplemented by additional jurisdictional requirements in the regions where we operate. Key international conventions relevant to our activities include the International Convention for the Prevention of Pollution from Ships (MARPOL, 1973, as amended) (“MARPOL”), the International Convention on Civil Liability for Oil Pollution Damage (CLC, 1969, as amended), and the International Convention on Civil Liability for Bunker Oil Pollution Damage (BUNKER, 2001, as amended) (“BUNKER”). These frameworks impose stringent compliance and liability obligations related to the handling, storage, and release of petroleum products and hazardous substances. They also govern material discharges into the environment, with some provisions imposing strict liability, holding us accountable for environmental and natural resource damages regardless of negligence or fault.

MARPOL sets out regulations for reducing harmful air emissions from ships and shallow-water rigs. Recent amendments mandate a phased reduction of sulfur oxide levels in heavy bunker fuels and the implementation of stricter nitrogen oxide emissions standards for marine engines.

The IMO ballast water management (“BWM”) convention imposes further requirements on our operations, including a phased introduction of mandatory ballast water exchange standards beginning in 2009, transitioning to mandatory ballast water treatment. The BWM convention officially entered into force on September 8, 2017, requiring all vessels engaged in international traffic to meet ballast water exchange standards immediately and comply with stricter performance standards by their next intermediate or renewal survey.

The IMO continues to develop and refine its regulatory framework. While it is challenging to predict future amendments or new regulations, any such changes could have operational and compliance implications for our business.

National and Local Health, Safety and Environmental Regulation

Our operations are also subject to the laws and regulations of the specific countries and regions where our rigs operate. These local and national regulations may impose additional HSE requirements and liabilities, particularly in cases of noncompliance or incidents such as oil spills or accidents that harm the environment or human health.

Other Regulations

Beyond HSE regulations, our operations are governed by a broad range of international conventions, laws, and country-specific regulations. These include provisions related to the importation, deployment, and operation of rigs and equipment; currency conversion and repatriation; oil and natural gas exploration and development; environmental conservation; taxation of offshore earnings and income earned by expatriate personnel; and obligations for employing local staff and sourcing supplies locally. Additionally, duties on the import and export of rigs and equipment are a regulatory factor in many jurisdictions where we conduct business.

Our People

Overview

We strongly believe that our success depends on a healthy, engaged and competent workforce. We strive to provide our employees with a professional, safe and trusted working environment in which all individuals are respected and treated fairly, and with dignity. Our employees and contractors have extensive technical, operational and management experience in the jack-up segment of the offshore drilling industry. We seek to attract and retain the best talent with recruitment through our robust selection and induction process, retention through our competitive compensation and benefits packages and development through our comprehensive training and development program.

The following table presents our employees and contractors by category as of December 31, 2024:

	Company employees	Contractors	Total
Rig-based/offshore	2,044	1,303	3,347
Shore-based	251	47	298
Corporate	153	49	202
Total	2,448	1,399	3,847

Approximately 87% of our employees and contractors comprise offshore rig-based crew members who carry out day-to-day operations. Our offshore crews include supervisors as well as trained and competent technical specialists in the areas of operations, safety, maintenance and marine support. Offshore crews typically work rotation schedules which vary according to jurisdiction and local practice.

The remaining 13% of our employees and contractors are shore-based or corporate, with the largest concentration employed at our corporate headquarters in Dubai. Our corporate headquarters houses centralized teams, who strive to ensure the consistent implementation of our operations processes, HSE and policy management systems worldwide as well as administrative personnel who provide technical and functional support to both the rigs and shore-based employees in other countries. The other shore-based employees and contractors work in the offices and yards that support our activities in the various countries in which we operate. They provide support in operations, commercial and marketing, technical, finance, human resources, procurement, HSE and information technology to our rigs, crews and our customers. Employees in some of the countries in which we operate are represented by trade unions and arrangements, including but not limited to collective bargaining agreements.

Local Content

A focus on local content remains central to our strategy. We view local employees as important both to ensuring a sustainable business, and to contributing to the communities in which we operate. We are committed on building high local content through hiring and developing employees from the countries in which we operate, including across our leadership teams. The continued drive and commitment to build high local content has resulted in locals representing 79% of our employees and contractors as of December 31, 2024. This enables us to strengthen customer and governmental relationships, particularly with NOCs, and results in a lower cost base. In addition, through significant positive impacts on the local economies including increased income and employment, our strategy directly supports our commitment to the United Nations' sustainable development goals.

The following table shows the percentage of local employees and contractors in our key markets as of December 31, 2024:

	Local employees and contractors
MENAM	58%
North Sea	77%
Southeast Asia	87%
India	100%
West Africa	84%

Diversity, Equal Opportunity and Labor and Human Rights

We are committed to equal opportunity employment for all employees and applicants for employment and welcome the variety of experiences they bring to the Company. We recruit, hire, train, promote, and compensate without regard to race, color, citizenship, religion, gender, sexual orientation, marital status, age, or any other category of persons to the extent protected by applicable laws.

Our operations in Nigeria have continued to focus on recruitment and development of women in offshore roles. Likewise, our India operations recently initiated a women offshore program targeting petrochemical graduates, aiming to bolster diversity by encouraging their entry into rig-based positions.

We are committed to establishing and maintaining a work environment in which all individuals are respected and treated with dignity. We have a zero tolerance for discrimination or harassment in the workplace or any other work-related environment which governs all terms, conditions and actions related to employment. We prohibit all harassment, including verbal, written, or electronic dissemination of materials which are offensive or disparaging of others based on race, color, national origin, citizenship, religion, gender, sexual orientation, marital status, age, or any other category, whether the harassment is directed at a subordinate, co-worker, supervisor, customer, agent, guest, contractor or vendor. We recognize that discrimination can be indirect or unintentional and therefore strive to create awareness and educate our people in order to develop and maintain a truly inclusive and high performing culture. Our initiatives include mandatory training sessions for select employees on unconscious bias, diversity & inclusion, workplace harassment, reporting and non-retaliation, supplemented by awareness posters defining the characteristics of a truly inclusive workplace culture.

We respect labor rights as described in the fundamental conventions of the International Labor Organization, including freedom of association and collective bargaining as well as freedom from forced and compulsory labor, child labor and discrimination in respect of employment and occupation. We are committed to respecting and protecting labor rights as well as fundamental human rights as described in the United Nation’s guiding principles on business and human rights, both in our internal business as well as those of our business partners, suppliers, customers and others who are directly affected by our activities. We are committed to important issues such as non-discrimination, the right to privacy, employment contracts, protection against harassment and management-employee collaboration. We engage with the relevant employee representative groups, which operate in certain jurisdictions, and encourage active ongoing dialogue to ensure alignment of our collective interests. In 2024, we published a consolidated Norwegian transparency act and United Kingdom modern slavery act statement detailing our commitment to human rights, the diligence processes, actions taken, and future plans. Further, in 2024, we continued to train all our global shore-based and identified offshore employees with a comprehensive human rights learning module. This training equips them with the knowledge and skills to identify and respond to potential adverse human rights issues and risks across our operations.

Through our ongoing speak-up initiative we encourage our employees and third parties to ask compliance and ethics questions, raise concerns and report any actual or suspected misconduct, unethical or illegal behavior, or violations of our code of business conduct and its supporting policies or applicable laws, or seek advice on how to handle such situations. The Company has established various channels through which employees and third parties, such as suppliers, agents, and business partners, can report their concerns. The employees are always encouraged to talk openly and freely with their supervisors first or they can reach out to the head of compliance and ethics or the executive vice president. The Company has also made available the ethics helpline, which enables filing of confidential reporting of complaints, concerns and incidents either through the toll-free multilingual telephone hotline or a web-based form. The helpline is operated 24/7 by an independent third party provider to help maintain confidentiality and, when requested, anonymity. In 2024, we continued to promote our reporting mechanisms, including the QR code-enabled mobile platform for easy and secure reporting, catering to our expanding global presence.

Well Being

We are committed to fostering a culture of respect, tolerance, integrity, and psychological safety where every individual is empowered to contribute and grow. That encompasses our commitment to supporting the health and wellbeing of our people. We provide comprehensive health insurance and benefits to all our employees to ensure that they have access to the necessary resources for maintaining their physical health and wellbeing. Recognizing the importance of work-life balance, we offer flexible work arrangements, where possible, to accommodate the diverse needs of our employees.

Furthermore, in 2024, we continued to increase the awareness of our global employee assistance program, which provides 24/7 emotional and psychological support & solutions to all employees. Leveraging a global network of resources and partners, the program offers solutions tailored to individual needs and is available in multiple languages across all our locations. The visibility of the program was increased through an awareness campaign, including posters around all our offshore rigs and offices.

We also expanded our mental health awareness initiative through comprehensive training sessions conducted for larger employee groups across various locations. Through this initiative, we continue to develop mental health champions who actively promote awareness and advocate for mental health within our organization and are equipped with knowledge and skills to identify and support colleagues facing mental health challenges.

Training and Development

We value continuous learning and professional growth for our entire workforce. Our training initiatives cover diverse aspects of company policies, fostering a strong ethical framework through guidelines on business conduct, ethics, anti-corruption and conflict of interest.

For offshore employees, we provide access to a comprehensive training and development program that enables employees to progress from entry level positions through to the most-senior level on a rig. Employees acquire skills, knowledge and experience following a highly structured training matrix that specifies the training required for each role and responsibility. This is channeled into four main categories: on the job training, competency assessments, shore-based professional courses and regulatory and marine licensing training courses. Employee progress toward the next level and compliance with defined training targets are tracked through our online reporting system. Specific programs, such as the offshore development program, the fast track program, the engineer development program, aim to support the development and the promotion of high potential candidates. Regular reviews are held between the field and corporate management teams on an ad-hoc basis and as part of a structured annual succession planning process to ensure progress towards achieving the designated local content goals as well as the development of adequate bench strength for key positions.

Our fast track program was adjusted in 2024 following the rig suspensions in Saudi Arabia and the reduced attrition in other locations. Throughout the year, we had a total of 157 participants, with 72 graduating in 2024 and assuming key offshore roles. As of December 31, 2024, a total of 85 crews are still undergoing the training.

For shore-based and corporate employees, development plans are specific to the individual, their current role and potential future opportunities. In 2024, we continued to train all manager level employees at corporate with management skills, as well as coaching programs for selected employees across our workforce. For 2025, we are planning further specific trainings for shore-based employees at corporate and in field offices to enhance efficiency, management, and leadership skills.

Operating Expenses, Capital Expenditures and Deferred Costs

Our business consists of providing services to our customers, often over multi-year service periods using a variety of specialized and high-value rigs and related equipment. As such, our business is capital intensive, requiring significant expenditures to purchase, operate, upgrade and maintain our fleet. Costs can be expensed, capitalized, or deferred depending on their specific nature.

- *Expensed* – Operating costs and routine expenditures for minor asset replacements and repairs and maintenance that do not increase the asset life or functionality are expensed as incurred. Additionally, mobilization and demobilization costs to relocate rigs without binding commitments are expensed when incurred.
- *Capitalized* – Capital expenditures include the cost of acquiring or constructing our property and equipment, which primarily consists of rigs and equipment. Expenditures for purchases, additions, improvements and substantial enhancements, are

capitalized along with other costs to bring the asset to the condition and location necessary for its intended use. Capital expenditures are included in property and equipment and are depreciated over the estimated useful life of the asset.

- *Deferred* – Certain expenditures associated with contract preparation, mobilization, regulatory inspections and major equipment overhauls that are expected to be recoverable are deferred. Deferred costs are included in other current assets and other long-term assets on the consolidated balance sheets and are amortized on a straight-line basis over either the contract term or the period until the next planned similar expenditure is made or for a period of five years for major equipment overhauls, as appropriate.

See “Note 2 – Significant Accounting Policies” to the Consolidated Financial Statements included in “Item 8. Financial Statements and Supplementary Data” for further discussion of our operating expenses, deferred costs and property and equipment, net.

In conducting our business, we incur operating costs and expenses, which consist primarily of operating and maintenance expenses. Our operating and maintenance expenses can be classified as rig related or shore-based.

Rig-related expenses are directly related to the operation of our rigs and include:

- *Rig personnel expenses* – These expenses consist of compensation, transportation, training and personnel safety equipment costs, as well as catering costs while the crews are on the rig. Such expenses vary by type of rig and from country-to-country reflecting the number of employees, the percentage of expatriate and national employees, local market rates, unionized trade arrangements and local regulatory requirements regarding payroll related taxes and charges, social security or similar programs and end of service benefits.
- *Rig maintenance expenses* – These consist of expenses related to operating and maintaining our rigs, other than personnel costs, such as the cost of repairs and maintenance, consumables and other costs, including the associated freight and customs duties.
- *Other rig-related expenses* – These expenses include all remaining operating expenses such as insurance, professional services, communication, short-term equipment rentals, lease expense, mobilization and demobilization costs and other miscellaneous costs.

Shore-based expenses include costs incurred by local shore-based offices in direct support of our rigs and operations in each associated jurisdiction and include the costs of shore-based personnel and facilities.

Our general and administrative expenses primarily include expenses related to our corporate headquarters in Dubai and personnel costs including compensation, benefits and share-based compensation related to our centralized projects teams and administrative departments. Centralized projects teams include HSE, marine operations, engineering, electrical, maintenance, supply chain and other technical and functional process experts. Administrative departments include executive management, legal, finance and accounting, human resources, information technology and other support departments. Expenses also include directors’ fees, provision for credit losses, and other general and administrative costs.

Item 1A. Risk Factors.

Summary of Principal Risk Factors

Users of this Form 10-K Equivalent should carefully consider the following risk factors in addition to the other information included in this document. Each of these risk factors could affect one or more of the following: our business, financial condition, results of operations and cash flows, and could also affect an investment in our Company. Our principal risk factors include risks related to our business and industry and risks related to our structure, which may differ from risks affecting other companies, as well as general risk factors that affect most businesses.

The following is a summary of our principal risk factors.

Risks Related to our Business and Industry

- Our business largely depends on the level of activity in the shallow water drilling industry, which is significantly affected by volatile oil and natural gas prices that drive activity in the oil and natural gas exploration and production industry.
- The industry has been historically competitive, cyclical and subject to price competition. If we are unable to compete successfully with our competitors, we may be materially adversely impacted.
- We may not be able to keep pace with technological developments and make adequate capital expenditures in response to newer and/or higher specification rigs or more fuel efficient/low-emission rigs being deployed within the industry and therefore our fleet may not satisfy the requirements of some customers.
- Our business involves numerous operating hazards; our insurance and contractual indemnity rights may not be adequate to cover any losses resulting from accidents and other events and our insurance may become more expensive or may become unavailable in the future.
- Our international operations in the shallow water drilling sector involve additional risks, which could adversely affect our business.
- Any failure to comply with the complex laws and regulations governing international trade, including import, export, anti-corruption, economic sanctions and embargoes could adversely affect our operations.
- We are subject to complex laws and regulations, including environmental laws and regulations that can adversely affect the cost, manner or feasibility of doing business.
- Our future business performance depends on our ability to renew contracts with existing customers and secure new contracts for our fleet of rigs.
- If customers reduce activity levels, terminate, suspend or seek to renegotiate contracts, or if market conditions dictate that we enter into contracts with unfavorable terms or increased risks, we may be materially adversely impacted.
- Our future contracted revenue, or backlog, may not ultimately be realized.
- We rely on a relatively small number of customers for a substantial portion of our current and future revenues.
- Climate change, the regulation of greenhouse gases and increasing development of renewable energy alternatives could have a negative impact on our industry, business and/or reputation.
- Compared to companies with greater resources, we may be at a competitive disadvantage.
- There may be limits to our ability to mobilize drilling rigs between geographic areas, and the duration, risks and associated costs of such mobilizations may be material to our business.
- The fair market value of our long-lived assets, including our drilling rigs and any rigs we acquire in the future, may decrease, which could result in impairments or cause us to incur a loss on the sale of such assets.
- Our labor costs and the operating restrictions that apply to us could increase as a result of collective bargaining negotiations and changes in labor laws and regulations.
- If we or our customers are unable to acquire or renew permits and approvals required for drilling operations, we may be forced to suspend or cease our operations, which may adversely affect our profitability.
- Our existing indebtedness imposes significant operating and/or financial restrictions on us that may prevent us from pursuing certain business opportunities and restrict our ability to operate our business.
- We are dependent upon cash flows from our operating subsidiaries to meet our obligations, including repayment of our debt. Our corporate structure and operations in multiple jurisdictions may impose limitations on the transfer of funds. If we become unable to pay our interest or debts as they become due or to obtain further credit, we may become subject to insolvency proceedings.
- To service and refinance our indebtedness, fund our capital and liquidity needs or pay any dividends, we may not generate

sufficient cash or have access to sufficient funding.

- We rely on proper functioning of our computer and data processing systems that must be regularly updated or replaced, and a large-scale malfunction could result in material adverse disruptions to our business.
- Developing and expanding data security and privacy requirements could increase our operating costs, and any failure by us or our vendors to maintain the security of certain customer, employee and business-related information could result in damage to our reputation, be costly to remediate and result in regulatory action.
- We depend heavily upon the security and reliability of our technology systems and those of our service and equipment vendors, and such systems are subject to cybersecurity risks and threats.
- Technology disputes could negatively impact our operations or increase our costs.
- Supply chain disruptions such as supplier capacity constraints or shortages in parts or equipment, supplier production disruptions, supplier quality and sourcing issues or price increases could increase our operating costs, decrease our revenues and adversely impact our operations.
- Our purchase of existing jack-up rigs carries risks associated with the condition and quality of those rigs.
- Newbuild rig projects and reactivation of stacked rigs, as well as upgrade, refurbishment and repair projects are subject to various risks, which could cause delays or cost overruns.
- We may be unable to successfully obtain and integrate additional rigs on economically acceptable terms, or at all, which may adversely affect the Company and our future growth.
- Fluctuations in exchange rates and non-convertibility of currencies could result in losses to us.
- If any part of our business is moved outside of its current operative jurisdiction our overall tax exposure may change.

Risks Related to our Structure and Ownership of our Common Stock

- We are exposed to regulatory and enforcement risks regarding taxes. U.S. tax authorities may treat us as a passive foreign investment company, causing potential adverse U.S. federal tax consequences to our U.S. shareholders.
- Subsequent to our initial public offering in 2018, we are subject to both Cayman Islands regulatory requirements and the requirements applicable for Companies listed on the OSE, and any subsequent changes to these requirements, and, as such, we may be subject to review by the relevant authorities.
- Shareholder rights and responsibilities will be governed by Cayman Islands law and will differ in some respects from the rights and responsibilities of shareholders under other jurisdictions, including Norway and the U.S., and our shareholder rights under Cayman Islands law may not be as clearly established as shareholder rights under the laws of other jurisdictions.
- Certain of our shareholders own a significant proportion of our common shares, and their interests may conflict with those of ours.
- In the recent past, we have not paid any dividends on our common shares, our ability to pay dividends is subject to certain restrictions and the availability and timing of future dividends, if any, is uncertain, which could influence the price of our common shares.
- Future issuances of our common shares or other securities could dilute the holdings of holders of our common shares and could materially affect the price of our common shares, and preemptive rights are not available to holders of our common shares.
- The transfer of our common shares and their underlying assets is subject to restrictions under the securities laws of the U.S. and other jurisdictions.
- Investors could be unable to recover losses in civil proceedings in jurisdictions other than the Cayman Islands and Norway.

General Risk Factors

- We are exposed to the credit risks of our key customers and certain other third parties.
- We are dependent on our senior management team, other key employees and directors of our board, and the business could be negatively impacted if we are unable to attract and retain personnel necessary for our success.
- We are dependent on the availability and retention of skilled personnel, which may be adversely affected by increases in labor costs.
- We may be subject to litigation and disputes that could have a material adverse impact on our business, financial condition, results of operations and cash flows.
- Any relevant change in tax laws, regulations, or treaties, and relevant interpretations thereof, for any country in which we operate, earn income, generate losses or are considered to be a tax resident, and/or the loss of any major tax dispute, or a successful challenge to our intercompany pricing policies or operating structures could have an adverse impact on our financial condition, results of operations and cash flows.

Please see below for a more detailed description of the risks affecting our Company.

Risks Related to our Business and Industry

Our business largely depends on the level of activity in the shallow water drilling industry, which is significantly affected by volatile oil and natural gas prices that drive activity in the oil and natural gas exploration and production industry.

The level of activity of the offshore oil and natural gas industry is cyclical, volatile and impacted by oil and natural gas prices. Oil and natural gas prices are unpredictable and are affected by numerous factors beyond our control, including the worldwide demand for oil and natural gas and worldwide production of oil and natural gas.

Worldwide demand for oil and natural gas is impacted by:

- global economic growth and the health of the global economy, including financial instability or recessions;
- the occurrence or threat of epidemic or pandemic diseases and any related business and government responses;
- technical advances and increased adoption of alternative and renewable energy sources; and
- technological improvements that improve energy efficiency and reduce consumption and the development and exploitation of alternative fuels.

Worldwide production of oil and natural gas is impacted by:

- expectations regarding future energy prices;
- the cost of exploring for, developing, producing and delivering oil and natural gas;
- advances in exploration, development and production technologies;
- the discovery rate of new oil and natural gas reserves and their locations;
- increased supply of oil and natural gas resulting from growing onshore hydraulic fracturing activity and shale development;
- the diversification of IOCs and the shifting of budget allocations away from traditional oil and natural gas exploration and development projects into renewable energy and other non-core business projects;
- the ability of the Organization of Petroleum Exporting Countries ("OPEC") to set, comply and maintain production levels and pricing and the level of production in non-OPEC countries;
- merger and divestiture activity among oil and natural gas producers;
- weather conditions, including natural disasters;
- the availability of, and access to, suitable locations from which our customers can explore and produce hydrocarbons and

available pipeline and other oil and natural gas transportation capacity;

- tax laws, regulations and policies or speculation regarding future laws or regulations, including the policies and regulations of various governments regarding exploration and development of their oil and natural gas reserves;
- activities by non-governmental organizations to restrict the exploration, development and production of oil and natural gas so as to reduce the potential harm to the environment from such activities, including emission of carbon dioxide, a greenhouse gas and
- the worldwide political and military environment, including uncertainty or instability resulting from an escalation or additional outbreak of armed hostilities or other crises in the Middle East, Russia or other geographic areas or further acts of terrorism in the regions in which we operate, or elsewhere.

There is no guarantee that prices, and the corresponding demand for our services and dayrates we can charge, will improve, remain at the current levels or not decline in the future. Significant declines in global oil and natural gas prices and sustained periods of low prices typically cause a reduction in the exploration, development and production activities of most of our customers and their spending on our services. Oil and natural gas companies' capital expenditure budgets are dependent on cash flows from such activities and are therefore sensitive to changes in energy prices and cuts in their spending curtail drilling programs, reducing the demand for our services, the rates we can charge and the utilization of our rigs, which can have a material adverse effect on our business, financial condition, results of operations and cash flows.

The industry has been historically competitive, cyclical and subject to price competition. If we are unable to compete successfully with our competitors, we may be materially adversely impacted.

Historically, the shallow water drilling industry has been cyclical with periods of high demand, limited supply and high dayrates alternating with periods of low demand, excess supply and low dayrates. Periods of low demand and excess supply intensify competition in the industry and may result in some drilling rigs being stacked or earning substantially lower dayrates for long periods of time. We have idled and stacked rigs in response to market conditions and may idle and stack additional rigs in the future, and such rigs may not return to service in the near term or at all. In addition, we have in the past and may in the future enter into lower dayrate drilling contracts in response to market conditions which reduces the revenues we earn from such contracts. The offshore drilling industry is also influenced by volatile oil and natural gas prices that drive activity in the oil and natural gas exploration and production industry, as discussed above. Prolonged periods of low utilization and dayrates, as well as extended periods when rigs are stacked, could reduce demand for our services and materially adversely affect our revenues, financial condition, results of operations or cash flows.

The shallow-water drilling industry in which we operate is extremely competitive with numerous industry participants, and contracts have traditionally been awarded on a competitive bid basis. Price competition is frequently a major factor in determining a contract award. Customers may also consider unit availability and location, operational and safety performance records and age, condition and suitability of equipment. In addition, if our competitors enter into joint venture agreements with some of our largest customers, this could make it more difficult for us to obtain additional contracts from these customers. Competition for offshore rigs is typically global, as drilling rigs are mobile and may be moved from areas of low utilization and dayrates to areas of greater activity and corresponding higher dayrates. Costs connected with relocating drilling rigs for these purposes are sometimes substantial and are generally borne by the contractor. The over-supply of marketed jack-up rigs, which can be increased by new rigs under construction or reactivation of stacked rigs, increases competition and can lead to lower dayrates. The inability to compete successfully with our competitors could have a material adverse effect on our revenues, results of operations and cash flows.

We may not be able to keep pace with technological developments and make adequate capital expenditures in response to newer and/or higher specification rigs or more fuel efficient/low-emission rigs being deployed within the industry and therefore our fleet may not satisfy the requirements of some customers.

The market for our services is characterized by technological developments which result in improvements in the functionality and performance of rigs and equipment. Customers may require higher specification rigs, other classes of rigs with different capabilities or the ability to operate in different environments, such as deep water. Customers may demand the services of newer rigs, and may in the future impose restrictions on the maximum age of contracted rigs. Additionally, in response to climate change, more fuel efficient or low-emission rigs may be introduced or may become standard in the industry or customers may institute stricter requirements such as specifications for rig design, emissions output or chemical usage. Customer demands for newer, higher specification rigs might also result in a bifurcation of the market, with newer rigs operating at higher overall utilization rates and dayrates.

Our future success and profitability will depend, in part, upon our ability to keep pace with these and other technological developments and customer requirements. As we have a number of older rigs, we may be required to increase capital expenditure to maintain and improve existing rigs and equipment, retire obsolete or outdated equipment earlier than previously anticipated and/or purchase and construct newer, higher specification drilling rigs to meet the increasingly sophisticated needs of customers. To the extent that we are unable to negotiate agreements for customer reimbursement for the cost of increasing the specification of our drilling rigs, we could be incurring higher capital expenditures than planned. If, in response to technological developments or changes in standards in the industry, we are not successful in acquiring new equipment or upgrading existing equipment in a timely and cost-effective manner, we could lose business and profits. In addition, current competitors or new market entrants may develop new technologies, services or standards that could render some of our services or equipment obsolete, which could materially adversely affect our revenues, financial condition, results of operations and cash flows.

Our business involves numerous operating hazards; our insurance and contractual indemnity rights may not be adequate to cover any losses resulting from accidents and other events and our insurance may become more expensive or may become unavailable in the future.

Our operations are subject to the usual hazards inherent in the drilling, completion and operation of oil and natural gas wells. These hazards include, but are not limited to blowouts, punch through, loss of control of the well, abnormal drilling conditions, mechanical or technological failures, seabed cratering, fires and pollution and failure of our employees to comply with internal HSE guidelines. Operations may be suspended because of machinery breakdowns, abnormal operating conditions, failure of subcontractors to perform and personnel shortages.

In addition, our operations are subject to perils peculiar to marine operations including capsizing, grounding, collision, sinking and loss or damage from severe weather, including monsoons. Severe weather could have a material adverse effect on our operations, damaging our rigs from high winds, turbulent seas, or unstable sea bottom conditions.

Damage to the environment could result from our operations, particularly through blowouts, oil spillage or extensive uncontrolled fires.

The occurrence of any of these events may result in the suspension of operations, loss of dayrate revenues, lower utilization rates, severe damage or destruction of property and equipment, injury or death to personnel, environmental damage, increased insurance costs, fines or penalties, personal injury and other claims by personnel, and claims or investigations by the operator, regulatory bodies and others affected by such events. We may also be subject to fines or penalties (for which indemnification may not be available) resulting from property, environmental, natural resource and other damage claims by governments, environmental organizations, oil and natural gas companies and other businesses operating offshore and in coastal areas, including claims by individuals living in or around coastal areas. Damage or destruction of our property and equipment could potentially cause us to curtail operations for significant periods of time while repairs are completed. Any of which could have a material adverse impact on our revenues, financial condition, results of operations and cash flows.

As is customary in the offshore drilling industry, we have undertaken to mitigate the risks of our operations through insurance and contractual indemnities from our customers. However, insurance policies have limits and exclusions and may not provide full coverage for, and most of our customer contracts do not fully indemnify us from, all losses or liabilities resulting from our operations. Further, we may experience increased costs for available insurance coverage, which may impose higher deductibles and limit maximum aggregated recoveries, including for hurricane, monsoon, or cyclone-related damage or loss. Because insurers in general also struggle with eliminating risks of events that lead to correlated losses through insurance pooling, such as natural hazards, many insurers refrain from insuring these risks. The severity of correlated risks is also difficult to predict, leading to high-priced and unfavorable insurance premiums and/or deductibles with those insurers who do offer coverage for such losses. Insurance costs may increase in the event of ongoing patterns of adverse changes in weather or climate. Moreover, we may not be able to maintain adequate insurance or obtain insurance coverage for certain risks in the future at rates we consider reasonable or at all, our customers may not be willing or able to indemnify us against all these risks or we may not be able to enforce contractual indemnities due to legal or judicial factors. Although we believe that our insurance covers many risks common to our industry, we do not have insurance coverage or indemnification for all risks and we may not be adequately covered for certain losses. If a significant accident or other event occurs, including but not limited to severe weather, terrorist acts, war, civil disturbances, pollution or environmental damage, that results in a loss which is not fully covered by insurance or a recoverable indemnity from a customer, it could adversely affect our business, financial condition, results of operations and cash flows.

Our international operations in the shallow water drilling sector involve additional risks, which could adversely affect our

business.

We operate in various regions throughout the world and as a result we may be exposed to political and other uncertainties, including risks of:

- terrorist acts, armed hostilities, geopolitical events, military actions, war and civil disturbances, including in the Middle East;
- acts of piracy affecting ocean-going rigs, particularly in areas that have historically been impacted by piracy, such as West Africa and Southeast Asia;
- significant governmental influence over many aspects of local economies;
- repudiation, nullification, modification or renegotiation of contracts;
- limitations on insurance coverage, such as war risk coverage, in certain areas;
- political unrest or revolutions;
- monetary policy and foreign currency fluctuations and devaluations;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- import-export quotas, wage and price controls and imposition of trade barriers;
- regulatory or financial requirements to comply with foreign bureaucratic actions;
- changing taxation policies, including confiscatory taxation;
- other forms of government regulation and economic conditions that are beyond our control;
- corruption;
- natural disasters;
- public health threats, including pandemic events and
- claims by employees, third parties or customers.

In addition, international drilling operations are subject to various laws and regulations of the countries in which we operate, including laws and regulations relating to:

- the equipping and operation of rigs;
- repatriation of foreign earnings;
- oil and natural gas exploration and development;
- taxation of offshore earnings and the earnings of expatriate personnel and
- use and compensation of local employees and suppliers by foreign contractors.

Some governments favor or effectively require (i) the awarding of drilling contracts to local contractors or to rig owners that are majority-owned by their own citizens, (ii) the use of a local agent or (iii) foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Furthermore, our business operations require authorizations from various national and local government agencies. Obtaining these authorizations can be a complex, time-consuming process, and we cannot guarantee that we will be able to obtain or renew the authorizations required to operate our business in a timely manner or at all. This could result in the suspension or termination of operations or the imposition of material fines, penalties or other liabilities.

These factors may adversely affect our ability to compete in those regions. We are unable to predict future governmental regulations which could adversely affect the international drilling industry. The actions of governments may adversely affect our ability to compete effectively. As such, we may be unable to effectively comply with applicable laws and regulations, including those relating to sanctions and import/export restrictions, which may result in a material adverse effect on our business, financial condition, results of operations and cash flows.

Any failure to comply with the complex laws and regulations governing international trade, including import, export, anti-

corruption, economic sanctions and embargoes could adversely affect our operations.

The shipment of equipment and materials required for shallow water drilling operations across international borders subjects us to extensive import and export laws and regulations governing our assets, equipment and materials, including those enacted by the U.S. and/or countries in which we operate. Moreover, many countries control the export/import and re-export of certain goods, services and technology and may impose related export/import recordkeeping and reporting obligations. Governments also may impose economic sanctions and/or embargoes against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities.

These various jurisdictional laws and regulations regarding export/import controls and economic sanctions are complex, constantly changing, may be unclear in some cases and may be subject to changing interpretations. They may be enacted, amended, enforced or interpreted in a manner that could materially impact our operations. Materials shipments and rig import/export may be delayed and denied for a variety of reasons, some of which are outside our control, and include our failure to comply with existing legal and regulatory regimes. Delays or denials could cause unscheduled operational downtime or termination of customer contracts. Any failure to comply with applicable legal and regulatory international trade obligations could also result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from government contracts, seizure of shipments and loss of import/export privileges, which may have a material adverse effect on our business, financial condition, results of operations and cash flows.

We operate drilling rigs in a number of countries, including in some developing economies, which can involve inherent risks associated with fraud, bribery and corruption and where strict compliance with anti-corruption laws may conflict with local customs and practices. As a result, we may be subject to risks under the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act 2010 and similar laws in other jurisdictions that generally prohibit companies and their intermediaries from making, offering or authorizing improper payments to government officials for the purpose of obtaining or retaining business. We are required to do business in accordance with applicable anti-corruption laws as well as sanctions and embargo laws and regulations (including U.S. Department of the Treasury-Office of Foreign Assets Control requirements) and we have adopted policies and procedures, including a code of business conduct and ethics, which are designed to promote legal and regulatory compliance with such laws and regulations. However, either due to our acts or omissions or due to the acts or omissions of others, including our employees, agents, joint venture partners, local sponsors or others, we may be determined to be in violation of such applicable laws and regulations or such policies and procedures. Any such violation could result in substantial fines, sanctions, deferred settlement agreements, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and the seizure of our rigs and other assets and might, as a result, materially adversely affect our business, financial condition, results of operations and cash flows.

Our customers in relevant jurisdictions could seek to impose penalties or take other actions adverse to our interests. In addition, actual or alleged violations could damage our reputation and ability to do business and could cause investors to view us negatively and adversely affect the market for our common shares. Furthermore, detecting, investigating and resolving actual or alleged violations are expensive and can consume significant time and attention of senior management regardless of the merit of any allegation. We may also be subject to competitive disadvantages to the extent that our competitors are able to secure business, licenses or other preferential treatment by making payments to government officials and others in positions of influence or using other methods that U.S. and other laws and regulations and our own policies prohibit us from using.

We are subject to complex laws and regulations, including environmental laws and regulations that can adversely affect the cost, manner or feasibility of doing business.

Our operations are subject to numerous stringent HSE laws and regulations in the form of international conventions and treaties, national, state and local laws and regulations in force in the jurisdictions in which our drilling rigs operate or are registered, which can, directly or indirectly, significantly affect the ownership and operation of the rigs. These requirements include, but are not limited to, MARPOL, CLC, BUNKER and various international, national and local laws and regulations that impose compliance obligations and liability related to the use, storage, treatment, disposal and release of petroleum products and other hazardous substances that may be present at, or released or emitted from, our operations. Furthermore, the IMO, at the international level, or national or regional legislatures in the jurisdictions in which we operate, including the European Union (“EU”), may pass or promulgate new environmental laws or regulations. Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful life of our rigs. We are required to obtain HSE permits from governmental authorities for our operations, and we may have difficulty in obtaining or maintaining such permits.

We may also incur additional costs in order to comply with other existing and future laws or regulatory obligations, including, but not limited to, costs relating to air emissions, including greenhouse gases, management of ballast waters, rig maintenance and inspection, management of solid and hazardous materials and waste, and development and implementation of emergency procedures for, and liability and compensation schemes related to, accidents, pollution and other catastrophic events.

Laws and regulations protecting the environment have generally become more stringent over time. In the event we were to incur additional costs to comply with existing or future laws or regulatory obligations, these costs could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, existing or future laws could increase costs for our customers, our vendors or our service providers, which could result in lower demand for our services, lower dayrates, or increasing costs.

A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of operations. Environmental laws often impose strict liability, which could subject us to liability without regard to negligence or fault. For example, in certain jurisdictions, owners, operators and bareboat-charterers may be jointly and severally strictly liable for the discharge of oil in territorial waters, including the 200 nautical mile exclusive economic zone. In addition, laws and regulations may impose liability on generators of hazardous substances, and as a result we could face liability for cleanup costs at third party disposal locations. We are required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents and the insurance may not be sufficient to cover all such risks. Environmental claims against us could result in a material adverse effect on our business, financial condition, results of operations and cash flows.

Although some of our rigs are separately owned by subsidiaries, under certain circumstances a parent company and all of the rig-owning affiliates in a company under common control could be held liable for damages or debts owed by one of the affiliates, including liabilities for oil spills under environmental laws. Therefore, it is possible that we could be subject to liability upon a judgment against us or any one of our subsidiaries.

Our operations could cause the accidental release of oil or hazardous substances. Any releases may be large in quantity, above the permitted limits or occur in protected or sensitive areas where public interest groups or governmental authorities have special interests. Any releases of oil or hazardous substances could result in substantial fines and other costs and liabilities, such as costs to upgrade rigs, clean up the releases and comply with more stringent requirements in our discharge permits, claims for natural resource, personal injury or other damages, and material adverse publicity. Although our contracts generally provide for indemnification from our customers for some of these costs, the inability or other failure of our customers to fulfill any indemnification obligations they have, or the unenforceability of our contractual protections could have a material adverse effect on our financial condition, results of operation and cash flows. Moreover, these releases may result in customers or governmental authorities suspending or terminating our operations in the affected area.

If a major incident were to occur in our industry, such as a catastrophic oil spill or other accident subject to international media attention, this could lead to an industry-wide regulatory response which may result in increased operating costs. Any changes to existing laws in the jurisdictions in which we operate prompted by such a future event could increase our operating costs and future risk of liability. In addition, we may be required to post additional surety bonds to secure performance, tax, customs and other obligations relating to our rigs in jurisdictions where bonding requirements are already in effect and in other jurisdictions where we may operate in the future. These requirements would increase the cost of operating in these countries.

Any of the above could materially adversely affect our business, reputation, financial condition, results of operations and cash flows.

Our future business performance depends on our ability to renew contracts with existing customers and secure new contracts for our fleet of rigs.

Our ability to secure contract renewals where we are the incumbent rig provider, and to win tenders for new contracts is affected by a number of factors both within and outside of our control. Negotiations and tenders can be impacted by various factors including market conditions, rig specifications, safety record requirements, competition and governmental approvals required by customers. While our preference is generally to renew contracts with our existing customers, if the customer decides not to renew its contract, we then seek to secure a new customer contract for that rig. While we actively market our rigs prior to the expiry of their existing contracts, there can be no assurance that we will be able to renew or extend existing contracts or secure new arrangements before the original contract lapses. Re-contracting a rig may involve participation in either a direct renegotiation with the customer or in a new tender process.

If we are unable to renew contracts or we are not selected for new contracts, or if the contracts we enter into are delayed, workflow may be interrupted and our business, financial condition and results of operations may be materially adversely affected. Based on 31 customer contracts in place as of December 31, 2024, eight are scheduled to expire before December 31, 2025, 13 are scheduled to expire during 2026, with a further 10 contracts scheduled to expire at times subsequent to December 31, 2026. Failure to renew a contract could lead to a rig being stacked and/or having to enter into a new contract at lower dayrates, shorter terms or in other geographical areas and could materially adversely affect our revenues, financial condition, results of operations and cash flows.

If customers reduce activity levels, terminate, suspend or seek to renegotiate contracts, or if market conditions dictate that we enter into contracts with unfavorable terms or increased risks, we may be materially adversely impacted.

Customers may seek to renegotiate, suspend or terminate their contracts, and during periods of unfavorable market conditions, including low oil and natural gas prices and over-supply of rigs, we are subject to an increased risk of our customers taking such actions. Certain of our customers may have the right to suspend or terminate contracts without limitations. Additionally, certain contracts may contain clauses allowing for termination due to downtime or operational problems above the contractual limits, safety-related issues, if the drilling rig is not delivered to the customer within the specified time period or in other specified circumstances, which may include events beyond our control. Some of these contracts may require us to pay penalties, which could be material. Certain of our contracts provide for cancellation at the option of the customer upon payment of a penalty to us, which may not fully compensate us for the loss of the contract. Early termination of a contract may result in a drilling rig being idle for an extended period of time. Customers without favorable termination language may seek to renegotiate existing contracts, including for some of the termination reasons described above. During periods of unfavorable market conditions, a customer may no longer need a rig that is under contract or may be able to obtain a comparable rig at a lower dayrate. As a result, customers may seek to renegotiate the terms of their existing contracts to shorten the length of the contract or lower the dayrate or customers may seek to suspend, terminate or otherwise avoid their obligations under those contracts.

Currently, our drilling contracts are dayrate contracts, where we charge a fixed rate per day regardless of the number of days needed to drill the well. While we plan to continue to perform services on a dayrate basis, market conditions may dictate that we enter into contracts that provide for payment based on a footage basis, where we are paid a fixed amount for each foot drilled regardless of the time required or the problems encountered in drilling the well, or enter into turnkey contracts whereby we agree to drill a well to a specific depth for a fixed price and bear some of the well equipment costs. These types of contracts would expose us to greater risk than dayrate contracts, as we would be subject to down hole geologic conditions in the well that cannot always be accurately determined and subject us to greater risks associated with equipment and down hole tool failures. Exposure to these risks may result in significant cost increases or may result in a decision to abandon a well project and forfeit the associated revenues.

Any successful efforts by our customers to reduce activity levels, terminate, suspend, or renegotiate contract terms and any changes in our contracts that subject us to unfavorable terms and increased risks could have a material adverse effect on our revenues, financial conditions, results of operations and cash flows.

Our future contracted revenue, or backlog, may not ultimately be realized.

The contract backlog relating to our rigs was approximately $2.1 billion as of December 31, 2024, including the suspended rigs in Saudi Arabia. The amount of contract backlog does not necessarily indicate future earnings, and the contract backlog may be adjusted up or down depending on various factors both within and outside of our control.

The contract drilling dayrate used in the calculation of contract backlog may be higher than the actual dayrate we ultimately receive. Actual dayrates earned may be lower than the standard operating dayrate, and may consist of alternative dayrates such as a waiting-on-weather rate, repair rate, standby rate, force majeure rate or moving rate. The contract drilling dayrate may also be higher than the actual dayrate earned because of factors resulting in lost dayrate revenue, including scheduled or unscheduled rig downtime or suspension of operations. Additionally, renegotiation of dayrates or contracts that provide for periodic adjustments of contract dayrates, including those linked to oil or natural gas prices, may cause a difference in actual revenues as compared to contract backlog.

The days of backlog revenue used in the calculation of contract backlog may also be higher or lower than the actual number of days the rig earns a dayrate. The number of days can be extended due to contract extensions or the exercise by the customer of extension options or the award of new contracts. Contract provisions that allow the customer to extend the term of the contract to finish drilling a well in progress can also result in an increase, as this additional time is not included in the calculation of the contract backlog. Early cancellation of existing contracts (for which we may not be entitled to compensation or notice), failure by customers to complete existing contracts, unscheduled downtime, or the unavailability of rigs and equipment to fulfill a contract may result in a lower than expected number of contract days.

Any changes in the dayrate and number of days used to calculate contract backlog could result in materially lower revenues than indicated by the contract backlog.

We rely on a relatively small number of customers for a substantial portion of our current and future revenues.

Our customer base includes NOCs and IOCs, together with a small number of independent oil and natural gas companies. The drilling industry is subject to the usual risks associated with having a limited number of customers. Our top three customers accounted for 65% of contract backlog and 58% of revenues for the year ended December 31, 2024. Our business, financial condition, results of operations and cash flows could be materially adversely affected if any of these customers were to reduce their contractual commitments to us or suspend or withdraw their approval for us to provide services for them.

Our growth is also closely connected to the growth in activity of our customers and our results may be impacted if certain key customers were to significantly reduce their growth strategy. Furthermore, if any of our major customers failed to compensate us for our services, terminated contracts, failed to renew existing contracts or refuse to enter into new contracts with us, or if a customer were unable to perform due to liquidity or solvency issues, and similar contracts with new customers were not forthcoming, our revenues, financial condition, results of operations and cash flows would be materially adversely affected.

Climate change, the regulation of greenhouse gases and increasing development of renewable energy alternatives could have a negative impact on our industry, business and/or reputation.

The scientific community has concluded that increasing concentrations of greenhouse gases in the Earth’s atmosphere are producing climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic events. Such events could have a materially adverse effect on our operations, especially given that our rigs may need to curtail operations or suffer damage during extreme weather events.

Current and future regulations relating to greenhouse gases and climate change also may result in increased compliance costs or additional operating restrictions on our business. The negative impacts of greenhouse gases and climate change have resulted in adverse publicity for the oil and natural gas industry and could cause damage to our reputation. In addition, because our business depends on the level of activity in the offshore oil and natural gas industry, existing or future regulations or other agreements related to greenhouse gases and climate change, including carbon taxes or greenhouse gas fees or incentives to conserve energy or use renewable energy alternatives, could decrease the demand for oil and natural gas or decrease exploration activity.

Any of the factors discussed above could materially adversely affect our business, reputation, financial condition, results of operations and cash flows.

Compared to companies with greater resources, we may be at a competitive disadvantage.

Certain of our competitors in the shallow water drilling industry may have more diverse fleets and greater financial and other resources and assets than we do. Similarly, some of these competitors may be significantly better capitalized than we are, which may make them more able to keep pace with technological developments and make more substantial improvements in the functions and performance of rigs and equipment than we can. In addition, such competitors may be a preferable alternative for customers concerned about counterparty credit risks, including a partner’s ability to cover potentially significant liabilities. Further, competitors with more diversified fleets or who have successfully acquired or upgraded their existing rigs or equipment in a more timely and cost-effective manner than us, may be better positioned to withstand unfavorable market conditions. Additionally, we may be at a competitive disadvantage to those competitors that are better capitalized to withstand the effects of a commodity price down-cycle. As a result, our competitors may have competitive advantages that may adversely affect our ability to compete with them in our efforts to contract our rigs on favorable terms, if at all, and correspondingly have a material adverse impact on our revenues, financial condition, results of operations and cash flows.

There may be limits to our ability to mobilize drilling rigs between geographic areas, and the duration, risks and associated costs of such mobilizations may be material to our business.

The offshore drilling market is generally a global market as drilling rigs may be moved from one area to another. However, the ability to mobilize drilling rigs can be impacted by several factors including, but not limited to, governmental regulation and customs practices, the significant costs and risk of damage related to moving a drilling rig, availability of suitable tow vessels to move the rigs, weather conditions, political instability, civil unrest, military actions and the technical capability of the drilling rigs to relocate and operate in various environments. Additionally, while a jack-up rig is being mobilized from one geographic market to another, we may not be paid for the time that the jack-up rig is out of service or be reimbursed for costs attributable to such relocation. Further, despite the ability to move rigs, not all of our rigs are designed to work in all regions, in all water depths or over all types of seafloor conditions. We may speculatively relocate a rig to another geographic market without a customer contract, which could result in costs that are not reimbursable by future customers, which could have a material adverse effect on our revenues, financial condition, results of operations and cash flows.

The fair market value of our long-lived assets, including our drilling rigs and any rigs we acquire in the future, may decrease, which could result in impairments or cause us to incur a loss on the sale of such assets.

We evaluate our property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We consider the general economic and business environment, industry specific indicators, Company specific factors and conditions related to specific assets or asset groups to determine when we need to test our assets for impairment. An impairment loss on property and equipment exists when the estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Our largest value assets are our rigs.

The fair market value of any rigs that we own may increase or decrease depending on a number of industry and market factors, including:

- general economic and market conditions affecting the offshore drilling industry, including the price of oil and natural gas and competition from other offshore drilling companies;
- prevailing level of contract dayrates and industry rig utilization rates;
- types, sizes and ages of drilling rigs available in the market, including specifications and condition;
- supply and demand for drilling rigs;
- costs of newly built rigs;
- liquidity of the market for drilling rigs;
- governmental or other regulations and
- technological advances.

Such factors could cause us to record an impairment loss on a rig, which could materially adversely affect our financial condition and results of operations. If we sell a drilling rig at a time when prices for drilling rigs have fallen, such a sale may result in a realized loss, and lower than expected proceeds, which could materially adversely affect our financial condition, results of operations and cash flows.

Our labor costs and the operating restrictions that apply to us could increase as a result of collective bargaining negotiations and changes in labor laws and regulations.

Some of our employees in certain countries are represented by unions and may, from time to time, work under collective bargaining agreements. Employees in other countries have in the past and may in the future be represented by labor unions. In addition, some of our contracted labor works under collective bargaining agreements. As part of the legal obligations in some of these collective bargaining agreements, we are required to contribute certain amounts to retirement funds and are restricted in our ability to dismiss employees. In addition, where our employees are represented by unions, we may be required to negotiate wages with union representatives. Efforts may be made from time to time to unionize additional portions of our workforce. Negotiations with unions relating to collective bargaining agreements and other labor related matters could result in higher personnel costs, other increased costs or increased operating restrictions, or even labor stoppages, strikes or slowdowns.

We may be required to make significant capital and operating expenditures to comply with laws and the applicable regulations, and standards of labor laws and regulations and customer and government implementation of minimum local content requirements in the various jurisdictions in which we operate. Such laws and regulations may change without notice, and the cost of compliance could be higher than anticipated.

Labor costs change due to unions and collective bargaining agreements and the costs of complying with labor laws and regulations could materially adversely affect our financial condition, results of operations and cash flows.

If we or our customers are unable to acquire or renew permits and approvals required for drilling operations, we may be forced to suspend or cease our operations, which may adversely affect our profitability.

Oil and natural gas exploration and production operations require numerous permits and approvals for us and our customers from governmental agencies in the areas in which we operate. In addition, many governmental agencies have increased regulatory oversight and permit requirements in recent years. Obtaining and maintaining compliance with all necessary permits and approvals may require substantial expenditures and time. If we or our customers are not able to obtain necessary permits and approvals in a timely manner, our operations will be adversely affected. In addition, future changes to, or an adverse change in the interpretation of, existing permit and approval requirements may delay or curtail our operations, require us to make substantial expenditures to meet compliance requirements, or create a risk of expensive delays or loss of value if a project is unable to function as planned, any of which could have a material adverse impact on our revenues, financial condition, results of operations and cash flows.

Our existing indebtedness imposes significant operating and/or financial restrictions on us that may prevent us from pursuing certain business opportunities and restrict our ability to operate our business.

As of December 31, 2024, we had a total principal amount of indebtedness of $1,057.5 million of 9.625% senior secured notes, due April 2029, $315.0 million of 9.875% senior secured bonds, due November 2028, and $25.0 million of term loan, due March 2025. The level of our indebtedness and the terms of the agreements governing our existing indebtedness contain covenants that may restrict our ability to take various actions, such as to:

- incur or guarantee additional indebtedness or issue certain preferred shares;
- pay dividends or make other distributions on, or redeem or repurchase, any equity interests;
- make other restricted payments;
- make certain acquisitions or investments;
- create or incur liens;
- transfer or sell assets;
- incur restrictions on the payments of dividends or other distributions from restricted subsidiaries;
- enter into certain transactions with affiliates and
- consummate a merger or consolidation or sell, assign, transfer, lease or otherwise dispose of all or substantially all of our assets or certain subsidiaries' assets.

Our ability to comply with these covenants may be affected by many factors, both within and beyond our control, including but not limited to our future performance, falling oil and natural gas prices, prolonged periods of low dayrates, the possible termination or loss of contracts and reduced values of our rigs. We may not satisfy these or other covenants in our existing indebtedness. Our failure to comply with the obligations under the agreements governing our existing indebtedness could result in an event of default under such agreements, which could result in the acceleration of our indebtedness, in whole or in part. In addition, our existing debt agreements contain cross-default provisions whereby acceleration or payment default by us under one of our debt agreements, could allow creditors to declare us in default of our other existing debt or financing agreements. This could lead to an acceleration and enforcement of such agreements by all or substantially all of our creditors.

These debt covenants and restrictions could also limit our ability to plan for, or react to, market conditions, meet capital needs or otherwise restrict our activities or business plans and adversely affect our ability to finance our operations, enter into acquisitions or to engage in other business activities that would be in our interest.

We are dependent upon cash flows from our operating subsidiaries to meet our obligations, including repayment of our debt. Our corporate structure and operations in multiple jurisdictions may impose limitations on the transfer of funds. If we become unable to pay our interest or debts as they become due or to obtain further credit, we may become subject to insolvency proceedings.

We conduct operations through, and most of our assets are owned by, our operating subsidiaries. Our operating income and cash flows are generated by these subsidiaries, and as a result, the cash generated from our subsidiaries is the principal source of funds necessary to meet our obligations, including our debt obligations. Contract provisions or laws, as well as our subsidiaries' financial condition, operating requirements and debt requirements may limit our ability to access cash from subsidiaries needed to pay expenses or to meet our current or future debt service obligations. Applicable tax laws may also subject such payments by subsidiaries to further taxation.

The inability to transfer cash from our subsidiaries may mean that, even though we may have sufficient resources on a consolidated basis to meet our obligations, we may not be permitted to make the necessary transfers from certain legal entities and jurisdictions to meet our debt and other obligations. The terms of certain of the agreements governing our existing indebtedness also place restrictions on our cash balances and require us to maintain reserves of cash which could inhibit our ability to meet our obligations.

Although our current indebtedness limits our ability to incur additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and do not apply uniformly to our subsidiaries, and under certain circumstances, debt incurred in compliance with these restrictions could be substantial. To the extent that we incur additional indebtedness, the risks described above associated with our substantial leverage, including the possible inability to service our debt, would increase.

If our operating subsidiaries experience sufficiently adverse changes in their financial position or results of operations, or we otherwise become unable to pay our interest or debt principal payments as they become due, this could result in a reduction of our long-term corporate credit ratings. These downgrades in our corporate credit ratings could raise the cost of issuing new debt. As a consequence, we may not be able to issue additional debt in reasonable amounts and terms, or at all. Default on our existing debt agreements and failure to obtain further credit could result in the commencement of insolvency proceedings. Any such proceedings would have a material adverse impact on our financial condition, results of operations and cash flows. Additionally, this could limit our ability to pursue business opportunities and could have a significant negative impact on the market prices of our common shares.

To service and refinance our indebtedness, fund our capital and liquidity needs or pay any dividends, we may not generate sufficient cash or have access to sufficient funding.

To service and refinance our indebtedness, fund our capital and liquidity needs or pay dividends (if any), we will require a significant amount of cash. Our ability to raise capital is, to a certain extent, subject to economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, our business may not generate sufficient cash flows from operations, and future borrowings or alternative financing may not be available to us on favorable terms, or at all, in an amount sufficient to enable us to service and refinance, at or before maturity, our indebtedness, fund our capital and liquidity needs or pay dividends (if any), which would have a material adverse effect on us.

We rely on proper functioning of our computer and data processing systems that must be regularly updated or replaced, and a large-scale malfunction could result in material adverse disruptions to our business.

We rely primarily on globally and locally functioning information technology systems across our value chain, including for management financial information and various other processes and transactions. Our ability to effectively manage our business depends on the security, reliability and capacity of these systems. An attack on, or other problems with, our systems could result in the disclosure of proprietary information about our business or confidential information concerning our customers, vendors or employees, which could result in significant damage to our business and reputation.

We have put in place security measures designed to protect against the misappropriation or corruption of our systems, intentional or unintentional disclosure of confidential information, or disruption of our operations. However, these security measures may prove ineffective. Current employees have, and former employees may have, access to a significant amount of information regarding our operations, which could be disclosed to our competitors or otherwise used to harm our business. Any breach of our security measures could result in unauthorized access to and misappropriation of our information, corruption of data or disruption of operations or transactions, any of which could materially adversely affect our reputation, business, financial condition, results of operations and cash flows.

We have and will continue to expend resources, and dedicate personnel, to upgrade and maintain our information technology systems to protect against threatened or actual security breaches. In addition, we could be required to expend significant amounts to respond to unanticipated information technology issues. Failure to appropriately implement measures that could protect against all significant risks could materially adversely affect our business, financial condition, results of operations and cash flows.

Developing and expanding data security and privacy requirements could increase our operating costs, and any failure by us or our vendors to maintain the security of certain customer, employee and business-related information could result in damage to our reputation, be costly to remediate and result in regulatory action.

We are required to manage and process information related to our employees, customers and vendors in the ordinary course of business, and our operations depend upon secure retention and the secure transmission of information over public networks. This information is subject to the continually evolving risk of intrusion, tampering, and theft. Although we maintain systems to prevent or defend against these risks, these systems require ongoing monitoring and updating as technologies change, and security could be compromised, personal or confidential information could be misappropriated, or system disruptions could occur. A compromise of our security systems could adversely affect our reputation and disrupt our operations and could also result in litigation or the imposition of penalties.

We have a dedicated cybersecurity team and program that focuses on current and emerging data security and data privacy matters. We continue to assess and invest in the growing needs of our cybersecurity team through the allocation of skilled personnel, ongoing training and support of the adoption and implementation of technologies coupled with cybersecurity risk management frameworks.

We may, from time to time, provide certain confidential, proprietary and personal information to third parties. While we seek to obtain assurances and safeguards from these third parties to protect this information, there is a risk that the security of data held by third parties could be breached, resulting in liability for us.

Heightened legislative and regulatory focus on data privacy and security in the EU, U.S. and elsewhere presents a growing and fast-evolving set of legal requirements. The increasing legal and regulatory burden presents material obligations and risks to our business, including significantly expanded compliance burdens, costs and enforcement risks. In particular, where the EU General Data Protection Regulation ("GDPR") applies, the penalties for breaches are significant. In addition, legislation similar to GDPR is being considered or adopted in other jurisdictions relevant to our operations. In cases of personal information security breaches, the costs of investigation, dealing with regulators and taking steps to mitigate or remediate its effects may also be high. The majority of the personal information we process is that of our employees.

Any significant breach in our data security or a failure to protect private information could have a material adverse impact on our reputation, financial condition, results of operations and cash flows.

We depend heavily upon the security and reliability of our technology systems and those of our service and equipment vendors, and such systems are subject to cybersecurity risks and threats.

We depend heavily on technologies, systems and networks that we manage, and others that are managed by our third party service and equipment vendors, to conduct our business and operations. Cybersecurity risks and threats to such systems continue to grow in sophisticated ways (including emerging technologies, such as artificial intelligence programs) may be difficult to anticipate, detect, prevent or mitigate. If any of the security systems used by us or our vendors for protecting against cybersecurity threats prove to be insufficient, our business and financial systems could be compromised, confidential or proprietary information in our possession could be altered, lost or stolen, or our (or our customers') business operations or safety procedures could be disrupted, degraded or damaged. A cybersecurity breach or failure could also result in injury (financial or otherwise) to people, loss of control of, or damage to, our (or our customers') assets, harm to the environment, reputational damage, breaches of laws or regulations, litigation and other legal liabilities. In addition, we may incur significant costs to prevent, respond to or mitigate cybersecurity risks or events and to defend against any investigations, litigation or other proceedings that may follow such events. Such a failure or breach of our systems could materially adversely impact our reputation, business, financial position, results of operations and cash flows.

Technology disputes could negatively impact our operations or increase our costs.

Rigs use proprietary technology and equipment which can involve potential infringement of a third party's rights, including patent rights. In the event that we or one of our suppliers or sub-suppliers become involved in a dispute over infringement rights relating to equipment owned or used by us, we may lose access to repair services or replacement parts, or we could be required to cease use of some equipment or forced to modify our rigs. We could also be required to pay license fees or royalties for the use of equipment. Technology disputes involving us or our suppliers or sub-suppliers could adversely impact our financial condition, results of operations and cash flows.

Supply chain disruptions such as supplier capacity constraints or shortages in parts or equipment, supplier production disruptions, supplier quality and sourcing issues or price increases could increase our operating costs, decrease our revenues and adversely impact our operations.

Our reliance on third party suppliers, manufacturers and service providers to secure equipment used in our drilling operations exposes us to volatility in the quality, price and availability of such items. Certain specialized parts and equipment we use in our operations may be available only from a single or small number of suppliers. A disruption in the deliveries from such third party suppliers, increases in demand, capacity constraints, production disruptions, price increases, defects or quality-control issues, recalls or other decreased availability or servicing of parts and equipment could adversely affect our ability to meet our commitments to customers, resulting in uncompensated downtime, reduced dayrates or the cancellation or termination of contracts and could adversely impact our operations and increase our costs. Any of these impacts could have a material adverse impact our revenues, results of operations and cash flows.

Our purchase of existing jack-up rigs carries risks associated with the condition and quality of those rigs.

We have acquired, and may acquire in the future, existing jack-up rigs as a way of renewing and expanding our fleet. Unlike newbuild rigs, existing rigs typically do not carry warranties with respect to their condition. While we generally inspect any existing rig prior to purchase, such an inspection would normally not provide us with as much knowledge of its condition as if the rig had been built for us and operated by us during its life. Repairs and maintenance costs for existing rigs are difficult to predict and may be more substantial than for rigs that we have operated since they were built. In addition, we may not be able to obtain indemnification and warranties from the sellers for any rigs that we acquire. These costs could adversely affect our results of operations and cash flows.

Newbuild rig projects and reactivation of stacked rigs, as well as upgrade, refurbishment and repair projects are subject to various risks, which could cause delays or cost overruns.

We have in the past and could in the future increase the size of our fleet through the purchase, lease or construction of newbuild rigs. In addition, we may choose to reactivate rigs which may be stacked in the future.

We incur upgrade, refurbishment and repair expenditures for our fleet from time to time, including when upgrades are required by industry standards and/or by law. Such expenditures are also necessary in response to requests by customers, inspections, regulatory or certifying authorities or when a rig is damaged. We also regularly make certain upgrades or modifications to our drilling rigs to meet customer or contract specific requirements.

The construction or outfitting of purchased newbuild rigs or reactivation of stacked rigs and upgrade, refurbishment and repair projects are subject to project management execution risks of delay and cost overruns inherent in any large construction project from numerous factors, including:

- project management and execution risk;
- unexpectedly long delivery times for, unexpected costs or shortages of, key equipment, parts and materials;
- unforeseen increases in the cost of equipment, labor and raw materials, particularly steel;
- unforeseen design and engineering problems;
- shortages of skilled labor and other shipyard personnel necessary to perform the work;
- labor disputes and work stoppages at the shipyard;
- latent damages to or deterioration of hull, equipment and machinery in excess of engineering estimates and assumptions;
- unanticipated actual or purported change orders (scope creep);
- HSE accidents/incidents or other safety hazards;
- failure or delay of third party service providers;
- disputes with the constructing shipyard or other suppliers;
- last minute changes to the customer’s specifications;
- failure or delay in obtaining acceptance of the rig by our customer;
- financial or other difficulties at shipyards;
- adverse weather conditions or any other force majeure events;
- inability or delay in obtaining flag-state, classification society, certificate of inspection, or other regulatory approvals or permits and
- mobilization between the shipyard and the contract operating site, including any restrictions on the movement of personnel.

Failure to complete a newbuild, reactivation, upgrade, refurbishment or repair project on time may result in the delay, renegotiation or cancellation of an existing contract and could put at risk the planned arrangements to commence operations on schedule. Further, significant delays could have a negative impact on our reputation and customer relationships. We also could be exposed to contract termination or penalties for failure to complete the project and commence operations in a timely manner. In addition, our rigs undergoing upgrade, refurbishment or repair generally do not earn a dayrate during the period they are out of service. Significant cost overruns or delays, loss of reputation, penalties, and failure to minimize lost dayrates could all have a material adverse effect on our revenues, financial condition, results of operations and cash flows.

We may be unable to successfully obtain and integrate additional rigs on economically acceptable terms, or at all, which may adversely affect the Company and our future growth.

Part of our strategy to grow the business is dependent on our ability to successfully obtain and integrate additional rigs, including acquired newbuild and existing rigs and leasing rigs, to generate additional revenues. The consummation and timing of obtaining additional rigs will depend upon, among other things, the availability of attractive targets in the marketplace, our ability to negotiate acceptable agreements, our ability to obtain financing on acceptable terms and our ability to integrate any assets and operations into our fleet. We may not be able to consummate any future acquisition or lease, which may limit our future growth, and such agreements may not achieve the benefits we seek.

Further, obtaining and integrating additional rigs could expose us to a number of risks, for which we may be unable to obtain sufficient indemnification and warranties to mitigate, including:

- incorrect assumptions regarding the future results of such rigs or expected cost reductions or other synergies expected to be realized as a result of obtaining rigs;
- incorrect assumptions about the cost to operate such rigs, including repairs and maintenance costs;
- failing to integrate assets and operations successfully and timely;
- undetected defects, particularly when acquiring or leasing existing rigs for which condition and operating history may be difficult to determine;
- diversion of management's attention from existing operations or other priorities and
- unforeseen consequences or other external events beyond our control.

Leasing rigs may expose us to additional risks. Outfitting leased rigs may require significant operation readiness projects to make the leased assets suitable for use, which is subject to the same risks as newbuild rigs and reactivation of stacked rigs, as discussed above. We may make significant investments in leased assets, which are owned by the lessor, and which would only benefit us during the term of the leases. As lease terms can be significantly shorter than the life of the leased rigs, any costs would have to be expensed over a shorter period and, as a result, could have a greater impact on our profitability. Additionally, we may be unable to renew such leases, exercise purchase options or negotiate the purchase of leased rigs on terms acceptable to us, or at all. Lease agreements may also require us to maintain the leased rigs, exposing us to risks of increased repairs and maintenance costs, or to expend certain costs to return the rig to the owner at the termination of the lease. These factors could materially adversely affect our financial position, results of operations and cash flows.

Fluctuations in exchange rates and non-convertibility of currencies could result in losses to us.

We may experience realized currency exchange losses when cash is received or expenses are paid in currencies other than our U.S. dollar functional currency, when we do not hedge our exposure to such foreign currency or when the result of a hedge is a loss. We may also incur losses as a result of an inability to collect revenues due to a shortage of convertible currency available to the country of operation, controls over currency exchange or controls over the repatriation of income or capital.

If any part of our business is moved outside of its current operative jurisdiction our overall tax exposure may change.

We and many of our subsidiaries are incorporated in the Cayman Islands. We also have subsidiaries in various other jurisdictions. Our consolidated effective tax rate is dependent on where profits are earned and taxed or losses are generated, as different countries have different tax systems and statutory tax rates. Different jurisdictions also have different tax laws and interpretations thereof. If we move some of our operations into a new jurisdiction or acquire companies in jurisdictions in which we do not already operate, our overall effective tax rate may be affected. Further, we may also become exposed to changes in tax policies and amendments to tax legislation, prospectively and/or retroactively, in such jurisdictions.

There can be no assurance that the relevant tax authorities in the jurisdictions in which we operate will agree with our tax calculations and judgements. If a relevant tax authority disputes our assumptions, judgements or calculations, we may incur additional tax expense, including any related interest and penalties. Any changes in our tax exposure may affect our alleged compliance with applicable tax law, and any non-compliance could have a material adverse impact on our financial condition, results of operations and cash flows.

Risks Related to our Structure and Ownership of our Common Stock

We are exposed to regulatory and enforcement risks regarding taxes. U.S. tax authorities may treat us as a passive foreign investment company, causing potential adverse U.S. federal tax consequences to our U.S. shareholders.

For U.S. federal income tax purposes, a foreign corporation will be treated as a Passive Foreign Investment Company ("PFIC"), if either (i) at least 75.0% of its gross income for any taxable year (including its proportionate share of the gross income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of such corporation's stock) consists of certain types of "passive" income or (ii) at least 50.0% of the average value of the corporation's assets (including its proportionate share of the assets of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of such corporation's stock) either produce or are held for the production of those types of "passive" income. Passive income for these purposes includes certain rents and royalties, dividends, interest, net gains from the sale or exchange of investment property, and net gains from commodities and securities transactions. Passive income does not include income derived from the performance of services.

We believe that we will not be treated as a PFIC for any relevant period as any income we receive from offshore drilling service contracts should be treated as "services income" rather than as passive income under the PFIC rules. In addition, the assets we own and utilize to generate this "services income" should not be considered passive assets.

Although there is significant legal authority supporting our position, including relevant statutory provisions, legislative history, case law and various pronouncements from the U.S. Internal Revenue Service ("IRS"), there is a possibility that the IRS may still characterize this income as "passive" income in light of a prior case characterizing income from the time chartering of vessels as rental income rather than services income for other tax purposes. However, the IRS has subsequently formally announced that it does not agree with the decision in that case. Despite this IRS announcement, no assurance can be given that the IRS or a relevant court will accept our position that we are not a PFIC.

If we were to be treated as a PFIC for any relevant period, our U.S. shareholders may face adverse U.S. tax consequences. Under the PFIC rules, a U.S. shareholder would be liable to pay U.S. federal income tax at the highest applicable rates on ordinary income upon the receipt of certain "excess" distributions and upon any gain from the disposition of our shares, plus certain interest and penalties. Although shareholders can make certain elections to mitigate the application of the PFIC rules, these elections can themselves cause other adverse tax consequences to the electing shareholder.

Subsequent to our initial public offering in 2018, we are subject to both Cayman Islands regulatory requirements and the requirements applicable for Companies listed on the OSE, and any subsequent changes to these requirements, and, as such, we may be subject to review by the relevant authorities.

From the time of our June 25, 2018, initial public offering, we are subject to both the Cayman Islands regulatory requirements and the requirements applicable for companies listed on the OSE. These requirements affect our financial statements, corporate governance, communications with shareholders, transactions involving our common stock, such as dividends and stock repurchases, and other items as per the relevant laws and regulations. Any of these documents or actions may be subject to review by the relevant authorities. Compliance with these requirements and any subsequent changes in the requirements or the interpretation of requirements by relevant authorities could have a material adverse impact on our business, financial condition, results of operations and cash flows.

Shareholder rights and responsibilities will be governed by Cayman Islands law and will differ in some respects from the rights and responsibilities of shareholders under other jurisdictions, including Norway and the U.S., and our shareholder rights under Cayman Islands law may not be as clearly established as shareholder rights under the laws of other jurisdictions.

Our corporate affairs are governed by our Articles of Association ("Articles") and by the laws governing companies incorporated in the Cayman Islands. The rights of our shareholders and the responsibilities of members of the board of directors under Cayman Islands law may not be as clearly established as under the laws of other jurisdictions. In addition, the rights of shareholders as they relate to, for example, the exercise of shareholder rights, are governed by Cayman Islands law and our Articles and may differ from the rights of shareholders under other jurisdictions, including Norway and the U.S. The holders of our common shares may have more difficulty in protecting their interests in the face of actions by the board of directors than if we were incorporated in the U.S. or Norway. Additionally, it could be difficult for a common shareholder to prevail in a claim against us under, or to enforce liabilities predicated upon, securities laws in jurisdictions other than the Cayman Islands.

Certain of our shareholders own a significant proportion of our common shares, and their interests may conflict with those of ours.

Our largest shareholders include affiliates of Castle Harlan, Inc. ("Castle Harlan") and China Merchants Industry Holdings Company Limited ("China Merchants"). These shareholders beneficially own, collectively, a significant proportion of our common shares and have representation on the board of directors. Accordingly, Castle Harlan and China Merchants can exercise significant influence over our affairs.

In the recent past, we have not paid any dividends on our common shares, our ability to pay dividends is subject to certain restrictions and the availability and timing of future dividends, if any, is uncertain, which could influence the price of our common shares.

In recent years, we have not issued dividends to our common shareholders, and we did not distribute any dividends for the financial year ended December 31, 2024. Agreements governing our existing indebtedness place certain restrictions on our ability and the ability of our restricted subsidiaries to pay dividends. Consequently, the only opportunity for an investor in our common stock to achieve a return on their investment may be to sell the common shares at a price greater than the price paid. In addition, any amendments to our existing debt agreements or any new debt arrangements may also prohibit or further restrict our ability to pay dividends on our common shares.

Subject to such prohibitions and restrictions, the board of directors will determine the amount and timing of dividends on our common shares, if any, that we may pay in future periods. In making this determination, the board of directors will consider all relevant factors, including the amount of cash available for dividends, capital expenditures, covenants, prohibitions or limitations with respect to dividends, applicable law, general operational requirements and other variables. We cannot predict the amount or timing of any future dividends, and if we do commence the payment of dividends, we may be unable to pay, maintain or increase dividends over time. Therefore, investors may not be able to realize any return on their investment in our common shares for an extended period of time, if at all.

The annual dividend yield of our common stock as compared to yields on other financial instruments, which may fluctuate with market interest rates, could influence the market price of our common shares. As such, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of our common shares.

Future issuances of our common shares or other securities could dilute the holdings of holders of our common shares and could materially affect the price of our common shares, and preemptive rights are not available to holders of our common shares.

We may in the future decide to offer additional common shares or other securities in order, among other needs, to finance new capital-intensive projects, in connection with unanticipated liabilities, as currency in merger and acquisition transactions, for employee share-based awards, for regulatory requirements, to fund our expenses or for any other corporate purposes.

There can be no assurance that we will not decide to conduct further offerings of securities in the future. Under Cayman Islands law and our Articles, holders of our common shares do not have preemptive rights that maintain their relative ownership percentages prior to the issuance of any new common shares. Without preemptive rights and depending on the structure of any future offering, certain common shareholders may not have the ability to purchase additional equity securities. Future issuances of common shares or other securities may result in substantial dilution in the ownership percentage of, and may have the effect of diluting the value of, holdings and voting interests of common shareholders. Additionally, such transactions could have an adverse effect on market value of our common shares.

The transfer of our common shares and their underlying assets is subject to restrictions under the securities laws of the U.S. and other jurisdictions.

Our common shares or underlying assets have not been registered under the Securities Exchange Act of 1934 in the U.S. or any U.S. state securities laws or any other jurisdiction outside of Norway and the Cayman Islands, and may not be registered in the future. As such, our common shares or underlying assets may not be offered or sold in the U.S. except pursuant to an exemption from the registration requirements of the Securities Exchange Act of 1934 in the U.S. and other applicable securities laws. In addition, common shareholders residing or domiciled in the U.S. and/or other jurisdictions may not be able to participate in future capital increases.

Investors could be unable to recover losses in civil proceedings in jurisdictions other than the Cayman Islands and Norway.

We are an exempted company, limited by shares and incorporated under the laws of the Cayman Islands. The members of the board of directors and management reside in the U.S., Saudi Arabia, Australia, China, the U.K. and the UAE. As a result, it may be impossible for investors to effect service of process or to enforce judgments obtained in non-Cayman Islands or non-Norwegian courts against us, our board of directors or our management.

General Risk Factors

We are exposed to the credit risks of our key customers and certain other third parties.

We are subject to risks of loss resulting from non-payment or non-performance by third parties. Although we monitor and manage credit risks, some of our customers and other parties may be highly leveraged and subject to their own operating and regulatory risks. During more challenging market environments, we are subject to an increased risk of customers seeking to repudiate contracts. Our customers' ability to meet their contractual obligations may also be adversely affected by restricted credit markets and economic downturns. As of December 31, 2024, our allowance for credit losses was $7.1 million. If one or several key customers or other parties were to default on their obligations to us, our business, financial condition, results of operations and cash flows could be materially adversely impacted.

We are dependent on our senior management team, other key employees and the directors of our board, and the business could be negatively impacted if we are unable to attract and retain personnel necessary for our success.

Our performance is, to a large extent, dependent on highly qualified personnel, including management, other key employees and directors of our board ("Key Personnel"), and our continued ability to compete effectively, implement our strategy and further develop our business depends on our ability to attract new and qualified Key Personnel and to retain and motivate existing Key Personnel. Attracting qualified personnel has proved increasingly important as our industry has developed and become more advanced. An important factor contributing to our leading position and global footprint has been our ability to retain qualified employees throughout our organizational structure.

Further, the competition for Key Personnel is intense from competitors within the oil and natural gas industry, as well as from businesses outside this industry. We may not be able to retain our Key Personnel nor attract and retain replacements for Key Personnel in the future, or the cost to attract and retain Key Personnel may increase. Our competitors may actively seek to recruit management personnel or other key employees and may succeed in such efforts. Financial difficulties and other factors might have further negative impacts on our ability to retain Key Personnel or recruit new talent.

Any loss of the services of management, other key employees, or directors of our board, particularly to competitors, the inability to attract and retain highly skilled key personnel and the increased costs to replace such Key Personnel could have a material adverse impact on our business, financial condition, results of operations and cash flows.

We are dependent on the availability and retention of skilled personnel, which may be adversely affected by increases in labor costs.

We require highly skilled personnel to operate and provide technical services and support for our operations. Many of our customers require specific minimum levels of experience and technical qualification for certain positions on rigs which they contract. We are also subject to local content programs in various countries, whereby we must hire a certain percentage of local personnel within a specified time period. Hiring and retaining qualified employees can be especially difficult during periods of high utilization and demand for drilling services, when there is increasing competition for personnel. Such difficulties and increased costs to recruit and retain qualified employees could have a material adverse effect on our results of operations and cash flows.

We may be subject to litigation and disputes that could have a material adverse impact on our business, financial condition, results of operations and cash flows.

From time to time, we are involved in litigation and disputes. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, asbestos and other toxic tort claims, employment disputes, tax matters and other litigation that arises in the ordinary course of our business. Although we intend to defend these matters vigorously, we cannot predict with certainty the outcome or effect of any dispute, claim or other litigation matter. We may not have insurance for litigation or claims that may arise, or our insurance coverage may not be sufficient, insurers may not remain solvent, other claims may exhaust some or all of the insurance available to us or insurers may interpret our insurance policies such that they do not cover certain claim losses. Litigation may result in adverse outcomes, substantial defense costs, the diversion of management's resources and other impacts inherent in litigation or relating to the claims that may arise, any of which may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Any relevant change in tax laws, regulations, or treaties, and relevant interpretations thereof, for any country in which we operate, earn income, generate losses or are considered to be a tax resident, and/or the loss of any major tax dispute, or a successful challenge to our intercompany pricing policies or operating structures could have an adverse impact on our financial condition, results of operations and cash flows.

Our business is incorporated in the Cayman Islands and operates through our many subsidiaries in various countries throughout the world. Our income tax exposure is based upon the relevant tax laws, regulations and treaties that apply to the various countries in which we operate or earn income or are deemed to be a tax resident.

Our income tax returns are subject to examination and review and our effective tax rate may be impacted if:

- there are any significant changes to applicable tax laws, regulations or tax treaties, and the interpretation thereof in the various countries in which we operate, earn income, generate losses or are deemed to be a tax resident;
- any tax authority successfully challenges our intercompany pricing policies or operating structures;
- any tax authority interprets a treaty in a manner that is adverse to our structure or previous tax positions;
- any tax authority successfully challenges the taxable presence of any of our key subsidiaries in a relevant jurisdiction; or
- we lose a key tax dispute in a jurisdiction.

Transactions taking place between our companies and related companies must be carried out in accordance with arm's length principles in order to avoid adverse tax consequences. There can be no assurance that the tax authorities will conclude that our transfer pricing policies are calculated using appropriate arm's length prices for intercompany transactions. Any changes in intercompany pricing could change our taxable income or losses in various jurisdictions, which could change our effective tax rate and tax expense.

Any of the above factors could cause a significant change to our local statutory tax rates and/or our effective tax rate on worldwide earnings. In addition, if a local statutory tax rate changes, we may need to revalue our deferred tax assets and liabilities or recalculate our valuation allowances, liabilities for uncertain tax positions or other tax allowances and reserves relevant to that jurisdiction. Additionally, if we do not generate sufficient income in jurisdictions with tax loss carryforwards or other changes are made regarding their value or utilization, we may be required to reduce the value of these tax assets. Any of these changes could have a material adverse impact on our financial position, results of operations and cash flows.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 1C. Cybersecurity.

Our Company has implemented a comprehensive cybersecurity program designed to assess, identify, and manage risks associated with cybersecurity threats. This program includes processes and controls that govern and protect our information systems and technology environments. It is designed to ensure the confidentiality, security, integrity, and availability of our systems and their data. We have established information technology security policies that align with the National Institute of Standards and Technology and ISO 27001 standards. These policies form the backbone of our cybersecurity framework, providing a solid foundation to safeguard against a wide range of threats. Our cybersecurity framework undergoes regular testing and evaluation to maintain a high level of security. This includes thorough assessments by our internal teams and audits conducted by external experts.

Item 2. Properties.

Overview

Our properties consist primarily of our mobile fleet of jack-up rigs and related equipment that is located and operates across five core operating regions; MENAM, India, West Africa, Southeast Asia and the North Sea. We also own or lease office space for our corporate headquarters in Dubai, UAE and shore-based facilities in UAE, Saudi Arabia, Bahrain, Egypt, Italy, Hungary, Indonesia, Malaysia, Vietnam, Singapore, Thailand, Mauritius, India, Nigeria, Angola, Qatar, Denmark, Norway and United Kingdom to support rig operations.

Fleet

Our fleet consists of 33 ILC jack-up rigs as of December 31, 2024, excluding a held for sale rig. The ILC design allows each leg to be independently raised or lowered and permits the drilling platform to be extended out from the hull to perform operations over certain types of pre-existing platforms or structures. We believe these design features provide greater operational flexibility, safety and efficiency than alternative designs. Many of our jack-up rigs further feature proven, reliable technology and processes, utilizing mechanical features with generally lower operating costs compared to newer, higher-specification rigs. Within their given water depth capabilities, we believe our jack-up rigs are well-suited for our customers' typical shallow water operations.

We have taken steps in recent years to enhance our fleet, including our construction of newbuild rigs and acquisition of premium jack-up rigs. From 2016 through 2022, we added 15 premium jack-up rigs to our fleet at prices significantly less than the historic cost of construction for comparable newbuild rigs, including:

- In 2016, the newbuild rig Shelf Drilling Chaophraya was delivered;
- In 2017, the newbuild rig Shelf Drilling Krathong was delivered and the Shelf Drilling Mentor, Shelf Drilling Tenacious, and Shelf Drilling Resourceful were acquired;
- In 2018, the Shelf Drilling Scepter was acquired;
- In 2019, the Shelf Drilling Achiever and Shelf Drilling Journey were acquired. Shelf Drilling Journey was subsequently and opportunistically sold in February 2021;
- In 2020, the Shelf Drilling Enterprise was acquired; and
- In 2022, the Shelf Drilling Victory, Shelf Drilling Barsk, Shelf Drilling Fortress, Shelf Drilling Odyssey, Shelf Drilling Perseverance and Shelf Drilling Winner were acquired.

We further initiated steps to optimize our fleet composition and enhance the Company's financial flexibility. In September 2024, we sold the Baltic rig. In December 2024, we agreed to sell the Trident VIII, following the resolution of an insurance claim, and the Main Pass I, with both sales expected to close in early 2025. See Note 6 – Property and Equipment in "Item 8. Financial Statements and Supplementary Data" for further details.

Maintenance and Certifications

Our organizational objective is to maintain our assets to provide optimal operating performance while minimizing out of service time and total capital expenditures. Each of our rigs is subject to the maintenance and inspection regime governed by the IMOs Code for the Construction and Equipment of Mobile Offshore Drilling Units. Our rigs are subject to periodic testing with a major inspection every five years under the International Association of Classification Societies Special Periodic Survey ("SPS") requirements. This inspection typically takes six to twelve weeks and is often scheduled between customer contracts to minimize downtime. Our fleet is also subject to Underwater Inspections in Lieu of DryDocking ("UWILD"), intermediate surveys and annual inspections between each SPS. The marine equipment of our fleet is certified according to international safety standards under the International Safety Management Code and is certified by the American Bureau of Shipping classification society, enabling universal recognition of our equipment as being qualified for international operations, however our equipment maintenance standards are governed by the guidelines, recommendations and standards provided by the American Petroleum Institute.

The following table sets forth certain information concerning our rig fleet as of December 31, 2024:

Rig Name	Design	Year Built / Last Upgrade	Maximum Water Depth (feet)	Maximum Drilling Depth (feet)	Location
NORTH SEA					
Shelf Drilling Winner	Friede & Goldman JU-3000N	2014	400	35,000	Denmark
Shelf Drilling Barsk	GustoMSC CJ70-X150-ST	2016	492	32,810	Norway
Shelf Drilling Fortress	Friede & Goldman JU-3000N	2014	400	35,000	United Kingdom
MENAM					
Shelf Drilling Resourceful	LeTourneau Super 116 C	2008 / 2017	350	30,000	Croatia
Rig 141	MLT 82-SD-C	1982	250	20,000	Egypt
Trident 16	Modec 300-C38	1982 / 2012	300	25,000	Egypt
Key Manhattan	MLT 116-C	1980 / 2010	350	25,000	Italy
Shelf Drilling Odyssey	Friede & Goldman JU-3000N	2014	400	35,000	Qatar
Harvey H. Ward	F&G L-780 Mod II	1981 / 2023	300	25,000	Saudi Arabia
High Island II	MLT 82-SD-C	1979 / 2011	270	20,000	Saudi Arabia
High Island IV	MLT 82-SD-C	1980 / 2021	270	20,000	Saudi Arabia
High Island V	MLT 82-SD-C	1981 / 2013	270	20,000	Saudi Arabia
High Island IX	MLT 82-SD-C	1983 / 2012	250	20,000	Saudi Arabia
Shelf Drilling Victory	Baker Marine Pacific Class 375	2008 / 2023	375	30,000	Saudi Arabia
India					
C.E. Thornton	MLT 53-SC	1974 / 1984	300	21,000	India
Compact Driller	MLT 116-C	1992 / 2019	300	25,000	India
F.G. McClintock	MLT 53-SC	1975 / 2002	300	21,000	India
J.T. Angel	F&G L-780 Mod II	1982	300	25,000	India
Key Singapore	MLT 116-C	1982 / 2015	350	25,000	India
Parameswara	Baker Marine BMC 300-IC	1983 / 2001	300	25,000	India
Ron Tappmeyer	MLT 116-C	1978	300	25,000	India
Trident II	MLT 84-SC Mod	1977 / 1985	300	21,000	India
Trident XII	Baker Marine BMC 300-IC	1982 / 1992	300	21,000	India
West Africa					
Shelf Drilling Tenacious	Baker Marine Pacific 375	2007 / 2022	375	30,000	Angola
Adriatic I	MLT 116-C	1981 / 2014	350	25,000	Nigeria
Main Pass IV	F&G L-780 Mod II	1982 / 2021	300	25,000	Nigeria
Shelf Drilling Achiever	GustoMSC CJ46-X100-D	2019	350	30,000	Nigeria
Shelf Drilling Mentor	LeTourneau Super 116 E	2010 / 2017	350	30,000	Nigeria
Shelf Drilling Scepter	Keppel FELS Super B	2008 / 2019	350	35,000	Nigeria
Southeast Asia					
Shelf Drilling Chaophraya	LeTourneau Super 116E	2016	350	30,000	Thailand
Shelf Drilling Enterprise	Baker Marine Pacific Class 375	2007 / 2020	375	30,000	Thailand
Shelf Drilling Krathong	LeTourneau Super 116E	2017	350	30,000	Thailand
Shelf Drilling Perseverance	Friede & Goldman JU-2000E	2008	400	30,000	Vietnam
Held for Sale					
Main Pass I (1)	F&G L-780 Mod II	1982 / 2013	300	25,000	Saudi Arabia

(1) Rig is stacked and reported as asset held for sale in the Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data."

Item 3. Legal Proceedings

Information regarding legal proceedings is set forth in "Note 12 – Commitments and Contingencies" to the Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data".

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is listed on the OSE under the ticker symbol "SHLF". The number of holders of record of our common stock as of February 25, 2025 was 3,546. The number of beneficial shareholders is substantially greater than the number of holders as a large portion of our common stock is held through brokerage firms.

Oslo Børs is a stock exchange listing which complies with EU requirements and Norwegian stock exchange legislation. On December 30, 2024, the last reported sale price of our common shares on the OSE was 9.41 NOK per share, which was equivalent to approximately $0.83 per share based on the Bloomberg Composite Rate of 11.33 NOK to $1.00 in effect on that date. The following table sets forth the high and low close prices for our common shares as reported on the Oslo Stock Exchange for the periods listed below. Share prices are presented in $ per common share based on the Bloomberg Composite Rate on each day of measurement.

	2024	
	High	Low
First quarter	$ 3.39	$ 2.36
Second quarter	$ 2.30	$ 1.65
Third quarter	$ 2.15	$ 1.47
Fourth quarter	$ 1.94	$ 0.74

	2023	
	High	Low
First quarter	$ 3.22	$ 2.08
Second quarter	$ 2.47	$ 1.66
Third quarter	$ 3.55	$ 1.92
Fourth quarter	$ 3.42	$ 2.40

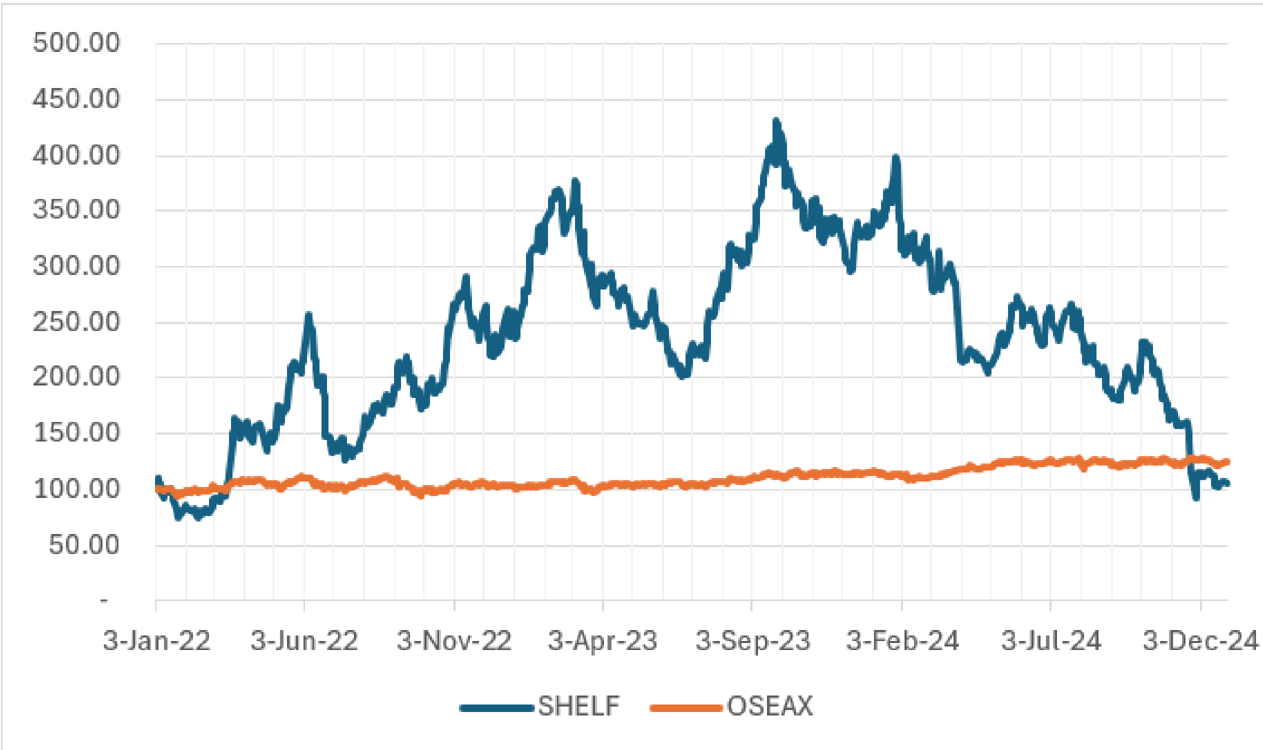
Dividends

In recent years, the Company has not issued dividends to its common shareholders, and the Company did not distribute any dividends for the financial year ended December 31, 2024. The Company's future dividend policy is within the discretion of the board of directors, who will consider issuing dividends to holders of common shares with other relevant considerations and factors, including but not limited to the Company's working capital and capital expenditure needs, results of operations, financial condition and investment opportunities. Certain of the Company's debt agreements contain covenants that limit the payment of dividends.

See Note 9 – Debt and Note 13 – Equity to our Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information.

Stock Performance Graph

The graph below compares the cumulative total stockholder return on our common stock, with the cumulative total return on the Oslo Stock Exchange All Share Index ("OSEAX") for the period ending on December 31, 2024. The graph assumes an investment of $100 at the beginning of this period. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.



Item 6. [Reserved]

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion of our results of operations, liquidity and capital resources includes a comparison of the years ended December 31, 2024 and 2023. This information should be read in conjunction with the information contained in "Part I. Item 1. Business", "Part I. Item 1A. Risk Factors" and the audited consolidated financial statements and the notes thereto included under "Item 8. Financial Statements and Supplementary Data" elsewhere in this Form 10-K Equivalent.

Overview

We are a leading international shallow water offshore contractor providing equipment and services for the drilling, completion, maintenance and decommissioning of oil and natural gas wells. We are solely focused on shallow water operations in both benign and harsh environments, in water depths of up to 500 feet, and our fleet consists of 33 ILC jack-up rigs as of December 31, 2024, excluding a held for sale rig.

Since our inception in 2012, we have applied our fit-for-purpose strategy to enhance the performance of our business, people and processes, leveraging our sole focus on the shallow water segment and the decades of experience of our people with our customers, rigs and markets where we operate. This focus allows us to concentrate our rigs in the most promising geographic markets, promoting operational efficiency and driving an efficient cost structure. This strategy relies on three key pillars: positioning and upgrading rigs where they are ideally suited to customer needs in the areas in which we operate, designing a right-sized, lean and effective organization, and developing national content as a part of our commitment to create a significant positive impact on local communities. This fit-for-purpose" strategy provides substantial value to our customers and local communities, improves the productivity of our rigs and employees and advances our industry leading cost structure and safety performance. This, in turn, drives repeat customer business and new contract wins, as we strive to be the international jack-up contractor of choice.

Our fleet is well-suited to our core operating regions. The MENAM, Southeast Asia, India and West Africa markets are generally characterized by relatively benign operating conditions with activities concentrated in workover and development programs on producing assets with existing infrastructure. Our rigs in the North Sea are extremely well suited to operate in the North Sea harsh environment.

We have one reportable segment, contract services, which reflects how we manage our business and that our market is dependent upon the worldwide oil and natural gas industry. The rigs comprising our fleet operate in a single market and are mobile. As a result, our rigs can be deployed globally to meet the changing needs of our customers, which consists of NOCs, IOCs and independent oil and natural gas companies.

See "Item 1. Business" for more information about our business, including discussions of our recent events; operations; customers and customer contracts; strategy and competitive strengths; risk management and insurance; health, safety and environment; our people and operating expenses, capital expenditures and deferred costs.

Outlook

The long-term global demand for oil and gas is forecast to remain strong as hydrocarbons are expected to represent a significant source of energy needs for the foreseeable future, despite the development of alternative energy sources. Population growth and urbanization are anticipated to drive continued increases in energy consumption, particularly in emerging economies, where industrial expansion and infrastructure development will require significant fossil fuel use, supporting long-term demand. Additionally, many nations are prioritizing energy security, therefore reinforcing the role of fossil fuels in their energy mix.

When comparing the different types of oil and gas activity, shallow water projects typically have lower development costs and faster production timelines compared to deepwater or onshore unconventional resources. Shallow water activity is expected to remain a critical component of a diversified and reliable energy mix for decades to come. Brent crude oil prices, a key driver of jack-up rig demand, have been relatively stable in recent months and were $75 per barrel in February 2025, creating a constructive backdrop for our business.

Global jack-up market utilization reached 95% in early 2024 but is now expected to fall below 90% in 2025, due to multiple rounds of contract suspensions in the Middle East during 2024. This has resulted in near-term dayrate pressure, as contractors seek to redeploy many of the impacted rigs to other markets. While there are also signs of short-term uncertainty in India due to a slowdown in tendering, the long-term activity outlook remains positive in that market. We continue to see incremental jack-up demand in certain regions, particularly in West Africa and Southeast Asia, and we believe utilization will stabilize in 2025 and improve thereafter.

We quickly redeployed two of our rigs suspended in Saudi Arabia – the Shelf Drilling Achiever started its new three-year contract in October 2024, and we secured a two-year contract for the Main Pass IV in Nigeria with the rig commencing operations in December 2024. We are now mobilizing two additional units that we expect to commence new programs in West Africa by the middle of 2025. We have made significant progress in addressing the challenges that emerged in 2024 and positioned the Company well heading into 2025.

Operational Measures

We use various operational measures common to our industry to evaluate our operational performance including:

- *Contract backlog* is the maximum contract dayrate revenues that can be earned from firm commitments for contract services represented by executed definitive agreements based on the contracted operating dayrate during the contract period less any planned out-of-service periods for regulatory inspections and surveys or other work. Contract backlog excludes revenues resulting from mobilization and demobilization fees, capital or upgrade reimbursement, recharges, bonuses and other revenue sources. Contract backlog may also include the maximum contract amount of revenues for the use of our rigs such as bareboat charters or as accommodation units. The contract period excludes revenues from extension options under our contracts, unless such options have been exercised. The contract operating dayrate may differ from the amount estimated due to reduced dayrates for rig movements, adverse weather, planned out of service periods and equipment downtime, among other factors. Actual dayrates may also include contractual adjustments based on market factors, such as Brent crude oil or natural gas prices or cost increases. Contract backlog is a key indicator of our potential future revenue generation.

- *Average dayrate* is 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. Average dayrate can be calculated related to historical revenues or contract backlog.

- *Contracted rigs* consist of all of our rigs that are under contract, including rigs currently operating under a contract and rigs preparing for an upcoming contract.

- *Average contracted days per rig* is the total remaining contracted days for all contracted rigs divided by the number of contracted rigs.

- *Total recordable incident rate* ("TRIR") is the number of recordable safety incidents per 200,000 man-hours as per IADC guidelines.

- *Marketable rigs* consist of all of our rigs that are operating or are available to operate, but excluding rigs under third party bareboat charter agreements, stacked rigs, rigs under contract for activities other than drilling, plug and abandonment or associated services, as applicable.

- *Uptime* is the period during which we perform well operations without unplanned stoppage due to mechanical, procedural or other operational events that result in non-productive well operations time. Uptime is expressed as a percentage measured daily, monthly or yearly. Uptime performance is a key customer contracting criterion, an indication of our operational efficiency and directly related to our current and future revenues and profit generation.

- *Effective utilization* is 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. Effective utilization measures the dayrate revenue efficiency of our marketable rigs. Effective utilization varies due to changes in operational uptime, planned downtime for periodic surveys, timing of underwater inspections, contract preparation and upgrades, time between contracts and the use of alternative dayrates for waiting-on-weather periods, repairs, standby, force majeure, mobilization or other rates that apply under certain circumstances. We exclude all other types of revenues from the calculation of effective utilization.

The following tables include selected operating measures for the years presented:

	As of December 31,		
	2024	**2023**	**2022**
Contract backlog (in millions) (1)	$ 2,141	$ 2,340	$ 2,682
Weighted average backlog dayrate (in thousands) (1)	$ 98.5	$ 83.4	$ 78.6
Average contract days per rig (1)	701	801	974
Number of contracted rigs (1)	31	35	35

(1) Figures as of December 31, 2024 include the backlog for the suspended rigs in Saudi Arabia.

Contract backlog as of December 31, 2024 is expected to be recognized over the periods as per the following table, subject to certain limitations and adjustments as discussed above:

	2025	**2026**	**2027**	**Thereafter**	**Total**
Contract backlog (in millions)	$ 858	$ 617	$ 282	$ 384	$ 2,141

The following tables include selected operating measures for the years presented:

	Years ended December 31, 2024	2023	2022
TRIR	0.18	0.12	0.16
IADC average TRIR	0.46	0.51	0.67
Average dayrate (in thousands)	$ 83.2	$ 76.9	$ 63.4
Average marketable rigs	34.6	34.7	31.0
Uptime	99.3%	98.8%	99.3%
Effective utilization	81%	83%	83%

Financial Measures

In addition to terms under generally accepted accounting principles in the United States of America ("GAAP"), we utilize certain non-GAAP financial measures. We present the non-GAAP measures, which include adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and Adjusted EBITDA divided by total revenues excluding the amortization of intangible liability ("Adjusted EBITDA Margin") in addition to net income (loss), which is the most directly comparable GAAP financial measure. We believe that Adjusted EBITDA and Adjusted EBITDA Margin are useful non-GAAP financial measures because they are widely used in our industry to measure a company's operating performance without regard to the excluded items, which can vary substantially from company to company, and are also useful to an investor in evaluating the performance of the business over time. In addition, our management uses Adjusted EBITDA and Adjusted EBITDA Margin in presentations to our board of directors to provide a consistent basis to measure the operating performance of our business, as a measure for planning and forecasting overall expectations, for evaluation of actual results against such expectations and in communications with our shareholders, lenders, noteholders, rating agencies and others concerning our financial performance. Adjusted EBITDA and Adjusted EBITDA Margin may not be comparable to similarly titled measures employed by other companies and should not be considered in isolation or as a substitute for net income (loss) or other data prepared in accordance with GAAP. Adjusted EBITDA and Adjusted EBITDA Margin have significant limitations, including but not limited to the exclusion from these numbers of various cash requirements to operate our business.

Our financial measures were as follows (in millions, except Adjusted EBITDA Margin):

	Years ended December 31, 2024	2023	2022
Net income / (loss)	$ 52.6	$ (17.2)	$ (24.2)
Add back:			
Interest expense and financing charges, net of interest income (1)	154.1	165.3	114.2
Income tax expense	31.8	29.7	34.1
Depreciation	85.8	83.3	62.2
Amortization of deferred costs	103.2	61.5	64.3
Impairment loss	3.9	—	—
(Gain) / loss on disposal of assets	(37.8)	2.1	3.3
Amortization of intangible liability	(12.8)	(14.2)	(7.6)
EBITDA	380.8	310.5	246.3
Gain on insurance recovery	(30.9)	—	—
One-time corporate transaction costs (2)	0.8	1.0	2.3
Adjusted EBITDA	$ 350.7	$ 311.5	$ 248.6
Adjusted EBITDA Margin	36%	35%	36%

(1) Represents 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. This also includes the $9.6 million and $27.7 million loss on debt extinguishment in relation to our debt refinancing transactions during the years ended December 31, 2024 and 2023, respectively.

SHELF DRILLING

(2) Represents certain one-time third party professional services and certain costs related to acquisitions.

Our restricted subsidiaries accounted for 104%, 97% and 93% of our Adjusted EBITDA for the years ended December 31, 2024, 2023 and 2022, respectively. Our restricted subsidiaries accounted for 86% and 84% of our assets as of December 31, 2024 and 2023, respectively.

Operating Results for the Year Ended December 31, 2024 Compared to the Year Ended December 31, 2023 (In millions, except percentages)

	Years ended December 31,			
	2024	2023	Change	% change
Revenues				
Operating revenues	$ 955.7	$ 853.9	$ 101.8	12%
Other revenues	29.5	54.1	(24.6)	(45%)
	985.2	908.0	77.2	9%
Operating costs and expenses				
Operating and maintenance	553.4	512.9	40.5	8%
Depreciation	85.8	83.3	2.5	3%
Amortization of deferred costs	103.2	61.5	41.7	68%
General and administrative	66.6	64.3	2.3	4%
Gain on insurance recovery	(30.9)	—	(30.9)	n/m
Impairment loss	3.9	—	3.9	n/m
(Gain) / loss on disposal of assets	(37.8)	2.1	(39.9)	n/m
	744.2	724.1	20.1	3%
Operating income	241.0	183.9	57.1	31%
Other expense / (income), net				
Interest income	(3.9)	(3.2)	(0.7)	22%
Interest expense and financing charges	158.0	168.5	(10.5)	(6%)
Other, net	2.5	6.1	(3.6)	(59%)
	156.6	171.4	(14.8)	(9)%
Income before income taxes	84.4	12.5	71.9	575 %
Income tax expense	31.8	29.7	2.1	7%
Net income / (loss)	$ 52.6	$ (17.2)	$ 69.8	(406%)

n/m - not meaningful

Revenues

Total revenues for 2024 increased by $77.2 million compared to the same period in 2023 primarily due to six rigs that had commenced new contracts in late Q2 2023 and Q3 2023, higher average earned dayrates mainly for six rigs in West Africa, India, Denmark, Egypt and Vietnam and acceleration of mobilization revenue on two suspended rigs in Saudi Arabia. This was partially offset by lower revenues from one rig in Norway that completed a bareboat charter contract in 2023 and commenced a new contract in late 2024, five suspended rigs in Saudi Arabia, one rig that was sold in September 2024, one idle rig in Egypt and one rig that suffered structural leg damage in April 2024.

Operating and Maintenance

Total operating and maintenance increased by $40.5 million primarily due to higher preparation and mobilization expenses mainly for three rigs ahead of commencement of new contracts in mid 2023 and late 2024 in Norway and Nigeria, and higher maintenance expenses for three rigs in Denmark, India and Saudi Arabia. These were partially offset by lower operating costs for three suspended rigs in Saudi Arabia and two rigs that were retired from the fleet in 2024.

Depreciation

Depreciation expense for 2024 increased by $2.5 million primarily due to higher depreciation for one rig that was placed into operations in Q2 2023 and for one rig that resumed operations in Q1 2024.

Amortization of Deferred Costs

The $41.7 million increase in amortization of deferred costs in 2024 compared to the same period in 2023 was primarily due to higher amortization for six rigs in Saudi Arabia that were suspended in 2024, three rigs in Nigeria, Italy and India which commenced new contracts in Q2 and Q3 2023, three rigs in India, United Kingdom and Vietnam that commenced new contracts in 2024 and one rig that was sold in September 2024.

General and Administrative

General and administrative expenses were relatively unchanged in 2024 as compared to the same period in 2023.

Gain on Insurance Recovery

Gain on insurance recovery was $30.9 million in 2024 as compared to nil in 2023. The gain relates to the gross insurance proceeds less associated costs relating to a structural damage on one of the Company's rigs that resulted in the rig being declared a total constructive loss by the Company's insurance underwriters.

Impairment Loss

Impairment loss was $3.9 million in 2024, primarily due to the impairment on one rig.

(Gain) / Loss on Disposal of Assets

Gain on disposal of assets increased by $39.9 million in 2024 as compared to 2023, primarily due to the gain on the sale of one of the Company’s rigs in September 2024.

Other Expense / (Income), Net

Other expense / (income), net decreased by $14.8 million in 2024 compared to the same period in 2023, primarily due to the $10.5 million decrease in interest expense and financing charges mainly resulting from a higher debt extinguishment loss in 2023 of $27.7 million as compared to $9.6 million in 2024, partially offset by $6.8 million in higher interest expense and a $3.6 million decrease in other, net expense mainly due to a gain recognized on certain legal matters.

Income Tax Expense

The $2.1 million increase in income tax expense in 2024 compared to the same period in 2023 was primarily due to higher revenues in the current year and higher deferred tax benefits recognized in the prior year, partially offset by favorable tax rate changes in certain jurisdictions and the expiration of statute of limitations on an uncertain tax position in the current year.

Liquidity and Capital Resources

Sources and Uses of Liquidity

Historically, we have met our liquidity needs principally from cash balances in banks, cash generated from operations, debt and equity. Our primary uses of cash were payments related to debt, capital expenditures, income taxes and to fund operations. At any given time, we may require a significant portion of cash on hand for working capital, capital expenditures and deferred costs and other needs related to the operation of our business. We may consider establishing additional financing arrangements and/or debt extinguishments. Any such transactions will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. See also Material Cash Requirements below.

Going Concern Assumption as Per Oslo Bors Reporting Requirements

Management believes that we have adequate liquidity to fund our operations for the next twelve months, and, therefore, our financial statements have been prepared under the going concern assumption. Additional capital and/or refinancing of our existing debt may be required in the future to meet evolving business needs.

Cash Flows

Certain information regarding our cash flows is as follows (in millions):

	Years ended December 31,		
	2024	2023	Change
Net cash provided by operating activities	$ 28.1	$ 86.1	$ (58.0)
Net cash provided by / (used in) investing activities	54.8	(106.0)	160.8
Net cash used in financing activities	(22.6)	(49.6)	27.0
Exchange rate change effect on cash, cash equivalents and restricted cash	(5.6)	(0.8)	(4.8)
Net increase / (decrease) in cash, cash equivalents and restricted cash	$ 54.7	$ (70.3)	$ 125.0

Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased by $58.0 million in 2024 compared to 2023. See “Consolidated Statements of Cash Flows” in “Item 8. Financial Statements and Supplementary Data” for more details.

Net Cash Provided by / (Used in) Investing Activities

Net cash provided by / (used in) investing activities increased by $160.8 million in 2024 compared to 2023. See “Consolidated Statements of Cash Flows” in “Item 8. Financial Statements and Supplementary Data” for more details.

Net Cash Used in Financing Activities

Net cash used in financing activities decreased by $27.0 million in 2024 compared to 2023. See “Consolidated Statements of Cash Flows” in “Item 8. Financial Statements and Supplementary Data” for more details.

Capital Expenditures and Deferred Costs

Capital expenditures and deferred costs include rig acquisition and other fixed asset purchases, certain expenditures associated with regulatory inspections, major equipment overhauls, contract preparation (including rig upgrades), mobilization and stacked rig reactivations. Capital expenditures and deferred costs can vary from quarter-to-quarter and year-to-year depending upon the requirements of existing and new customers, the number and scope of out-of-service projects, the timing of regulatory surveys and inspections, and the number of rig reactivations. Capital additions are included in property and equipment and are depreciated over the estimated remaining useful life of the assets. Deferred costs are included in other current assets and other long-term assets on the consolidated balance sheets and are amortized over the relevant periods covering: (i) the underlying firm contract period to which the expenditures relate, or; (ii) the period until the next planned similar expenditure is to be made. See “Note 6 – Property and Equipment” and “Note 18 – Supplemental Cash Flow Information” in “Item 8. Financial Statements and Supplementary Data” for more details.

Material Cash Requirements

In the normal course of business, we enter into various contractual obligations that impact or could impact our liquidity. As of December 31, 2024, our anticipated material cash requirements consisted primarily of payments related to debt servicing and repayments, operating costs and expenses, operating lease obligations, capital expenditures and deferred costs, income taxes and one-time payment to SDNS shareholders. See also “Note 13 – Equity” to our Consolidated Financial Statements in “Item 8. Financial Statements and Supplementary Data”.

As of December 31, 2024, we had a total principal amount of indebtedness of $1.4 billion. See “Note 9 – Debt” to our Consolidated Financial Statements in “Item 8. Financial Statements and Supplementary Data”. As of December 31, 2024, we had operating lease obligations outstanding of $6.1 million. See “Note 8 – Leases” to our Consolidated Financial Statements in “Item 8. Financial Statements and Supplementary Data”.

Certain Financial Information of Restricted Subsidiaries

The following tables present certain financial information for SDHL excluding unrestricted subsidiaries in relation to our outstanding debt. SDHL and certain of its restricted subsidiaries agreed to grant post-closing guarantees and security with respect to such indebtedness. The process for granting these guarantees and security was completed in December 2023. In addition, the process to arrange for SDHL's restricted subsidiaries in Egypt to grant post-closing guarantees and security is on-going as required under such agreements.

Consolidated Statements of Operations
(In millions)

	Years ended December 31,	
	2024	**2023**
Revenues		
Operating revenues	$ 817.5	$ 748.8
Other revenues	9.5	22.2
	827.0	771.0
Operating costs and expenses		
Operating and maintenance	410.0	420.0
Depreciation	67.3	64.7
Amortization of deferred costs	96.6	61.4
General and administrative	48.6	42.9
Gain on insurance recovery	(30.9)	—
Impairment loss	3.9	—
(Gain) / loss on disposal of assets	(37.9)	2.1
	557.6	591.1
Operating income	269.4	179.9
Other expense / (income), net		
Interest income	(4.2)	(2.0)
Interest expense and financing charges	116.9	139.3
Other, net	2.5	5.0
	115.2	142.3
Income before income taxes	154.2	37.6
Income tax expense	31.4	29.1
Net income	$ 122.8	$ 8.5

Consolidated Balance Sheets
(In millions)

	As of December 31,	
	2024	2023
Assets		
Cash and cash equivalents	$ 130.8	$ 65.6
Accounts and other receivables	191.1	209.2
Less: Allowance for credit losses	7.1	5.1
Accounts and other receivables, net	184.0	204.1
Accounts and other receivables, net - related parties	11.3	7.4
Assets held for sale	6.6	—
Loan to related party	10.0	—
Other current assets	78.2	88.0
Total current assets	420.9	365.1
Property and equipment	1,686.2	1,749.7
Less: Accumulated depreciation	663.4	667.0
Property and equipment, net	1,022.8	1,082.7
Deferred tax assets	6.7	7.0
Other long-term assets	334.5	302.7
Total assets	$ 1,784.9	$ 1,757.5
Liabilities and equity		
Accounts payable	$ 74.9	$ 94.5
Accounts payable - related parties	81.3	0.4
Interest payable	21.5	23.8
Accrued income taxes	16.9	12.1
Current maturities of long-term debt	99.9	70.2
Other current liabilities	71.8	70.5
Total current liabilities	366.3	271.5
Long-term debt	950.9	1,018.9
Deferred tax liabilities	1.9	6.5
Other long-term liabilities	52.4	109.0
Total long-term liabilities	1,005.2	1,134.4
Commitments and contingencies		
Additional paid-in capital	1,005.4	1,066.4
Accumulated losses	(592.0)	(714.8)
Total equity	413.4	351.6
Total liabilities and equity	$ 1,784.9	$ 1,757.5

Off Balance Sheet Arrangements

Contingent Liabilities

The majority of the contingent liabilities that we are exposed to relate to legal proceedings, certain contractual and customs obligations secured by surety bonds and bank guarantees and uncertain tax positions. See "Note 12 – Commitments and Contingencies" and "Note 16 – Income Taxes" to our Consolidated Financial Statements in "Item 8. Financial Statements and

Supplementary Data". As of December 31, 2024, we are not exposed to any contingent liabilities that are expected to result in a material adverse effect on our consolidated financial position, results of operations or cash flows.

Derivative Instruments

The board of directors has approved policies and procedures for derivative instruments that require the approval of our CFO prior to entering into any derivative instruments. From time to time, we may choose to enter into a variety of derivative instruments in connection with the management of our exposure to fluctuations in interest rates and currency exchange rates. We do not enter into derivative transactions for speculative purposes; however, we may enter into certain transactions that do not meet the criteria for hedge accounting.

Off-Balance Sheet Financing

We had no off-balance sheet arrangements during the years ended December 31, 2024 and 2023, respectively.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of the consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and exposure during the reporting period. Certain accounting policies involve judgements and uncertainties to such an extent that there is a reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results could differ from these estimates and assumptions used in the preparation of our consolidated financial statements.

We identify our critical accounting policies as those that are significant to our results of operations, financial condition and cash flows and that require management's most difficult, subjective or complex estimates and judgements in matters that are inherently uncertain. We believe that our more critical accounting policies include revenue recognition, operating expenses and deferred costs, property and equipment, assets held for sale, leases and impairment of long-lived assets.

Our significant accounting policies are included in "Note 2 – Significant Accounting Policies" to our Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data".

Revenue Recognition

The Company recognizes revenues when control of a good or service promised in a contract is transferred to a customer. Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. The timing of revenue recognition may differ from the timing of invoicing to customers and these timing differences result in receivables, contract assets or contract liabilities, as appropriate on the Company's consolidated balance sheets.

The Company's services provided under each contract is a single performance obligation satisfied over time and is comprised of a series of distinct time increments or service periods in which we provide services. Variable consideration is only recognized as revenues to the extent that it is probable that a significant reversal will not occur during the contract term. When determining if variable consideration should be recognized, management considers whether there are factors outside of the Company's control that could result in a significant reversal of revenues as well as the likelihood and magnitude of a potential reversal of revenue. A description of our principal revenue generating activities are as follows:

Operating Revenues

A significant portion of the Company's revenues is generated from rigs operated by the Company through dayrates charged to its customers for the provision of services related to drilling, completion, maintenance and decommissioning of oil and natural gas wells. The Company's contracts with customers contain multiple dayrates and the actual dayrate earned during a period could vary based on the actual operations. The dayrate invoices billed to the customer are typically determined based on the varying rates applicable to the specific activities performed on an hourly basis. Variable consideration generally relates to distinct service periods during the contract term and is recognized in the period when services are performed to the extent it is probable that a significant revenue reversal will not occur. We have applied the disclosure practical expedient in Accounting Standards Codification ("ASC") 606-10-50-14(b) and have not disclosed variable consideration related to remaining unsatisfied performance obligations.

The Company may earn lump-sum fees relating to contract preparation, capital upgrades and mobilization in certain contracts, which are typically invoiced at the commencement or initial phase of the contract. These activities are not considered to be revenue generating activities distinct from the performance of services under the contract. Therefore, such revenues are recorded as a contract liability and amortized on a straight-line basis over the initial firm contract term. Certain customers may also make advance payments of dayrate revenues, which are deferred and recognized when the related dayrate services are provided. Upfront fees for contract preparation, capital upgrades and mobilization and advance payments from customers for future services are recorded as contract liabilities in other current liabilities and other long-term liabilities, as appropriate, in the consolidated balance sheets.

The Company may earn lump-sum fees relating to contract demobilization, which are typically invoiced at the end of the contract and may contain provisions stipulating conditions that must be present for such revenues to be received. The Company assesses the likelihood of receiving this revenue based on prior experience and knowledge of market conditions and other factors. Demobilization fees are recorded when it is unconditional and probable that there will not be a material cumulative revenue reversal, which typically occurs near the end of the contract term. Once the recognition criteria are met, the demobilization revenues are recorded as operating revenues over the remaining contract term and a contract asset is recorded for any revenue recognized prior to invoicing.

Many contracts have termination and/or extension options which can be exercised at the option of the customer. In certain cases, the Company can charge an early termination fee if a contract is terminated by the customer. Termination revenues are typically billed after a termination notice is received from a customer or activity related to a contract ceases. Termination revenues are typically recognized as revenues when billed and it is probable that revenues will not be reversed. Revenues related to an extension option are typically accounted for as a contract modification as a separate contract.

Other Revenues

Other revenues consist of amounts billed for goods and services such as catering, additional equipment and personnel, consumables or accommodations. The Company may use third parties for the provision of such goods and services. Judgement is involved in identifying the performance obligations in these customer contracts and determining whether the Company is a principal or an agent in the provision of certain equipment and consumables to the customer. The Company generally is considered to be a principal in revenue transactions when it obtains control of a good or service before it is transferred to the customer. The Company typically acts as a principal in the provision of catering, accommodation services, additional personnel and the provision of additional equipment and consumables directly used to provide integrated services to the customer. The Company generally acts as an agent in the provision of other equipment and consumables for the customer. See also Note 4 – Revenues.

Operating Costs and Expenses and Deferred Costs

Operating costs and expenses are recognized when incurred. Certain expenditures associated with contract preparation, mobilization, regulatory inspections and major equipment overhauls are recorded as deferred costs in other current assets or other long-term assets, as appropriate, on the consolidated balance sheets.

Deferred contract costs include certain contract preparation and upfront mobilization expenditures for rigs entering binding services contracts. Such costs are considered costs to fulfil the Company's future performance obligations under the related contract and are therefore deferred and amortized on a straight-line basis over the firm contract term. Certain deferred contract costs are related to contractually required inspections, and such costs are amortized on a straight-line basis over the time period until the next scheduled inspection. See Note 4 – Revenues. Demobilization costs which are incurred at the end of a contract and costs associated with rig preparation and of mobilization of without a firm contract are expensed as incurred.

Non-contractual deferred costs include costs of inspections incurred to obtain regulatory certifications to operate the rigs and periodic major overhauls of equipment. Regulatory certifications, including special periodic surveys ("SPS") and underwater inspections in lieu of dry-docking ("UWILDs"), are deferred and amortized on a straight-line basis over the time period until the next survey or inspection, generally 30 to 60 months. Periodic major overhauls are deferred and amortized on a straight-line basis over a period of five years.

Property and Equipment, Net

Property and equipment are initially stated at cost. Expenditures for additions, including other costs necessary to bring the asset to the condition and location necessary for its intended use, improvements and substantial enhancements are capitalized. Routine expenditures for minor replacements and repairs and maintenance that do not increase the functionality or life of the asset are expensed as incurred. Construction in progress includes interest capitalized during the period of asset construction for qualified assets if the construction is expected to take one year or longer and the amount of interest is material. When the asset is placed into service, it is transferred from construction in progress to the appropriate category under property and equipment. Property and equipment are subject to periodic impairment testing as discussed in "Impairment of Long-Lived Assets" below.

Depreciation commences when an asset is placed into service or is substantially complete and ready for its intended use. Depreciation is computed using the straight-line method, after allowing for salvage value where applicable, over the estimated useful lives of the assets. Land is not depreciated. Leasehold improvements are recorded as component of property and equipment and are depreciated over the shorter of the remaining expected lease term or the estimated useful lives of the improvements. If an impairment loss is recognized, the adjusted carrying amount shall be depreciated over the remaining useful life of the asset.

The estimated useful lives of property and equipment are as follows:

	Years
Rigs	30
Equipment and spares	9 - 13
Building	30
Other	3 - 5

The Company periodically reviews and adjusts, as appropriate, the remaining useful lives and salvage values of rigs when certain events occur that directly impact such estimates. This includes changes in operating condition, functional capability and market and economic factors. The remaining estimated average useful life of existing drilling rigs in the Company's fleet as of December 31, 2024 is 12 years.

When assets are sold, retired or otherwise disposed of, the cost and related accumulated depreciation are written off, net of any proceeds received, and any gain or loss is reflected in the consolidated statements of operations.

Leases

A lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has made an accounting policy election to present the lease and associated non-lease operations as a single component based upon the predominant component. Lease classification as short-term lease, operating lease or finance lease is made at the lease inception. The Company considers all relevant contractual provisions, including renewal and termination options, to determine the term of the lease. Renewal or termination options that are reasonably certain of exercise by the lessee and those controlled by the lessor are included in determining the lease term. The Company considers all relevant facts and circumstances that create an economic incentive to exercise the option. See also Note 8 – Leases.

Short-Term Leases

The Company made an accounting policy election not to recognize a right-of-use asset and lease liability for short-term leases with an initial term of 12 months or less, therefore these leases are not recorded on the consolidated balance sheets. Expenses for short-term leases are recognized on a straight-line basis over the lease term under either operating and maintenance expenses or general and administrative expenses in the consolidated statements of operations.

The Company as a Lessee

The Company recognizes lease liabilities and right-of-use assets for all operating and finance leases for which it is a lessee at the lease commencement date. Lease liabilities are initially recognized at the present value of the future lease payments during the expected lease term using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Lease liabilities are recorded, according to the payment dates as other current liabilities and other long-term liabilities in the consolidated balance sheets. For any contract considered predominantly a lease, all non-lease components are included in the initial measurement of the lease liability. Finance lease and operating lease liabilities are recorded separately. The right-of-use asset is initially recognized at the amount of the initial measurement of the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs incurred by the Company. Right-of-use assets are recorded as other long-term assets in the consolidated balance sheets. Subsequent to initial recognition, the right-of-use asset is reflected net of amortization. Right-of-use assets are subject to periodic impairment testing as discussed in "Impairment of Long-Lived

Assets" below. Costs to get a leased asset to the condition and location necessary for its intended use are capitalized as leasehold improvements.

The Company remeasures its lease liabilities with a corresponding adjustment to the right-of-use asset due to an applicable change in lease payments such as those due to a lease modification not accounted for as a separate contract, certain changes in the expected term of the lease, and certain changes in assessments and contingencies. Subsequent to initial recognition, the operating lease liability is increased for the interest component of the lease liability and reduced by the lease payments made. Operating lease expenses are recognized as a single lease cost on a straight-line basis over the lease term, which includes the interest component of the measurement of the lease liability and amortization of the right-of-use asset. Operating lease expenses are recognized based on the type of leased asset under either operating and maintenance expenses or general and administrative expenses in the consolidated statements of operations.

Finance lease expenses are recognized separately in the consolidated statements of operations, with the interest expense on the lease liability recorded under interest expense and the amortization of the right-of-use asset recorded as based on the type of leased asset under either operating and maintenance expenses or general and administrative expenses.

The Company as a Lessor

The Company's contracts with customers contain lease components related to the underlying rigs and equipment, in addition to service components of labor and expertise to operate the rig and equipment. The service component of operating a rig is predominant in the Company's contracts, therefore, the Company accounts for its revenues from contracts with customers as service revenues with a single performance obligation. See "Revenue Recognition" above. See also Note 4 – Revenues.

Impairment of Long-Lived Assets

The Company evaluates property and equipment, right-of-use assets and other long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Impairment indicators can include changes in the general economic and business environment, industry specific indicators, Company specific factors or conditions related to a specific asset or asset group. An impairment loss on an asset or asset group is recorded when the estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any actual impairment loss recognized represents the excess of the asset's carrying value over the estimated fair value.

The Company estimates the fair values of property and equipment, right-of-use assets, deferred costs and other long-lived assets to be held and used by applying a combination of income and market approaches, using projected cash flows and estimates of the exchange price that would be received for the assets in the principal or most advantageous market for the assets in an orderly transaction between market participants as of the measurement date. The fair value of the Company's asset groups using the income approach is based on estimated cash flows expected to be realized from the use of the assets. Asset impairment evaluations are, by nature, highly subjective. The critical estimates are significant unobservable inputs, which are based on numerous estimates and assumptions about future operations and market conditions including but not limited to those such as projected rig utilization, dayrates, operating, overhead and major project costs, remaining useful life, salvage value and discount rate as well as cost inflation assumptions. The Company estimates the fair values of assets held for sale based on the expected sale price less estimated costs to sell, which can include significant unobservable inputs. These assumptions are considered non-recurring level 3 fair value measurements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to various market risks, including liquidity risk, interest rate risk, foreign currency risk and credit risk.

Liquidity Risk

We manage our liquidity risk by maintaining adequate cash reserves and debt facilities, and by continuously monitoring our actual and forecast cash flows and by matching the maturity profile of financial assets and liabilities when possible.

Interest Rate Risk

Financial instruments that potentially subject the Company to interest rate risk include cash and cash equivalents and debt. Exposure to interest rate risk may occur in relation to cash and cash equivalents, as the interest income earned on these balances changes with market interest rates. Floating rate debt, where the interest rate may be adjusted semi-annually or more frequently over the life of the instrument, exposes the Company to short-term changes in market interest rates. Fixed rate debt, where the interest rate is fixed over the life of the instrument and the instrument's maturity is greater than one year, exposes the Company to changes in market interest rates if and when voluntary refinancing or refinancing of maturing debt with new debt occurs. The Company has in the past utilized interest rate swaps or other derivative instruments to manage interest rate risk.

Foreign Currency Risk

The Company's functional currency is the U.S. dollar and its international operations expose it to currency exchange rate risk. This risk is primarily associated with receivables from customers, compensation costs of the Company's employees and purchasing costs from suppliers in currencies other than the U.S. dollar.

The primary currency exchange rate risk management strategy involves customer contracts that provide for partial payment in U.S. dollars and partial payment in local currency. The payment portion denominated in local currency is based on anticipated local currency requirements over the contract term and local statutory requirements. Due to various factors, including customer acceptance, local banking laws, other statutory requirements, local currency convertibility and the impact of inflation on local costs, actual local currency needs may vary from those anticipated in the customer contracts, resulting in partial exposure to currency exchange rate risk. In addition, the Company can utilize forex contracts to manage foreign exchange risk related to certain currencies. We maintain documented policies and procedures to monitor and control the use of the derivative instruments. Our forex contracts generally require us to net settle the spread between the contracted foreign currency exchange rate and the spot rate on the contract fixing date. We are not engaged in derivative transactions for speculative or trading purposes.

Credit Risk

Our financial instruments that potentially subject us to concentrations of credit risk are cash and cash equivalents, restricted cash and accounts receivables. We generally maintain cash and cash equivalents and restricted cash at commercial banks with high credit ratings.

Our trade receivables are with a variety of government owned or controlled energy companies, publicly listed integrated oil companies or independent exploration and production companies. We perform ongoing credit evaluation of our customers, and generally do not require material collateral. We may from time-to-time require our customers to make an advance payment or issue a bank guarantee/letter of credit in our favor to cover the risk of non-payment under our contracts. We determine our expected credit losses for our pools of assets with similar risk characteristics based on historical loss information as adjusted for future expectations.

Item 8. Financial Statements and Supplementary Data.

The consolidated financial statements as of December 31, 2024 can be found in the Exhibits section pages F-1 to F-50.

Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures.

We are not required to report this Item.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth information concerning our executive officers and directors, including their ages, as of December 31, 2024:

Name	Age as of December 31, 2024	Position
David Mullen	66	Executive Chairman of the Board
Ernie Danner	70	Lead Independent Director
John K. Castle	84	Director
Xianzhi Mei	44	Director
David B. Pittaway	73	Director
Benjamin Sebel	54	Director
Usama Trabulsi	79	Director
David Williams	71	Director
Gregory O'Brien	38	Chief Executive Officer
William Hoffman	64	Executive Vice President and Chief Operating Officer
Douglas Stewart	47	Executive Vice President and Chief Financial Officer
Ian Clark	65	Executive Vice President

Directors

David Mullen, Executive Chairman of the Board

Mr. Mullen has over 40 years' experience in the oil services business and currently serves as the executive chairman of the board of directors. He previously served as Shelf Drilling's chief executive officer from October 2012 to August 2024. In addition to this, Mr. Mullen also serves as an independent director of Subsea 7 S.A. since April 2018, and senior independent director since January 2021. Previous assignments include CEO and director of Wellstream Holdings PLC, a UK listed company that designed and manufactured subsea pipeline products and provided subsea services and installation, chief executive officer of Ocean Rig ASA, a Norwegian listed ultra-deep water drilling contractor. Mr. Mullen also had a 23-year career at Schlumberger, including as president of oilfield services for North and South America. Mr. Mullen received a B.A. in Geology & Physics from Trinity College Dublin and an M.Sc. Degree in Geophysics from University College Galway.

Ernie Danner, Lead Independent Director

Mr. Danner joined our board of directors in October 2013 and now serves as lead independent director. He previously served as the chairman of the board from November 2018 to August 2024. Since January 2018 Mr. Danner has served as an operating partner of SCF Partners, a private equity firm focused on oil service investments, which he joined in October 2012. Currently, Mr. Danner serves as chairman of the board of directors of Nine Energy Service, Inc., a NYSE listed company providing completion services to oil and natural gas producers in North America and chairman of the board of directors of BCCK Engineering, Inc, a private company that designs, fabricates and installs natural gas processing plants in North America. Mr. Danner also serves as chairman of the board of directors of Pipeline Plastics LLC, a manufacturer of HDPE pipe. Mr. Danner served as president and chief executive officer of Exterran Holdings Inc. from July 2009 to October 2011 and as a member of its board of directors from 1998 to October 2011. He also served as president, chief executive officer and a director of Exterran GP LLC the general partner of Exterran Partners L.P. Mr. Danner has a Masters of Accounting and Bachelor of the Arts degree from Rice University.

John K. Castle, Director

Mr. Castle joined our board of directors in November 2012 and has served as chairman and chief executive officer of Castle Harlan, Inc. since 1987, and as chairman and chief executive officer of Branford Castle, Inc since 1986. Prior to forming Castle Harlan, Inc., Mr. Castle was president and chief executive of investment banking firm Donaldson, Lufkin & Jenrette, Inc. Mr. Castle is a board member of various private equity companies, and he has previously been a director of numerous private and public companies. He also served as a director of the Equitable Life Assurance Society of the U.S. Mr. Castle is a Life Member of the Corporation of the Massachusetts Institute of Technology. Previously, he had served for 22 years as a Trustee of New York Medical College, including 11 of those years as Chairman of the board. Mr. Castle is a trustee and chairman of the executive committee of the St. Patrick's Cathedral in New York City and is a member of the Finance Council of the Archdiocese of New York. From 2000 to 2018, Mr. Castle was a director of Castle Harlan Australian Mezzanine Partners Pty Ltd and a director of CHAMP Group Holdings Pty Ltd. He has served on various visiting committees at Harvard University, including the Harvard Business School. Mr. Castle received his Bachelor's degree from the Massachusetts Institute of Technology, his M.B.A. as a Baker Scholar with High Distinction from Harvard University, and has four Honorary Doctorate Degrees of Humane Letters.

Xianzhi Mei, Director

Mr. Mei joined our board of directors in June 2023. He has been with China Merchants Industry Holdings Co. Ltd. ("CMI") for more than twenty years, bringing extensive experience in the shipbuilding and manufacturing industry. Currently serving as deputy general manager of CMI since June 2022, he oversees the planning, operations, and digital functions, driving strategic initiatives and leading digital transformation efforts. Mr. Mei's career began in 2002 as a repair supervisor and project manager at Yiulian Dockyards in Shenzhen, China. He then advanced to managing various senior positions including the production department deputy manager overseeing the ship repairing segment of the business. Following CMI's acquisition of Yiulian Dockyards in November 2011 (renamed CMHI Shenzhen), Mr. Mei assumed the role of general manager assistant at CMHI Shenzhen. From 2015 to 2021, he served as deputy general manager at CMHI Jiangsu, another shipyard under CMI, and concurrently as the general manager of China Merchants Cruise Shipbuilding Co. Ltd., responsible for manufacturing and construction. In 2019, Mr. Mei was promoted to the general manager of CMHI Jiangsu before relocating to CMI headquarters in Hong Kong SAR. Mr. Mei holds a bachelor's degree in ship & marine power plants from Wuhan University of Technology, and a master's degree in management science and engineering from Zhejiang University.

David B. Pittaway, Director

Mr. Pittaway joined our board of directors in July 2015. Mr. Pittaway is vice chairman and senior managing director of Castle Harlan and has been with the firm since its founding in 1987. Prior to joining Castle Harlan, Mr. Pittaway was vice president for strategic planning and assistant to the president of Donaldson, Lufkin & Jenrette, Inc. Before joining DLJ, he was a management consultant in strategic planning with Bain & Company in Boston, Mass., and previously was an attorney with Morgan, Lewis & Bockius, specializing in labor relations. He has served on the boards of multiple Castle Harlan portfolio companies, including American Achievement Corporation, Statia Terminals Group N.V., Morton's Restaurant Group and United Malt Holdings Inc. He also serves as vice chairman of Branford Castle, Inc. and Branford Chain, Inc. He has served on six public companies boards and is currently a board member of The Cheesecake Factory Inc. Mr. Pittaway's community interests include being a trustee of the University of Kansas Endowment Association. In addition, he served for twenty years in the United States Army Reserve and, upon retiring as a major, he co-founded and acts as a director of the Armed Forces Reserve Family Assistance Fund, which provides needed support for families of American service members whose breadwinners are serving their country in overseas conflicts. He is a graduate of the University of Kansas (B.A. with Highest Distinction), and has both an M.B.A. with High Distinction (Baker Scholar) and a Juris Doctor degree from Harvard University.

Benjamin Sebel, Director

Mr. Sebel joined our board of directors in November 2012 and has served as chairman of the compensation committee since May 2023. He is a senior advisor to Branford Castle Partners and was previously a managing director at CHAMP Private Equity, having been with the firm from 2005 until 2014. Immediately prior, Mr. Sebel was a managing director at Castle Harlan for seven years. Mr. Sebel is experienced in all aspects of private equity investment including deal origination, realizations and fundraising in both the United States and Australia. Immediately prior to joining Castle Harlan, Mr. Sebel worked at Goldman Sachs & Co. in its Capital Markets Group. Previously, Mr. Sebel spent two years as special advisor to the Hon. Nick Greiner AC, a former premier of New South Wales, and commenced his career in the management consulting services group of PricewaterhouseCoopers (Australia), where he also qualified as a chartered accountant. Mr. Sebel is currently chairman of Boss Engineering Pty Ltd., a director of Sunless (Australia) Pty Ltd and Riverina Fresh Holdings Pty Ltd., an investment committee member at Glow Capital Partners and a senior advisor to Alceon Private Equity, based in Sydney. Mr. Sebel holds a Bachelor of Commerce (First Class Honours) from the University of New South Wales, an M.B.A. from the Harvard Business School, and is a graduate of the Australian Institute of Company Directors.

Usama Trabulsi, Director

Mr. Trabulsi joined our board of directors in August 2017. Previously he was a managing member of Integrated Renewable Energy Systems Ltd., a Saudi Arabia registered privately held limited liability company. Previously, he was the chief financial controller (deputy minister portfolio) of the Ministry of Petroleum and Mineral Resources, Riyadh, Saudi Arabia for over 14 years and the representative of the Minister of Petroleum and Mineral Resources to the executive committee, auditing committee and compensation committee of Saudi Aramco for over 13 years. Mr. Trabulsi has served on the board of directors of Arabian Oil

Company from 1996 to 2003 and Arabian Oil Holdings, Inc. Japan from 2003 to 2007, in each case as the representative of the Saudi Government. In addition, Mr. Trabulsi served as the chairman of the board of directors of “PEMREF” Petromin-Mobil Oil Refinery Company Ltd., a joint venture company between Petromin (the State-owned National Oil Company) and Mobil Oil Company from 1990 to 1993. Meanwhile, Mr. Trabulsi served as executive vice president for operation and marketing of SUMED Oil Pipelines Co., a joint venture company between Egypt, Saudi Arabia, Kuwait, UAE and Qatar. He received his B.A. in Economics and Political Science from the King Saud University in 1965 and received his M.B.A. from Michigan State University in 1970.

David Williams, Director

Mr. Williams joined our board of directors in August 2017 and has served as chairman of the audit committee since November 2018. He is a non-executive director of Tharsus Ltd of Newcastle upon Tyne (“Tharsus”) and Pipeline Technique Limited, trading as CRC Evans (“PTL”) where he also chairs the remuneration committee. Previously, Mr. Williams was the chairman of PTL from 2019 to 2022, the chairman of Tharsus from 2012 to 2022, the chairman of Shepherd Group Ltd of York from 2014 to 2020, the chairman of Ramco Ltd from 2013 to 2019, the chairman of Frog Capital (previously known as Foursome Investments) for 13 years and the interim chief executive officer of Logstor Holdings A/S of Logstor, Denmark for two years. Prior to this, Mr. Williams was the chairman, then chief executive, of Serimax Holdings SAS of Paris from June 2004 to June 2006 and June 2006 to October 2011, respectively. He also held several positions at 3i plc from 1985 to 2003, including regional managing director. Mr. Williams received a BSc (Hons) in Naval Architecture and Shipbuilding from the University of Newcastle upon Tyne in 1975, has a Certified Diploma in Accountancy and Finance and received an MSc from London Business School in 1985.

Executive Officers

David Mullen, Executive Chairman

Mr. Mullen was our chief executive officer from October 2012 to August 2024. See “Directors.”

Gregory O’Brien, Chief Executive Officer

Mr. O’Brien was appointed chief executive officer in August 2024 and has spent his entire career in the oil and natural gas sector. Prior to his current role, Mr. O’Brien served as the Company’s executive vice president & chief financial officer since 2016. He has also previously served as director strategic planning in charge of Shelf Drilling’s corporate development efforts. Mr. O’Brien joined Shelf Drilling from Lime Rock Partners, where he focused on oilfield services and exploration & production investment opportunities internationally. Before that, he held energy investment banking roles with J.P. Morgan and SunTrust Robinson Humphrey. Mr. O’Brien graduated from the McIntire School of Commerce at the University of Virginia.

William (“Kurt”) Hoffman, Executive Vice President & Chief Operating Officer

Kurt Hoffman is executive vice president, chief commercial officer, and advisor to the CEO. Prior to joining Shelf Drilling, Kurt was senior vice president and chief operating officer of Seahawk Drilling, a Houston and Gulf of Mexico-based jack-up drilling provider where he was responsible for the company’s daily operations and strategic business plan implementation. Kurt spent 18 years at Noble Drilling where he held senior operational and executive roles, including vice president of worldwide marketing, vice president of western hemisphere operations and president of Noble’s engineering services division Triton Engineering Services. Kurt received a B.Sc. degree from Southwest Texas State University.

Douglas Stewart, Executive Vice President & Chief Financial Officer

Douglas Stewart was appointed as executive vice president and chief financial officer (CFO) of Shelf Drilling in July 2024. With extensive experience in the oil and natural gas industry across the US and the Middle East, he has held senior finance and legal roles, including CFO and general counsel at Vantage Drilling, and executive VP at Stallion Oilfield Holdings. He began his career specializing in corporate finance and securities law at a top-tier firm. Douglas holds a BA in Economics and International Studies from Trinity University and a Doctor of Jurisprudence from the University of Texas School of Law.

Ian Clark, Executive Vice President

Ian Clark is executive vice president of Shelf Drilling, with responsibility for human resources, information technology, supply chain and strategic roles including overseeing the plan for independence from Transocean. Prior to joining Shelf Drilling, Ian spent over 12 years with Transocean where he most recently served as vice president of human resources. Previous roles included division manager for Transocean’s operations in northeast Asia and also managing director for Nigeria. Before Transocean, Ian enjoyed a 20-year career with Schlumberger in various management, technical and human resources roles across Europe and Africa.

Ian has a B.Sc. degree in Electrical and Electronic Engineering from Heriot Watt University in Edinburgh, Scotland and completed the advanced management program at Harvard Business School.

Item 11. Executive Compensation.

We are not required to report this item. However, the Company will provide voluntary compensation disclosure required under Norwegian public limited liability companies act 6-16b for the year ended December 31, 2024 in our annual report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholders Matters.

We are not required to report this item.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

We are not required to report this item.

Item 14. Principal Accounting Fee and Services.

Our auditor for the fiscal year ended December 31, 2024 was PricewaterhouseCoopers. For the year ended December 31, 2024, we incurred $2.9 million for audit services and related expenses and $1.2 million for other services.

Part IV

Item 15. Exhibit and Financial Statement Schedules.

Financial Statements pages F-1 to F-50.

Material agreements governing indebtedness can be found on our website at www.shelfdrilling.com in the investor relations section under key documents.

Shelf Drilling, Ltd.

Consolidated Financial Statements for the
years ended December 31, 2024, 2023 and 2022

SHELF DRILLING, LTD.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024, 2023 and 2022

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Independent Auditor's Report

To the board of directors and shareholders of Shelf Drilling, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Shelf Drilling, Ltd. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, equity and cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers

PricewaterhouseCoopers Limited Partnership Dubai Branch
Dubai, United Arab Emirates
March 3, 2025

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

	Years ended December 31,		
	2024	2023	2022
Revenues			
Operating revenues	$ 955.7	$ 853.9	$ 662.1
Other revenues	29.5	54.1	33.1
	985.2	908.0	695.2
Operating costs and expenses			
Operating and maintenance	553.4	512.9	385.7
Depreciation	85.8	83.3	62.2
Amortization of deferred costs	103.2	61.5	64.3
General and administrative	66.6	64.3	57.2
Gain on insurance recovery	(30.9)	—	—
Impairment loss	3.9	—	—
(Gain) / loss on disposal of assets	(37.8)	2.1	3.3
	744.2	724.1	572.7
Operating income	241.0	183.9	122.5
Other expense / (income), net			
Interest income	(3.9)	(3.2)	(0.6)
Interest expense and financing charges	158.0	168.5	114.8
Other, net	2.5	6.1	(1.6)
	156.6	171.4	112.6
Income before income taxes	84.4	12.5	9.9
Income tax expense	31.8	29.7	34.1
Net income / (loss)	52.6	(17.2)	(24.2)
Net income / (loss) attributable to non-controlling interest	(28.8)	(9.6)	4.6
Net income / (loss) attributable to controlling interest	$ 81.4	$ (7.6)	$ (28.8)
Net income / (loss) per common share - basic	$ 0.36	$ (0.04)	$ (0.18)
Net income / (loss) per common share - diluted	$ 0.35	$ (0.04)	$ (0.18)
Weighted average common shares - basic	223.1	197.5	157.3
Weighted average common shares - diluted	232.6	197.5	157.3

See notes to the consolidated financial statements.

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

	As of December 31,	
	2024	**2023**
Assets		
Cash and cash equivalents	$ 152.3	$ 98.2
Accounts and other receivables	231.3	237.1
Less: Allowance for credit losses	7.1	8.5
Accounts and other receivables, net	224.2	228.6
Assets held for sale	6.6	—
Other current assets	100.6	92.1
Total current assets	483.7	418.9
Property and equipment	2,129.2	2,176.8
Less: Accumulated depreciation	704.5	689.7
Property and equipment, net	1,424.7	1,487.1
Deferred tax assets	9.0	9.3
Other long-term assets	159.8	183.4
Total assets	$ 2,077.2	$ 2,098.7
Liabilities and equity		
Accounts payable	$ 94.4	$ 115.7
Interest payable	24.9	28.0
Accrued income taxes	17.4	13.1
Current maturities of long-term debt	119.9	82.7
Other current liabilities	86.6	73.7
Total current liabilities	343.2	313.2
Long-term debt	1,236.8	1,242.7
Deferred tax liabilities	4.4	8.7
Other long-term liabilities	64.5	131.8
Total long-term liabilities	1,305.7	1,383.2
Commitments and contingencies (Note 12)	—	—
Common shares of $0.01 par value; 278.1 shares and 234.1 shares authorized as of December 31, 2024 and 2023, respectively; 255.8 shares and 213.7 shares issued and outstanding as of December 31, 2024 and 2023, respectively	2.6	2.1
Additional paid-in capital	1,174.7	1,160.3
Accumulated losses	(749.0)	(830.4)
Total controlling interest shareholders' equity	428.3	332.0
Non-controlling interest	—	70.3
Total equity	428.3	402.3
Total liabilities and equity	$ 2,077.2	$ 2,098.7

See notes to the consolidated financial statements.

SHELF DRILLING, LTD.
CONSOLIDATED STATEMENTS OF EQUITY
(In millions)

	Years ended December 31, 2024	2023	2022
Number of common shares			
Balance, beginning of year	213.7	176.4	137.1
Issuance of common shares	42.1	37.3	39.3
Balance, end of year	255.8	213.7	176.4
Common shares			
Balance, beginning of year	$ 2.1	$ 1.8	$ 1.4
Issuance of common shares	0.5	0.3	0.4
Balance, end of year	2.6	2.1	1.8
Additional paid-in capital			
Balance, beginning of year	1,160.3	1,056.6	1,006.3
Issuance of common shares	75.0	101.3	47.8
Purchase of shares from non-controlling interest	(65.6)	—	—
Share-based compensation expense, net of forfeitures	5.0	2.4	2.5
Balance, end of year	1,174.7	1,160.3	1,056.6
Accumulated losses			
Balance, beginning of year	(830.4)	(822.8)	(794.0)
Net income / (loss)	81.4	(7.6)	(28.8)
Balance, end of year	(749.0)	(830.4)	(822.8)
Total controlling interest shareholders' equity			
Balance, beginning of year	332.0	235.6	213.7
Net income / (loss)	81.4	(7.6)	(28.8)
Issuance of common shares	75.5	101.6	48.2
Purchase of shares from non-controlling interest	(65.6)	—	—
Share-based compensation expense, net of forfeitures	5.0	2.4	2.5
Balance, end of year	428.3	332.0	235.6
Non-controlling interest			
Balance, beginning of year	70.3	79.9	—
Net income / (loss)	(28.8)	(9.6)	4.6
Subsidiary shares issuance to non-controlling interest	—	—	75.3
Purchase of shares from non-controlling interest	(41.5)	—	—
Balance, end of year	—	70.3	79.9
Total equity	$ 428.3	$ 402.3	$ 315.5

See notes to the consolidated financial statements.

SHELF DRILLING, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years ended December 31, 2024	2023	2022
Cash flows from operating activities			
Net income / (loss)	$ 52.6	$ (17.2)	$ (24.2)
Adjustments to reconcile net loss to net cash provided by operating activities			
Depreciation	85.8	83.3	62.2
Impairment loss	3.9	—	—
Gain on insurance recovery	(30.9)	—	—
Provision for credit losses, net	2.6	4.7	0.7
Amortization of deferred revenue	(85.2)	(29.8)	(43.6)
Amortization of intangible liability	(12.8)	(14.2)	(7.6)
Share-based compensation expense, net of forfeitures	5.0	2.4	2.5
Non-cash portion of loss on debt extinguishment	5.9	7.6	—
Loss on debt extinguishment	3.7	20.1	—
Amortization of debt issuance costs, premium and discounts	11.7	10.4	6.3
(Gain) / loss on disposal of assets	(37.8)	2.1	3.3
Deferred tax (benefit) / expense, net	(4.0)	(5.8)	1.3
Changes in deferred costs, net*	2.1	(67.0)	(11.3)
Foreign currency transaction losses	5.6	0.8	—
Changes in operating assets and liabilities*	19.9	88.7	30.2
Net cash provided by operating activities	28.1	86.1	19.8
Cash flows from investing activities			
Additions to property and equipment*	(47.7)	(103.1)	(453.7)
Advance payment for property and equipment	(2.3)	(4.1)	(5.5)
Proceeds from disposal of assets	60.8	1.2	1.8
Proceeds from insurance recovery	44.0	—	—
Net cash provided by / (used in) investing activities	54.8	(106.0)	(457.4)
Cash flows from financing activities			
Proceeds from issuance of long-term debt	309.8	1,075.1	242.5
Payment of debt issuance costs	(7.9)	(23.3)	(4.5)
Payment of long-term debt	(281.3)	(1,216.3)	—
Payment of debt extinguishment costs	(3.8)	(19.9)	—
Proceeds from term loan	—	50.0	—
Repayment of term loan	(8.3)	(16.7)	—
Proceeds from credit facility	25.0	—	—
Repayment of credit facility	(25.0)	—	—
Payment for shares from non-controlling interest and equity issuance costs	(31.1)	—	—
Proceeds from issuance of common shares, net of issuance costs	—	101.6	48.3
Proceeds from subsidiary shares issuance to non-controlling interest, net of issuance costs	—	(0.1)	75.4
Net cash (used in) / provided by financing activities	(22.6)	(49.6)	361.7
Exchange rate change effect on cash, cash equivalents and restricted cash	(5.6)	(0.8)	—
Net increase / (decrease) in cash, cash equivalents and restricted cash	54.7	(70.3)	(75.9)
Cash, cash equivalents and restricted cash at beginning of year*	107.0	177.3	253.2
Cash, cash equivalents and restricted cash at end of year*	$ 161.7	$ 107.0	$ 177.3

* See Note 18 – 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, a breakout of the changes in operating assets and liabilities and a reconciliation of cash, cash equivalents and restricted cash balances.

See notes to the consolidated financial statements.

SHELF DRILLING, LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Business

Business

Shelf Drilling, Ltd. ("SDL") was incorporated on August 14, 2012 as a private corporation in the Cayman Islands. SDL, with its majority owned subsidiaries (together, the "Company", "we" or "our") is a leading international shallow water offshore contractor providing equipment and services for the drilling, completion, maintenance and decommissioning of oil and natural gas wells. We are solely focused on shallow water operations in depths of up to 500 feet and our fleet consists of 33 independent-leg cantilever ("ILC") jack-up rigs as of December 31, 2024, excluding a held for sale rig. Since June 25, 2018, SDL shares have been listed on the Oslo Stock Exchange ("OSE") under the ticker symbol SHLF.

SDL is a holding company with no significant operations or assets other than interests in its direct and indirect subsidiaries. All operations are conducted through Shelf Drilling Holdings, Ltd. ("SDHL") an indirect wholly-owned subsidiary of SDL. Our corporate offices are in Dubai, United Arab Emirates, geographically close to our operations in the Middle East, North Africa and the Mediterranean (together, "MENAM"), Southeast Asia, India, West Africa and the North Sea.

Note 2 – Significant Accounting Policies

Basis of Presentation

The Company has prepared the accompanying consolidated financial statements in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The amounts are presented in United States ("U.S.") dollar ("$") rounded to the nearest tenth of a million, unless otherwise stated.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and those entities that meet the criteria for variable interest entities ("VIE") for which the Company is deemed to be the primary beneficiary. Intercompany balances and transactions are eliminated in consolidation. We separately present within equity on our consolidated balance sheets the ownership interests attributable to parties with non-controlling interest in our consolidated subsidiaries, and we separately present net income / (loss) attributable to such parties on our consolidated statements of operations.

As of December 31, 2024, the Company's consolidated financial statements include five entities that meet the definition of VIEs. See Note 17 – Variable Interest Entities**.** As of December 31, 2024, the Company does not have any investments which meet the criteria to be reported under the equity method of accounting.

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, but are not limited to, the following: collectability of receivables, depreciable or amortizable lives of assets, term of lease obligations, fair market value of acquired rigs and drilling contract intangibles, impairment assessment of assets, provision for income taxes, valuation of share-based compensation, postemployment benefits and contingencies. Actual results could differ from those estimates.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-level hierarchy of fair value measurement, which reflects the degree to which objective prices in external active markets are available to measure fair value, is as follows:

Level 1 — Quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
Level 2 — Observable prices that are based on inputs not quoted on active markets but corroborated by market data.
Level 3 — Unobservable inputs are used when little or no market data is available.

SHELF DRILLING, LTD.
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Financial assets and financial liabilities are classified based on the lowest level of input that is significant to the relevant fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

Revenue Recognition

The Company recognizes revenues when control of a good or service promised in a contract is transferred to a customer. Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. The timing of revenue recognition may differ from the timing of invoicing to customers and these timing differences result in receivables, contract assets or contract liabilities, as appropriate on the Company's consolidated balance sheets.

The Company's services provided under each contract is a single performance obligation satisfied over time and is comprised of a series of distinct time increments or service periods in which we provide services. Variable consideration is only recognized as revenues to the extent that it is probable that a significant reversal will not occur during the contract term. When determining if variable consideration should be recognized, management considers whether there are factors outside of the Company's control that could result in a significant reversal of revenues as well as the likelihood and magnitude of a potential reversal of revenue. A description of our principal revenue generating activities are as follows:

Operating Revenues

A significant portion of the Company's revenues is generated from rigs operated by the Company through dayrates charged to its customers for the provision of services related to drilling, completion, maintenance and decommissioning of oil and natural gas wells. The Company's contracts with customers contain multiple dayrates and the actual dayrate earned during a period could vary based on the actual operations. The dayrate invoices billed to the customer are typically determined based on the varying rates applicable to the specific activities performed on an hourly basis. Variable consideration generally relates to distinct service periods during the contract term and is recognized in the period when services are performed to the extent it is probable that a significant revenue reversal will not occur. We have applied the disclosure practical expedient in Accounting Standards Codification ("ASC") 606-10-50-14(b) and have not disclosed variable consideration related to remaining unsatisfied performance obligations.

The Company may earn lump-sum fees relating to contract preparation, capital upgrades and mobilization in certain contracts, which are typically invoiced at the commencement or initial phase of the contract. These activities are not considered to be revenue generating activities distinct from the performance of services under the contract. Therefore, such revenues are recorded as a contract liability and amortized on a straight-line basis over the initial firm contract term. Certain customers may also make advance payments of dayrate revenues, which are deferred and recognized when the related dayrate services are provided. Upfront fees for contract preparation, capital upgrades and mobilization and advance payments from customers for future services are recorded as contract liabilities in other current liabilities and other long-term liabilities, as appropriate, in the consolidated balance sheets.

The Company may earn lump-sum fees relating to contract demobilization, which are typically invoiced at the end of the contract and may contain provisions stipulating conditions that must be present for such revenues to be received. The Company assesses the likelihood of receiving this revenue based on prior experience and knowledge of market conditions and other factors. Demobilization fees are recorded when it is unconditional and probable that there will not be a material cumulative revenue reversal, which typically occurs near the end of the contract term. Once the recognition criteria are met, the demobilization revenues are recorded as operating revenues over the remaining contract term and a contract asset is recorded for any revenue recognized prior to invoicing.

Many contracts have termination and/or extension options which can be exercised at the option of the customer. In certain cases, the Company can charge an early termination fee if a contract is terminated by the customer. Termination revenues are typically billed after a termination notice is received from a customer or activity related to a contract ceases. Termination revenues are typically recognized as revenues when billed and it is probable that revenues will not be reversed. Revenues related to an extension option are typically accounted for as a contract modification as a separate contract.

Other Revenues

Other revenues consist of amounts billed for goods and services such as catering, additional equipment and personnel, consumables or accommodations. The Company may use third parties for the provision of such goods and services. Judgement is involved in identifying the performance obligations in these customer contracts and determining whether the Company is a principal or an agent in the provision of certain equipment and consumables to the customer. The Company generally is considered to be a principal in revenue transactions when it obtains control of a good or service before it is transferred to the customer. The Company typically acts as a principal in the provision of catering, accommodation services, additional personnel and the provision of additional equipment and consumables directly used to provide integrated services to the customer. The Company generally acts as an agent in the provision of other equipment and consumables for the customer. See also Note 4 – Revenues.

Operating Costs and Expenses and Deferred Costs

Operating costs and expenses are recognized when incurred. Certain expenditures associated with contract preparation, mobilization, regulatory inspections and major equipment overhauls are recorded as deferred costs in other current assets or other long-term assets, as appropriate, on the consolidated balance sheets.

Deferred contract costs include certain contract preparation and upfront mobilization expenditures for rigs entering binding services contracts. Such costs are considered costs to fulfil the Company's future performance obligations under the related contract and are therefore deferred and amortized on a straight-line basis over the firm contract term. Certain deferred contract costs are related to contractually required inspections, and such costs are amortized on a straight-line basis over the time period until the next scheduled inspection. See Note 4 – Revenues. Demobilization costs which are incurred at the end of a contract and costs associated with rig preparation and of mobilization of without a firm contract are expensed as incurred.

Non-contractual deferred costs include costs of inspections incurred to obtain regulatory certifications to operate the rigs and periodic major overhauls of equipment. Regulatory certifications, including special periodic surveys ("SPS") and underwater inspections in lieu of dry-docking ("UWILDs"), are deferred and amortized on a straight-line basis over the time period until the next survey or inspection, generally 30 to 60 months. Periodic major overhauls are deferred and amortized on a straight-line basis over a period of five years.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents are comprised of cash on hand, cash in banks, highly liquid funds and market funds which are invested in U.S. government treasury bills with an original maturity of three months or less. Other bank deposits, if any, with maturity of less than a year are classified as short-term bank deposits within other current assets in the consolidated balance sheets. Bank overdrafts, if any, are classified as current liabilities in the consolidated balance sheets.

Restricted cash consists of cash deposits held related to bank guarantees. Restricted cash balances are recorded, according to their maturity date, as either other current assets or other long-term assets in the consolidated balance sheets.

Accounts and Other Receivables, Net

The Company's accounts and other receivables consist primarily of trade accounts receivable from provision of services with original credit terms of less than one year. Accounts and other receivables are recorded in the consolidated balance sheets at their nominal amounts, net of allowance for credit losses, or the estimated net realizable value, which approximates fair value.

Allowance for Credit Losses

The Company applies the current expected credit losses ("CECL") model to financial assets measured on an amortized cost basis, primarily its trade accounts receivable, and off balance sheet exposures to credit losses. The Company determines its expected credit losses for its pools of assets with similar risk characteristics based on historical loss information, as adjusted for future expectations.

The Company pools its receivable assets using its internal determination of collection risk, which is based on several factors, including the size and type of customer, the Company's prior collections experience with the customer, and the country or region in which the customer operates. Adjustments to the Company's historical loss rates were made for relevant customers and oil and natural gas industry specific factors, as needed. Management reviews its assumptions each reporting period and makes adjustments as needed to reflect changes in historical loss rates and expectations, which management believes provides a reasonable estimation of future losses. The pooling of assets and the adjustment of historical loss rates include a high degree of judgement and actual results can differ materially from these expectations.

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For other financial instruments measured on an amortized cost basis and off balance sheet credit exposures, the Company considers quantitative and qualitative information, including historical experience and future expectations, which management believes provide a reasonable basis for the estimation of future losses.

The Company records a provision for credit losses in its general and administrative expenses in the consolidated statements of operations to reflect the net change in the allowance for credit losses during the period. Amounts determined to be uncollectible are written-off against the allowance for credit losses.

Intangible Liability

The Company acquired certain existing drilling contracts for future contract drilling services in connection with the Acquisition. See Note 6 – Property and Equipment for additional details. The terms of these contracts included fixed dayrates that were below the market dayrates that were estimated to be available for similar contracts as of the date of the Acquisition. Intangible liability was recorded as current and non-current liability and amortized as operating revenue on a straight-line basis over the respective contract term. The Company immediately amortizes any remaining intangible liability balance upon cancellation of the underlying contract.

Property and Equipment, Net

Property and equipment are initially stated at cost. Expenditures for additions, including other costs necessary to bring the asset to the condition and location necessary for its intended use, improvements and substantial enhancements are capitalized. Routine expenditures for minor replacements and repairs and maintenance that do not increase the functionality or life of the asset are expensed as incurred. Construction in progress includes interest capitalized during the period of asset construction for qualified assets if the construction is expected to take one year or longer and the amount of interest is material. When the asset is placed into service, it is transferred from construction in progress to the appropriate category under property and equipment. Property and equipment are subject to periodic impairment testing as discussed in “Impairment of Long-Lived Assets” below.

Depreciation commences when an asset is placed into service or is substantially complete and ready for its intended use. Depreciation is computed using the straight-line method, after allowing for salvage value where applicable, over the estimated useful lives of the assets. Land is not depreciated. Leasehold improvements are recorded as component of property and equipment and are depreciated over the shorter of the remaining expected lease term or the estimated useful lives of the improvements. If an impairment loss is recognized, the adjusted carrying amount shall be depreciated over the remaining useful life of the asset.

The estimated useful lives of property and equipment are as follows:

	Years
Rigs	30
Equipment and spares	9 - 13
Building	30
Other	3 - 5

The Company periodically reviews and adjusts, as appropriate, the remaining useful lives and salvage values of rigs when certain events occur that directly impact such estimates. This includes changes in operating condition, functional capability and market and economic factors. The remaining estimated average useful life of existing drilling rigs in the Company’s fleet as of December 31, 2024 is 12 years.

When assets are sold, retired or otherwise disposed of, the cost and related accumulated depreciation are written off, net of any proceeds received, and any gain or loss is reflected in the consolidated statements of operations.

Leases

A lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has made an accounting policy election to present the lease and associated non-lease operations as a single component based upon the predominant component. Lease classification as short-term lease, operating lease or finance lease is made at the lease inception. The Company considers all relevant contractual provisions, including renewal and

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termination options, to determine the term of the lease. Renewal or termination options that are reasonably certain of exercise by the lessee and those controlled by the lessor are included in determining the lease term. The Company considers all relevant facts and circumstances that create an economic incentive to exercise the option. See also Note 8 – Leases.

Short-Term Leases

The Company made an accounting policy election not to recognize a right-of-use asset and lease liability for short-term leases with an initial term of 12 months or less, therefore these leases are not recorded on the consolidated balance sheets. Expenses for short-term leases are recognized on a straight-line basis over the lease term under either operating and maintenance expenses or general and administrative expenses in the consolidated statements of operations.

The Company as a Lessee

The Company recognizes lease liabilities and right-of-use assets for all operating and finance leases for which it is a lessee at the lease commencement date. Lease liabilities are initially recognized at the present value of the future lease payments during the expected lease term using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Lease liabilities are recorded, according to the payment dates as other current liabilities and other long-term liabilities in the consolidated balance sheets. For any contract considered predominantly a lease, all non-lease components are included in the initial measurement of the lease liability. Finance lease and operating lease liabilities are recorded separately. The right-of-use asset is initially recognized at the amount of the initial measurement of the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs incurred by the Company. Right-of-use assets are recorded as other long-term assets in the consolidated balance sheets. Subsequent to initial recognition, the right-of-use asset is reflected net of amortization. Right-of-use assets are subject to periodic impairment testing as discussed in "Impairment of Long-Lived Assets" below. Costs to get a leased asset to the condition and location necessary for its intended use are capitalized as leasehold improvements.

The Company remeasures its lease liabilities with a corresponding adjustment to the right-of-use asset due to an applicable change in lease payments such as those due to a lease modification not accounted for as a separate contract, certain changes in the expected term of the lease, and certain changes in assessments and contingencies. Subsequent to initial recognition, the operating lease liability is increased for the interest component of the lease liability and reduced by the lease payments made. Operating lease expenses are recognized as a single lease cost on a straight-line basis over the lease term, which includes the interest component of the measurement of the lease liability and amortization of the right-of-use asset. Operating lease expenses are recognized based on the type of leased asset under either operating and maintenance expenses or general and administrative expenses in the consolidated statements of operations.

Finance lease expenses are recognized separately in the consolidated statements of operations, with the interest expense on the lease liability recorded under interest expense and the amortization of the right-of-use asset recorded as based on the type of leased asset under either operating and maintenance expenses or general and administrative expenses.

The Company as a Lessor

The Company's contracts with customers contain lease components related to the underlying rigs and equipment, in addition to service components of labor and expertise to operate the rig and equipment. The service component of operating a rig is predominant in the Company's contracts, therefore, the Company accounts for its revenues from contracts with customers as service revenues with a single performance obligation. See "Revenue Recognition" above. See also Note 4 – Revenues.

Impairment of Long-Lived Assets

The Company evaluates property and equipment, right-of-use assets and other long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Impairment indicators can include changes in the general economic and business environment, industry specific indicators, Company specific factors or conditions related to a specific asset or asset group. An impairment loss on an asset or asset group is recorded when the estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any actual impairment loss recognized represents the excess of the asset's carrying value over the estimated fair value.

The Company estimates the fair values of property and equipment, right-of-use assets, deferred costs and other long-lived

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assets to be held and used by applying a combination of income and market approaches, using projected cash flows and estimates of the exchange price that would be received for the assets in the principal or most advantageous market for the assets in an orderly transaction between market participants as of the measurement date. The fair value of the Company's asset groups using the income approach is based on estimated cash flows expected to be realized from the use of the assets. Asset impairment evaluations are, by nature, highly subjective. The critical estimates are significant unobservable inputs, which are based on numerous estimates and assumptions about future operations and market conditions including but not limited to those such as projected rig utilization, dayrates, operating, overhead and major project costs, remaining useful life, salvage value and discount rate as well as cost inflation assumptions. The Company estimates the fair values of assets held for sale based on the expected sale price less estimated costs to sell, which can include significant unobservable inputs. These assumptions are considered non-recurring level 3 fair value measurements.

Income Taxes

Provision for income taxes is based on relevant tax laws and rates in effect in the countries in which the Company operates and earns income or in which the Company is considered resident for income tax purposes. Current income tax expense reflects an estimate of the Company's income tax liability for the current year and includes prior period adjustments and changes in liabilities for uncertain tax positions. Liabilities for uncertain tax positions are recorded as long-term liabilities for tax positions that have been taken that are more likely than not to ultimately be denied upon examination or audit by tax authorities. Any interest and penalties related to uncertain tax positions are included as a component of income tax expense.

Deferred income taxes reflect the "temporary differences" between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, tax effected by applying the relevant tax rate, based on enacted tax laws and rates applicable to the periods in which the reversal of such differences is expected to affect taxable income. The Company records net deferred tax assets to the extent the assets will more likely than not be realized. In making such determination, all available positive and negative evidence is considered, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial performance. When necessary, valuation allowances are established to reduce deferred income tax assets to the amount expected to be realized.

The Company is subject to the tax laws, including relevant regulations, treaties and court rulings, of the countries and jurisdictions in which it operates. The provision for income taxes is based upon interpretation of the relevant tax laws in effect at the time the expense was incurred. If the relevant taxing authorities do not agree with the Company's interpretation and application of such laws, or if any such laws are changed retroactively, additional tax may be imposed which could significantly increase the Company's effective tax rate related to its worldwide earnings.

Share-Based Compensation

The Company issues share-based compensation under its 2017 Long-Term Incentive Plan ("2017 LTIP"), generally in the form of nonqualified stock options ("NQSOs") and restricted share units ("RSUs") which may contain a combination of service based, performance based and/or market based vesting conditions. Share-based compensation is recognized in the consolidated statements of operations based on the grant date fair value and the estimated number of options, shares or RSUs that are ultimately expected to vest.

Nonqualified Stock Options

The Company may grant NQSOs, which are contractual rights to purchase shares in the future at a predetermined price provided the specific vesting condition is met. The Company determines the grant date fair value of its NQSOs with service-based vesting, using the Black-Scholes-Merton model, using inputs and assumptions, including the market price of the shares on the date of grant, the risk-free interest rate, expected volatility and expected dividend yield over the expected term. During the requisite service period, the NQSOs are non-transferable, subject to forfeiture and do not have dividend rights until vested and exercised.

Restricted Share Units

The Company may grant restricted share units ("RSUs"), which are contractual rights to receive shares in the future provided the specific vesting condition is met. The RSUs granted to employees may be settled in cash in lieu of shares at the Company's sole discretion. During the requisite service period, the RSUs are non-transferable and are subject to forfeiture. The holder receives dividend equivalents but does not have shareholder rights until the shares are issued. The dividend equivalent will be forfeited if the RSUs are forfeited before vesting.

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Service Based Restricted Share Units

The service based RSUs granted to key employees typically vest in one-third increments over three years and to non-employee directors typically vest at the end of one year from the grant date, with certain acceleration provisions following a change in control. The fair value is based on the market price of the shares on the grant date.

Performance and/or Market-Based Restricted Share Units

The performance and/or market-based RSUs awarded to key employees are subject to the achievement of specified performance goals which may include market conditions such as total shareholder return against a predetermined peer group. The Company determines the grant date fair value of its RSUs with performance and/or market based vesting conditions using the Stochastic or Monte-Carlo valuation technique, prepared by an independent third party, using inputs and assumptions, including the market price of the shares on the date of grant, the risk-free interest rate, expected volatility and expected dividend yield over a period commensurate with the remaining term prior to vesting.

The grant date fair value of the Company's share-based compensation awards that are ultimately expected to vest is recognized as an expense over the applicable vesting period. Share-based compensation expense is recognized on a straight-line basis over the requisite service and performance period. and recorded in general and administrative expenses on the consolidated statements of operations. No income tax benefit was recognized for these awards. The Company has made an accounting policy election to recognize the expense for awards with a service condition and graded vesting features on a straight-line vesting method over the applicable vesting period. Any subsequent changes in the estimated number of shares or RSUs expected to vest will be recorded as cumulative catch-up adjustment to compensation cost in the period in which the change in estimate occurs. For awards with a performance and/or market condition, compensation cost is recognized over the service period regardless of whether the market conditions are ultimately achieved. For awards which vest only after a specific event such as an exit event or initial public offering, compensation expense is recognized upon the occurrence of the event. The Company has made an accounting policy election to account for any forfeitures in compensation expense as they occur.

The Company evaluates any modifications to its stock-based awards and accounts for them in the period of modification based on the appropriate service, performance, and/or market conditions. When the cancellation of an award is accompanied by the concurrent grant of a replacement award, it is accounted for as a modification of the terms of the cancelled award. The Company has made an accounting policy election to pool the costs and expenses of a cancelled award(s) and any concurrent replacement awards and expense them over the remaining vesting period of the replacement award, to the extent that the vesting period of the replacement award exceeds the remaining vesting period of the original award.

Employee Benefit Plans

The Company sponsors various employee benefit programs, including shore-based retention plans, defined contribution plans, end of service plans, and a defined benefit plan. See also Note 10 – Employee Benefit Plans.

Shore-Based Retention Plans

The Company has various shore-based retention plans for which associated payouts are typically made upon vesting, provided the participant is still employed by the Company. The retention plans consist of awards granted for certain employees that generally vest over a period ranging from one to four years. The Company recognizes these retention plan expenses over the plan's vesting period and accrues a liability for their ultimate payment. Expenses and the corresponding liability are reversed if an employee termination results in the forfeiture of accrued retention payments prior to vesting.

Certain of our Company retention plans are paid in advance of vesting and contain a repayment provision, which requires employees to repay the retention amount if employment is not maintained through the end of the vesting period, with certain exceptions. For retention plans paid in advance, the Company records an asset upon payment which is amortized as retention plan expenses over the vesting period. Expenses are reversed and a receivable from an employee is recorded if an employee termination results in the forfeiture of the retention award.

Defined Contribution Plans

The Company sponsors several defined contribution plans for certain employees in various jurisdictions. These plans are governed by statutory laws, union agreements and/or Company policy, as appropriate. These plans include various plans under international jurisdictions. These plans include Company matching amounts, based on jurisdiction, and other Company payments, which may be based on job category or years of service. The Company's contributions are expensed as incurred and the Company has no further obligations for these plans.

End of Service Plans

The Company offers end of service plans (defined benefit plans) to employees in certain countries in accordance with the labor laws in these countries or Company policies. The Company makes cash payments whenever the departure of an employee triggers the requirement to pay benefits. In certain countries for which management estimates that end of service liabilities are significant, the Company obtains a third party valuation to estimate the end of service benefit liability based on actuarial assumptions that include an employee census and historical data.

Defined Benefit Plan

Certain employees are eligible for defined benefits under a Company plan and these benefits are fully vested. The employee's benefit amount is calculated based on the employee's base salary and various other factors, as outlined in the plan. The Company immediately recognizes any gains and losses from this plan and accrues a liability for the ultimate payments. Benefits are paid in a single lump sum cash payment when a participant is no longer employed by the Company.

The plan does not have any assets, nor does the Company intend to fund the plan. Amounts expected to be paid under the defined benefit plan are determined based on actuarial assumptions.

Debt

Premiums, discounts and debt issuance costs related to the issuance of term debt are deferred and recorded as an adjustment to the associated debt balance on the consolidated balance sheets. These amounts are amortized to interest expense using the effective interest method through the maturity of the related debt.

Debt issuance costs related to credit facilities, regardless of whether there is any outstanding balance, are recorded under other long-term assets on the consolidated balance sheets and amortized to interest expense on a straight-line basis over the term of the credit facilities.

In the event of early debt extinguishment, any extinguishment costs and unamortized premiums, discounts and debt issuance costs associated with the retired debt are expensed as interest expense and financing charges in the consolidated statements of operations.

Net Income / (Loss) Per Common Share

Basic net income / (loss) per common share is calculated by dividing the net income or loss attributable to common shares by the number of weighted average common shares outstanding during the period, excluding contingently forfeitable unvested share-based compensation. The two-class method is used for participating securities, as applicable.

Diluted net income / (loss) per common share adjusts the number of weighted average common shares outstanding in the basic net income / (loss) per common share calculation for the effect of potential future issuances of common stock relating primarily to share-based compensation awards and other potentially dilutive instruments using the treasury stock method.

The dilutive effect of share-based awards using the treasury stock method consists of the total awards to be issued in a future period less an "assumed" buy back of shares. The "assumed" buy back of shares is computed using the average market price of common stock for the relevant period as the price per share and "assumed" proceeds which includes the award's exercise price, if any, and the average unrecognized compensation expense of the award during the period. This calculation can result in a significantly lower dilutive effect than the stock-based awards currently outstanding and/or in certain awards being anti-dilutive. Anti-dilutive awards can become dilutive in future periods based on changes in the average market price of common stock and decreases in the unrecognized compensation costs.

In periods of net losses attributable to common shareholders, all potentially dilutive securities will be anti-dilutive, and

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therefore basic and diluted net income / (loss) per common share will be the same.

Foreign Currency

The Company's functional currency is the U.S. dollar. As is customary in the oil and natural gas industry, the majority of the Company's revenues are denominated in U.S. dollars.

A significant amount of the Company's expenditures including interest expense and corporate expenses are denominated in U.S. dollars or are effectively denominated in U.S. dollars, as the payment currency is fixed to the U.S. dollar. However, certain subsidiaries have a significant amount of their operating expenses payable in local currencies. To limit the potential risk of currency fluctuations, when management believes that market conditions are favorable the Company may choose to enter into a series of monthly foreign currency forward contracts as discussed in "Derivative Financial Instruments" below. As such, the Company's exposure to non-U.S. dollar denominated currency exchange rate fluctuations may be limited by such derivatives. All transactions denominated in non-U.S. dollar currencies are recorded in U.S. dollars at the prevailing exchange rate. Realized transaction gains or losses and gains and losses from the remeasurement of assets and liabilities denominated in non-U.S. dollar currencies are reported as other, net in the consolidated statements of operations.

Derivative Financial Instruments

The Company's derivative financial instruments consist of foreign currency forward exchange contracts ("forex contracts") and interest rate swaps which the Company may designate as cash flow hedges. Each derivative contract is stated in the consolidated balance sheets at fair value. Derivatives with asset fair values are reported in other current assets or other long-term assets and derivatives with liability fair values are reported in other current liabilities or other long-term liabilities on the consolidated balance sheets, depending on their maturity date.

The Company has documented policies and procedures to monitor and control the use of the derivative instruments. The Company does not engage in derivative transactions for speculative or trading purposes.

Derivative gains and losses are reflected in the consolidated statements of operations except that, to the extent the derivative qualifies for and is designated as an accounting hedge, the gains and losses are reflected in income in the same period as offsetting gains and losses on the qualifying hedged positions. Designated hedges are expected to be highly effective, and therefore, adjustments to record the carrying value of the effective portion of the derivative financial instruments to their fair value are recorded as a component of accumulated other comprehensive income / (loss) ("AOCIL"), in the consolidated balance sheets. These changes in fair value for each designated hedge included in the assessment of hedge effectiveness will remain in AOCIL until it is reclassified into earnings in the period or periods during which the hedged transaction affects earnings or it is determined that the forecast hedged transaction will not occur.

Foreign Currency Forward Exchange Contracts

The Company may enter into forex contracts when management believes that market conditions are favorable to purchase such contracts with the expectation that the contracts, when settled, will reduce the exposure to foreign currency gains and losses on future foreign currency expenditures. The amount and duration of these contracts are based on the monthly forecast of expenditures in which the Company conducts significant business and for which there is a financial market. These forward contracts are derivatives and any change in fair value included in the assessment of hedge effectiveness is recognized in AOCIL. The net gains / (losses) on forex contracts reclassified from AOCIL are recorded as operating and maintenance expense.

Note 3 – Recently Issued and Adopted Accounting Pronouncements

Standard Recently Adopted

In November 2023, the FASB issued ASU No. 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires enhanced disclosures about significant segment expenses, enhanced interim disclosure requirements, new segment disclosure requirements for entities with a single reportable segment, disclosures about the individual or the group or committee identified as the chief operating decision-maker and contains other disclosure requirements. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15,

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2024, with early adoption permitted. The Company has adopted this standard as of January 1, 2024. The adoption of this standard did not have a material effect on the consolidated financial statements of the Company.

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 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 consolidated financial statements.

Note 4 – Revenues

As of December 31, 2024, the drilling contract with the longest expected remaining duration, excluding unexercised options, extends through July 2031.

Lease Revenue

On October 5, 2022, a subsidiary of the Company signed a bareboat charter agreement with a subsidiary of Noble Corporation ("Noble") for the Shelf Drilling Barsk. The Noble subsidiary leased the rig from the Company for the remaining term of its drilling contract with Equinor ASA until December 2023. The Company received payments of $2.0 million per month, which were trued up at periodic intervals for revenues and expenses per the agreement terms.

The Company accounted for this operating lease 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):

	Years ended December 31,		
	2024	2023	2022
Lease revenue [(1)]	$ —	$ 26.6	$ 12.1

(1) Recorded in the other revenues in the 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 consolidated balance sheets.

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

	As of December 31,	
	2024	2023
Current contract liabilities	$ 44.6	$ 40.5
Non-current contract liabilities	11.5	60.0
	$ 56.1	$ 100.5

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

	Years ended December 31,	
	2024	2023
Balance, beginning of year	$ 100.5	$ 8.4
Increase due to contractual additions	55.3	136.8
Decrease due to amortization of deferred revenue	(85.2)	(29.8)
Decrease due to application of customer deposits and other	(14.5)	(14.9)
Balance, end of year	$ 56.1	$ 100.5

Revenues recognized of $82.7 million and $4.9 million during the years ended December 31, 2024 and 2023, respectively, were included in the beginning contract liabilities balances. The Company amortized the remaining contract liabilities balance of $51.0 million related to the modification of contract terms of two drilling contracts during the year ended December 31, 2024.

Expected future amortization of contract liabilities, net recorded as of December 31, 2024 is as follows (in millions):

	As of December 31, 2024
2025	$ 44.6
2026	10.5
2027	1.0
	$ 56.1

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 December 31,	
	2024	2023
Current deferred contract costs	$ 47.4	$ 35.6
Non-current deferred contract costs	21.3	42.9
	$ 68.7	$ 78.5

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

	Years ended December 31,	
	2024	2023
Balance, beginning of year	$ 78.5	$ 32.1
Increase due to contractual additions	55.6	76.9
Decrease due to amortization of deferred contract costs	(64.7)	(30.5)
Decrease due to impairment of deferred contract costs	(0.7)	—
Balance, end of year	$ 68.7	$ 78.5

The Company amortized the remaining deferred contract costs balance of $22.4 million related to the modification of contract terms of six drilling contracts during the year ended December 31, 2024. This change in accounting estimate resulted in higher amortization of deferred contract costs in the amount $16.7 million and lower basic and diluted earnings per share by $0.07 for the year ended December 31, 2024.

Allowance for Credit Losses

Allowance for credit losses was as follows (in millions):

	As of December 31,	
	2024	2023
Allowance for credit losses	$ 7.1	$ 8.5

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

	Years ended December 31,	
	2024	2023
Balance, beginning of year	$ 8.5	$ 3.8
Provision for credit losses, net	2.6	4.7
Write-off of uncollectible amounts	(3.7)	—
Foreign exchange and other	(0.3)	—
Balance, end of year	$ 7.1	$ 8.5

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Note 5 – 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):

	Years ended December 31,		
	2024	2023	2022
Numerator for net income / (loss) per common share			
Net income / (loss) attributable to controlling interest	$ 81.4	$ (7.6)	$ (28.8)
Denominator for net income / (loss) per common share			
Weighted average common shares:			
Weighted average common shares - basic	223.1	197.5	157.3
Weighted average common shares - diluted	232.6	197.5	157.3
Net income / (loss) per common share - basic	$ 0.36	$ (0.04)	$ (0.18)
Net income / (loss) per common share - diluted	$ 0.35	$ (0.04)	$ (0.18)
Excluded anti-dilutive common shares	—	11.2	8.6

In February 2024, the Company granted service and market based restricted stock units which are included in the diluted weighted average common shares.

Note 6 – Property and Equipment

Property and equipment consisted of the following (in millions):

	As of December 31,	
	2024	2023
Rigs and equipment	$ 1,994.6	$ 2,041.9
Construction in progress	29.1	43.7
Spares	88.3	70.3
Land and building	2.2	2.2
Other	15.0	18.7
Total property and equipment	2,129.2	2,176.8
Less: Accumulated depreciation	704.5	689.7
Total property and equipment, net	$ 1,424.7	$ 1,487.1

The net carrying amount of rigs and equipment includes the Shelf Drilling Barsk which was under the bareboat charter agreement until December 2023. See Note 4 – Revenues for additional details. The carrying value and accumulated depreciation of this rig was as follows (in millions):

	As of December 31,
	2023
Carrying value	$ 171.1
Less: Accumulated depreciation	8.3
Net carrying value	$ 162.8

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Useful Lives of Property and Equipment

On January 1, 2024, the Company had a change in accounting estimate, which resulted in a change in the useful lives of nine rigs. As a result, depreciation for the year ended December 31, 2024 will be less than it would have been without this change in accounting estimate. During the year ended December 31, 2024, the change in accounting estimate resulted in a $4.3 million lower depreciation on drilling rigs and equipment with an immaterial impact on basic and diluted earnings per share.

Capital Expenditures

Amounts recorded for capital expenditures were as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
Capital expenditures	$ 51.3	$ 97.3	$ 511.6

During the year ended December 31, 2022, the capital expenditures included $417.7 million related to the acquisition of five jack-up rigs from various subsidiaries of Noble ("Acquisition") and $58.1 million related to the purchase and rig readiness project for the Shelf Drilling Victory.

Rig Acquisitions

On June 17, 2022, the Company entered into an asset purchase agreement to acquire one premium jack-up drilling rig from a third party for $30.0 million and the rig was delivered in July 2022.

On June 23, 2022, the Company entered into an agreement for the Acquisition. The Company raised net equity of $48.1 million in June 2022 for the Acquisition. SDHL further contributed $40.0 million in June 2022, $10.0 million in September 2022 and $70.0 million in October 2022 for a total of $120.0 million, prior to the completion of the Acquisition, into Shelf Drilling (North Sea), Ltd ("SDNS").

SDNS was initially a wholly-owned subsidiary of the Company. On October 3, 2022, SDNS completed a private placement of common shares for gross proceeds of $80.0 million and equity issuance costs of $4.7 million resulting in net proceeds of $75.3 million. As of October 3, 2022, SDNS was owned 60% by the Company and 40% by external investors. SDNS used equity proceeds along with new debt to fund the completion of the Acquisition on October 5, 2022. Since October 12, 2022, SDNS shares are listed on Euronext Growth Oslo under the ticker symbol SDNS. On October 11, 2024, SDL acquired the remaining 40% of SDNS shares. See Note 13 – Equity for details.

In accordance with ASC 805 Business Combination, we determined substantially all of the fair value of the Acquisition was concentrated in the acquired jack-up rigs and therefore we accounted for the transaction as an asset acquisition. The Company used an independent third party expert to determine the fair value of the assets acquired and liabilities assumed. The Company also incurred transaction costs of $0.6 million which were capitalized as an additional component of the cost of the assets and liabilities assumed.

The Company estimated the fair values of the jack-up rigs and the intangible liability by applying the income approach. The income approach is based on estimated projected cash flows expected to be realized from the use of the assets and the difference between the contracted and the market dayrates, at the date of the Acquisition, for the intangible liability. Fair value evaluations are, by nature, highly subjective. The critical estimates are significant unobservable inputs, which are based on numerous estimates and assumptions about future operations and market conditions including but not limited to those such as projected rig utilization, dayrates, operating, overhead and major project costs, remaining useful life, salvage value and discount rates as well as inflation assumptions. The Company used rig utilization rates ranging from 90% to 98%, discount rate of 15% and dayrates ranging from slightly below $70 thousand to slightly above $400 thousand in determining the fair value. The Company estimated the fair values using significant unobservable inputs. These assumptions are considered non-recurring level 3 fair value measurements.

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The following table presents the total cost of the acquisition and the allocation to assets and liabilities acquired based upon their relative fair value (in millions):

	As of October 5, 2022
Total consideration	$ 375.0
Assets acquired and liabilities assumed	
Jack-up rigs (1)	$ 417.7
Intangible liability, current (2)	(7.7)
Intangible liability, non-current (2)	(35.4)
Deferred tax asset	2.5
Deferred tax liability	(2.1)
Net assets acquired	$ 375.0

(1) Recorded in property and equipment on the consolidated balance sheets.
(2) See Note 7 – Intangible Liability for details.

Disposal of Assets

Disposal of assets were as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
Net carrying value	$ 21.5	$ 3.3	$ 5.1
Net proceeds	$ 59.3	$ 1.2	$ 1.8
(Gain) / loss on disposal of assets	$ (37.8)	$ 2.1	$ 3.3

During the year ended December 31, 2024, the Company sold the Baltic rig with a carrying value of $11.9 million for total net proceeds of $56.8 million and recognized a gain on disposal of asset of $44.9 million.

Assets Held for Sale

As of December 31, 2024, the Main Pass I was recorded as asset held for sale. In December 2024, the Company entered into an agreement to sell the Main Pass I rig with a carrying value of $6.6 million. The Company received proceeds of $1.1 million in December 2024 and the remaining net proceeds of $7.9 million at the completion of transaction in the first quarter of 2025.

Trident VIII Incident

In April 2024, the Trident VIII rig suffered structural leg damage while it was under contract in West Africa. As of December 31, 2024, the Company recorded an impairment loss of $7.0 million, which included $4.1 million of deferred contract costs, $2.6 million of property and equipment and $0.3 million of prepaid assets. The impairment loss was offset by a gain on insurance recovery and insurance proceeds receivable of $7.0 million. The Company transferred $12.6 million related to this incident from operating and maintenance to insurance proceeds receivable as of December 31, 2024. On October 23, 2024, a $50.5 million settlement and release agreement was signed with the insurance underwriters declaring the Trident VIII rig a total loss resulting in a gain on insurance recovery of $30.9 million. As of December 31, 2024 the Company has received cash proceeds of $44.0 million from the insurance underwriters and has an insurance receivable balance of $6.5 million.

In December 2024, the Company entered into an agreement to sell the rig for total proceeds of up to $1.9 million. The Company received cash proceeds $0.5 million in December 2024 and the remaining amount is expected at the completion of the transaction in the first quarter of 2025.

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Impairment Loss

During the year ended December 31, 2024, the Company recorded an impairment loss of $3.9 million, which primarily related to an impairment loss of $3.7 million for one rig. This impairment loss related to the impairment of the Company's property and equipment of $13.9 million, current deferred costs of $1.0 million and non-current deferred costs of $1.8 million. This impairment was due to softening of demand for rigs in certain jurisdictions. The fair value of the rig was determined based on the market approach by considering recent rig sales by the Company and other market participants. Significant unobservable inputs included exchange price and transaction costs to sell the rig in the principal or most advantageous market.

Note 7 – Intangible Liability

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

	As of December 31,	
	2024	2023
Intangible liability [(1)]	$ 8.5	$ 21.3

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

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

	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	$ 43.1	$ (34.6)	$ 8.5

	As of December 31, 2023		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Balance, beginning of year	$ 43.1	$ (7.6)	$ 35.5
Amortization	—	(14.2)	(14.2)
Balance, end of year	$ 43.1	$ (21.8)	$ 21.3

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

	As of December 31, 2024
2025	$ 7.5
2026	1.0
	$ 8.5
Weighted average life (in years)	1.0

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

	Years ended December 31,		
	2024	2023	2022
Amortization of intangible liability [1]	$ 12.8	$ 14.2	$ 7.6

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

Note 8 – Leases

The Company has operating lease agreements principally for offices and yard space, employee accommodations, vehicles and rig and office equipment with either cancellable or non-cancellable lease terms. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The leases typically are for periods ranging from one to five years and are spread across multiple geographical locations where the Company operates. Most leases include extension and/or termination options, where the exercise of the lease renewal options is at the Company's discretion. Certain lease agreements include payments that are adjusted periodically for inflation. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As of December 31, 2024 and 2023, the Company did not have any finance leases.

Operating Right-of-Use Assets and Operating Lease Liabilities

Right-of-use assets and lease liabilities are as follows (in millions):

	As of December 31,	
	2024	2023
Right-of-use assets		
Other long-term assets	$ 12.5	$ 11.4
Lease liabilities		
Other current liabilities	$ 4.2	$ 7.3
Other long-term liabilities	1.9	4.5
	$ 6.1	$ 11.8

Lease Expense

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

	Years ended December 31,		
	2024	2023	2022
Operating lease expense	$ 9.1	$ 8.3	$ 6.6
Short-term lease expense	9.5	8.8	9.2
Total lease expense	$ 18.6	$ 17.1	$ 15.8

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Following is the summary of the maturity of lease liabilities as of December 31, 2024 (in millions):

	As of December 31, 2024
2025	$ 4.5
2026	1.5
2027	0.5
2028	0.1
2029 and thereafter	—
Total lease payments	6.6
Less: Interest	0.5
Present value of lease liabilities	$ 6.1

The weighted-average remaining lease term and weighted average discount rate for operating lease right-of-use assets are as follows:

	As of December 31,	
	2024	2023
Weighted-average remaining lease term (years)	1.9	2.3
Weighted-average discount rate	9.5%	8.7%

Cash paid for amounts included in the measurement of lease liabilities (in millions):

	Years ended December 31,		
	2024	2023	2022
Lease payments	$ 15.6	$ 9.4	$ 8.9

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Note 9 – Debt

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

	As of December 31, 2024	As of December 31, 2023
10.25% senior secured notes, due October 2025		
Principal amount	$ —	$ 243.8
Unamortized debt issuance costs	—	(2.9)
Unamortized discount	—	(4.6)
Carrying value	—	236.3
Term loan, due March 2025		
Principal amount	25.0	33.3
Unamortized debt issuance costs	—	(0.6)
Unamortized discount	(0.1)	—
Carrying value	24.9	32.7
9.625% senior secured notes, due April 2029		
Principal amount	1,057.5	1,095.0
Unamortized debt issuance costs	(15.9)	(19.4)
Unamortized discount	(15.7)	(19.2)
Carrying value	1,025.9	1,056.4
9.875% senior secured bonds, due November 2028		
Principal amount	315.0	—
Unamortized debt issuance costs	(4.6)	—
Unamortized discount	(4.5)	—
Carrying value	305.9	—
Total carrying value	1,356.7	1,325.4
Less: Current maturities of long-term debt		
10.25% senior secured notes, due October 2025	—	12.5
Term loan, due March 2025	24.9	32.7
9.625% senior secured notes, due April 2029	75.0	37.5
9.875% senior secured bonds, due November 2028	20.0	—
	119.9	82.7
Total long-term debt	$ 1,236.8	$ 1,242.7

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

	As of December 31, 2024
Years ending December 31,	
2025	$ 120.0
2026	95.0
2027	95.0
2028	330.0
2029	757.5
Total	$ 1,397.5

8.25% Senior Unsecured Notes, due February 2025

On February 7, 2018, SDHL completed the issuance of $600.0 million of new 8.25% senior unsecured notes due February 15, 2025 ("8.25% Senior Unsecured Notes") issued at par. SDHL received net proceeds of $589.3 million, after deduction of $10.7 million of fees and expenses which were recorded as debt issuance costs and amortized over the life of the debt. On June 19, 2018, SDHL completed the issuance of an additional $300.0 million of 8.25% Senior Unsecured Notes at an issue price of 101% for total gross proceeds of $303.0 million, including a $3.0 million premium. SDHL received net proceeds of $297.2 million, after the deduction of $5.8 million of fees and expenses which were recorded as debt issuance costs and amortized over the life of the debt.

Interest on the 8.25% Senior Unsecured Notes accrued at a rate of 8.25% per year and was payable semi-annually in arrears on February 15 and August 15 of each year. The effective interest rate on the 8.25% Senior Unsecured Notes was 8.54%.

On September 26, 2023, SDHL launched a cash tender offer to purchase any and all of the outstanding $900.0 million 8.25% Senior Unsecured Notes and in parallel issued a notice for conditional full redemption of all of the 8.25% Senior Unsecured Notes outstanding following the settlement of the tender offer. The Company made payments of $605.2 million (in connection with the tender offer) and $294.8 million (in connection with the redemption), excluding accrued and unpaid interest and redemption premium, on October 13, 2023 and October 26, 2023, respectively, to repay the entire outstanding 8.25% Senior Unsecured Notes.

Loss on debt extinguishment of $22.9 million was recorded as interest expense and finance charges in the consolidated statement of operations which included redemption premium of $18.6 million, unamortized debt issuance costs of $3.9 million, unamortized premium of $0.7 million and transaction costs of $1.1 million.

8.875% Senior Secured First Lien Notes, due November 2024

On March 26, 2021, SDHL completed the issuance through a private offering of $310.0 million aggregate principal amount of new 8.875% senior secured first lien notes, due November 15, 2024 ("8.875% Senior Secured Notes") issued at 98.082% for total gross proceeds of $304.1 million, including a $5.9 million discount. SDHL recorded $7.0 million of fees and expenses as debt issuance costs, which were amortized over the life of the debt. The resulting $297.1 million net proceeds were used to repay and terminate the SDHL Revolver, cash collateralize bank guarantees issued under the SDHL Revolver, redeem and repurchase all of the outstanding 8.75% Senior Secured Notes and for general corporate purposes.

The obligations under the 8.875% Senior Secured Notes were guaranteed by SDL and the majority of the Company's subsidiaries that guarantee the obligations under the 8.25% Senior Unsecured Notes and were secured by a first-priority lien on substantially all of the assets of the Company and the subsidiary guarantors.

Interest on the 8.875% Senior Secured Notes accrued from March 26, 2021 at a rate of 8.875% and was payable semi-annually in arrears beginning on November 15, 2021 and on May 15 and November 15 of each year thereafter. The effective interest rate on the 8.875% Senior Secured Notes was 10.28%.

On September 26, 2023, SDHL launched a cash tender offer to purchase any and all of the outstanding $310.0 million 8.875% Senior Secured Notes and in parallel issued a notice for conditional full redemption of all of the 8.875% Senior Secured Notes outstanding following the settlement of the tender offer. The Company made payments of $217.2 million (in connection with the

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tender offer) and $92.8 million (in connection with the redemption), excluding accrued and unpaid interest, on October 13, 2023 and October 26, 2023, respectively, to repay the entire outstanding principal amount of the 8.875% Senior Secured Notes.

Loss on debt extinguishment of $4.8 million was recorded as interest expense and finance charges in the consolidated statements of operations which included unamortized debt issuance costs of $2.4 million, unamortized discount of $2.0 million and transaction costs of $0.4 million.

10.25% Senior Secured Notes, due October 2025

On September 26, 2022, Shelf Drilling (North Sea) Holdings, Ltd. ("SDNSH"), an indirect wholly-owned subsidiary of SDNS, completed the issuance of $250.0 million aggregate principal amount of new 10.25% senior secured notes due October 31, 2025 ("10.25% Senior Secured Notes") issued at 97.0% for total proceeds of $242.5 million, after deduction of $7.5 million discount. The debt proceeds were used to partially finance the Acquisition (see Note 6 – Property and Equipment). SDNS recorded $4.7 million additional fees and expenses as debt issuance costs. The debt issuance discount and costs were amortized over the life of the debt using the effective interest method.

Interest on the 10.25% Senior Secured Notes was paid semi-annually in cash in arrears on April 30 and October 31 of each year, commencing on April 30, 2023. The 10.25% Senior Secured Notes required 5% per annum principal payments based on the initial aggregate principal amount; payments were made semi-annually, beginning on October 31, 2023 and continued on each interest payment date thereafter. The effective interest rate on the 10.25% Senior Secured Notes was 12.26%.

On April 22, 2024, SDNSH submitted a redemption notice for the 10.25% Senior Secured Notes. On May 22, 2024, the Company made payments of $237.5 million for principal, $3.6 million redemption premium and $1.5 million of accrued interest to fully settle the 10.25% Senior Secured Notes.

Loss on debt extinguishment of $9.6 million was recorded as interest expense and financing charges in the consolidated statements of operations for the year ended December 31, 2024 which included redemption premium of $3.6 million, unamortized debt issuance costs of $2.2 million, unamortized discount of $3.7 million and transaction costs of $0.1 million.

Term Loan, due March 2025

On September 28, 2023, SDHL entered into a $50.0 million term loan facility, ("Term Loan"), with Goldman Sachs Bank USA which, following the satisfaction of customary conditions precedent, became available for drawing on October 13, 2023 and was completely drawn the same day. The term loan facility was issued under an agreement with Goldman Sachs Bank USA as lender and Wilmington Trust (London) Limited as agent and security agent. The Term Loan is fully and unconditionally guaranteed, on a senior unsecured basis, by the Company. Subject to certain guarantee and security principles, the Term Loan is fully and unconditionally, jointly and severally guaranteed on a senior secured basis by SDHL and the majority of its subsidiaries, which will also grant security over substantially all of their assets in favor of the creditors under the Term Loan. The Term Loan is subject to customary covenant restrictions such as those related to debt incurrence, dividend and other restricted payments, assets sales, incurring liens, transactions with affiliates, mergers and consolidations etc.

The Term Loan repayment schedule originally required payments equal to 33.33% of the aggregate loan on December 30, 2023, 33.33% of the aggregate loan on March 31, 2024 and the remaining outstanding balance on June 30, 2024. In accordance with the original repayment schedule, a payment of $16.7 million was made in December 2023. The Term Loan was originally scheduled to mature on June 30, 2024.

On March 22, 2024, the Company executed an amendment that extended the term loan's maturity date from June 30, 2024, to December 31, 2024. The amendment required a principal payment of $8.3 million which was made in March 2024 and the remaining outstanding balance of $25.0 million on December 31, 2024. On December 30, 2024, another amendment further extended the maturity of the remaining $25.0 million to March 31, 2025.

Debt issuance costs for the Term Loan were $1.1 million. As of December 31, 2024, $0.4 million of costs related to the modifications were capitalized as unamortized discount and $0.2 million were expensed in the general and administrative expenses line item. The effective interest rate on the Term Loan is 8.69%. Interest is payable depending on the interest period selected by the Company and is calculated as follows:

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1. The term secured overnight financing rate administrated by the CME Group Benchmark Administration; plus

2. Margin rate that is based on the consolidated net leverage ratio for the most recent quarter after the first complete financial quarter after closing of the Term Loan as follows:

Consolidated net leverage ratio	Margin per annum
Greater than 3.50:1	3.00 %
Equal to or less than 3.50:1 but greater than 3.00:1	2.75 %
Equal to or less than 3.00:1 but greater than 2.50:1	2.50 %
Equal to or less than 2.50:1	2.25 %

The consolidated net leverage ratio according to the amendment is shown below:

Period ending	Ratio
December 31, 2023	4.50:1.00
March 31, 2024	4.25:1.00
June 30, 2024	3.75:1.00
September 30, 2024	3.75:1.00
December 31, 2024	3.75:1.00

Credit Facility, due April 2028

On September 28, 2023, SDHL entered into a $125.0 million revolving credit facility, ("Credit Facility"), which, following the satisfaction of customary conditions precedent, became available for drawing on October 13, 2023. The Credit Facility can be utilized by way of cash drawings or, subject to the satisfaction of contractual conditions set forth in the underlying credit agreement, may be utilized by way of the issuance of letters of credit and/or bank guarantees or via ancillary facilities. All borrowings under the Credit Facility mature on April 12, 2028. Subject to customary break costs (if any), the facility is cancellable by SDHL at any time with no penalty or premium. The Credit Facility is fully and unconditionally guaranteed, on a senior unsecured basis, by the Company. Subject to certain guarantee and security principles, the Credit Facility is fully and unconditionally, jointly and severally guaranteed on a senior secured basis by SDHL and the majority of its subsidiaries, which will also grant security over substantially all of their assets in favor of the creditors under the Credit Facility. The Credit Facility is subject to customary covenant restrictions such as those related to debt incurrence, dividend and other restricted payments, assets sales, incurring liens, transactions with affiliates, mergers and consolidations etc.

On March 1, 2024, the Company executed an agreement that increased the total credit facility ("Credit Facility") size from $125.0 million to $150.0 million. In April 2024, the Company drew $25.0 million from the Credit Facility which was subsequently paid in May 2024.

Debt issuance costs of $3.1 million were recorded in other long-term assets in the consolidated balance sheets. As of December 31, 2024, debt issuance costs of $1.3 million related to the increase in Credit Facility size from $125.0 million to $150.0 million was recorded in other long-term assets.

The Credit Facility is also subject to financial covenants which are:

1. Effective as of June 30, 2024, the consolidated net leverage ratio should not exceed 3.75:1.00.

2. Effective as of June 30, 2024, the market value of the collateral rigs shall not be less than 200% of total commitments.

3. Effective December 31, 2023, the liquidity should not be less than $50.0 million.

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Interest is payable on the Credit Facility as follows:

1. The term secured overnight financing rate administrated by the CME Group Benchmark Administration; plus
2. Margin rate that is based on the consolidated net leverage ratio for the most recent quarter after the first complete financial quarter after closing of the Credit Facility as follows:

Consolidated net leverage ratio	Margin per annum
Greater than 3.50:1	3.25 %
Equal to or less than 3.50:1 but greater than 3.00:1	3.00 %
Equal to or less than 3.00:1 but greater than 2.50:1	2.75 %
Equal to or less than 2.50:1	2.50 %

9.625% Senior Secured Notes, due April 2029

On October 13, 2023, SDHL completed the issuance of $1,095.0 million aggregate principal amount of 9.625% senior secured notes, due April 15, 2029 ("9.625% Senior Secured Notes"). The 9.625% Senior Secured Notes were issued under an indenture among SDHL and Wilmington Trust, National Association, as trustee and Wilmington Trust (London) Limited, as security agent. The 9.625% Senior Secured Notes are guaranteed, on a senior unsecured basis, by the Company. Subject to certain agreed security principles and other exceptions, within 90 days of the date of issuance of the 9.625% Senior Secured Notes, the 9.625% Senior Secured Notes are jointly and severally guaranteed on a senior basis by the majority of SDHL's subsidiaries ("Guarantors"), and secured on a first-priority basis on rigs (other than certain excluded rigs), capital stock of SDHL and Guarantors, and substantially all other assets of SDHL and the Guarantors. The indenture includes customary covenant restrictions such as those related to debt incurrence, dividend and other restricted payments, assets sales, incurring liens, transactions with affiliates, mergers and consolidations etc.

The 9.625% Senior Secured Notes were issued at 98.184% for a discount of $19.9 million. Debt issuance costs were $20.3 million resulting in net proceeds of $1,054.8 million. Interest on the 9.625% Senior Secured Notes is paid semi-annually in cash in arrears on April 15 and October 15 of each year, commencing on April 15, 2024. The effective interest rate on the 9.625% Senior Secured Notes is 10.65%.

The 9.625% Senior Secured Notes require $37.5 million principal payment on April 15 and October 15 of each year, commencing on October 15, 2024. Any redemptions are subject to accrued and unpaid interest. Prior to October 15, 2025, SDHL may redeem all or portion of the 9.625% Senior Secured Notes at a redemption price equal to 100% of the principal amount of such notes plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption, plus the applicable "make-whole" premium. Also, prior to October 15, 2025, SDHL may in each twelve month period commencing on the issue date redeem up to 10% of the aggregate principal amount of the 9.625% Senior Secured Notes at a redemption price equal to 103%. Additionally, prior to October 15, 2025, SDHL may redeem up to 40% of the aggregate principal amount of the 9.625% Senior Secured Notes with net cash proceeds from equity offerings at a redemption price equal to 109.625% (provided that at least 50% of the original aggregate principal amount of the 9.625% Senior Secured Notes (including any additional notes) remains outstanding after such redemption. On or after October 15, 2025, SDHL may redeem, in whole or in part, the 9.625% Senior Secured Notes as follows:

Period	Redemption Price
On and after October 15, 2025	104.813 %
On and after October 15, 2026	102.406 %
On and after October 15, 2027	100.000 %

9.875% Senior Secured Bonds, due November 2028

On May 22, 2024, SDNSH completed the issuance of $315.0 million aggregate principal amount of 9.875% senior secured bonds, due November 2028 ("9.875% Senior Secured Bonds"). The 9.875% Senior Secured Bonds were issued under a bond terms agreement among SDNSH and Nordic Trustee AS, as bond trustee and security agent. The 9.875% Senior Secured Bonds are guaranteed by SDL, Shelf Drilling (North Sea), Ltd., Shelf Drilling (North Sea) Intermediate, Ltd. (a subsidiary of Shelf Drilling

(North Sea), Ltd.), rig owning entities and charter entities. The 9.875% Senior Secured Bonds are secured by substantially all the assets of SDNS. The bond terms agreement includes customary covenant restrictions such as those related to debt incurrence, dividend and other restricted payments, assets sales, incurring liens, transactions with affiliates, mergers and consolidations. SDNS is subject to the following financial covenants at all times:

1. Cash and cash equivalents of no less than $15.0 million; and
2. Minimum 40% ratio of total equity to total assets after adjusting for differences between the market value and book value of collateral rigs.

The 9.875% Senior Secured Bonds were issued at 98.35% for a discount of $5.2 million. Debt issuance costs were $5.3 million, resulting in net proceeds of $304.5 million.

Interest on the 9.875% Senior Secured Bonds is paid semi-annually in May and November of each year, beginning in November 2024. The effective interest rate on the 9.875% Senior Secured Bonds is 10.93%. Principal amounts of $10.0 million will be paid semi-annually in May and November of each year, beginning in May 2025.

The bond terms agreement contains mandatory redemption provisions due to sale or total loss of SDNS rigs. SDNSH may voluntarily redeem all or part of the 9.875% Senior Secured Bonds on any business day from and including:

1. the issue date to, but not including, the interest payment date falling 24 months after the issue date at a price equal to the make whole amount (as specified in the bond terms agreement);
2. the interest payment date falling on or after 24 months after the issue date to, but not including, the interest payment date falling 30 months after the issue date at a price equal to 104.938% of the nominal amount;
3. the interest payment date falling on or after 30 months after the issue date to, but not including, the interest payment date falling 36 months after the issue date, at a price equal to 102.469% of the nominal amount;
4. the interest payment date falling on or after 36 months after the issue date to, but not including, the interest payment date falling 42 months after the issue date, at a price equal to 101.0% of the nominal amount; and
5. the interest payment date falling on or after 42 months after the issue date to, but not including, the maturity date, at a price equal to 100.0% of the nominal amount.

Terms Common to All Indebtedness

Our outstanding debt has cross default provisions which would be triggered by an event of default exceeding certain amounts.

The outstanding debt has covenants that, among other things, limit the following:

- Incur or guarantee additional indebtedness or issue certain preferred shares;
- Pay dividends or make other distributions on, or redeem or repurchase, any equity interests;
- Make other restricted payments;
- Make certain acquisitions or investments;
- Create or incur liens;
- Transfer or sell assets;
- Incur restrictions on the payments of dividends or other distributions from restricted subsidiaries;
- Enter into certain transactions with affiliates; and
- Consummate a merger or consolidation or sell, assign, transfer, lease or otherwise dispose of all or substantially all of the Company's assets or certain subsidiaries' assets.

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The outstanding debt also contain standard events of default. The Company was in compliance with all covenants of its debt agreements as of December 31, 2024.

Note 10 – Employee Benefit Plans

Shore-Based Retention Plans

The Company recorded $7.4 million, $8.4 million and $8.4 million expense for shore-based retention plans for the years ended December 31, 2024, 2023 and 2022, respectively. The total cash payments under these retention plans are expected to be $6.6 million during 2025. The Company recorded obligations of $6.1 million and $2.7 million in other current liabilities and other long-term liabilities, respectively on the consolidated balance sheet as of December 31, 2024. The Company recorded obligations for these plans of $4.8 million and $3.2 million in other current liabilities and long-term liabilities, respectively, and assets for retention plans paid in advance of $1.4 million on the consolidated balance sheet as of December 31, 2023.

In May 2021, the Company granted a new cash retention bonus plan for certain employees for a total of $9.0 million, which was expensed over the vesting period through June 30, 2024. The total amount of $9.0 million was paid during the year ended December 31, 2021. The plan had a repayment provision, which required employees to repay the retention amount if employment was not maintained through the end of the vesting period, with certain exceptions.

Defined Contribution Plans

The Company recorded $11.3 million, $9.6 million and $7.0 million expense for defined contribution plans for the years ended December 31, 2024, 2023 and 2022, respectively.

End of Service Plans

The Company recorded $5.6 million, $3.7 million and $3.6 million in expenses for employee end of service plans (defined benefit plans) for the years ended December 31, 2024, 2023 and 2022, respectively.

The Company recorded obligations for these plans of $4.3 million and 13.2 million in other current liabilities and other long-term liabilities, respectively on the consolidated balance sheet as of December 31, 2024. The Company recorded obligations of $1.7 million and $16.0 million in other current liabilities and other long-term liabilities, respectively, on the consolidated balance sheet as of December 31, 2023.

The assumptions used in the calculation of employee end of service plans are as follows:

	Years ended December 31,		
	2024	2023	2022
Discount rate			
Low	2.6 %	2.7 %	3.9 %
High	25.0 %	25.1 %	19.2 %
Range of annual rate of compensation increase			
Low	0.0 %	1.0 %	1.0 %
High	15.0 %	30.0 %	15.0 %

Defined Benefit Plan

The Company recorded an immaterial amount, an expense of $0.1 million and a gain of $0.2 million in other, net in the consolidated statements of operations related to its defined benefit plan for the years ended December 31, 2024, 2023 and 2022, respectively. The discount rates used in the analyses were 5.3%, 4.8% and 5.1% for the years ended December 31, 2024, 2023 and 2022, respectively. The Company recorded obligations for these plans of $0.3 million and $0.8 million in other current liabilities and other long-term liabilities, respectively, on the consolidated balance sheet as of December 31, 2024. The Company recorded obligations of $0.4 million and $0.9 million in other current liabilities and other long-term liabilities, respectively, on the consolidated balance sheet as of December 31, 2023.

Note 11 – 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, operating lease liabilities and short-term debt, 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 December 31, 2024		As of December 31, 2023	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
10.25% senior secured notes, due October 2025	$ —	$ —	$ 236.3	$ 243.9
9.625% senior secured notes, due April 2029	$ 1,025.9	$ 893.7	$ 1,056.4	$ 1,071.7
9.875% senior secured bonds, due November 2028	$ 305.9	$ 309.8	$ —	$ —
Money market funds	$ 15.3	$ 15.3	$ —	$ —

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

Note 12 – 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.

Insurance

The Company's hull and machinery, property, cargo and equipment and liability insurance consists of commercial market policies that the Company renews annually. The Company periodically evaluates its risks, insurance limits and self-insured retentions. As of December 31, 2024, the insured value of the Company's fleet was $2.6 billion.

Hull and Machinery Coverage

As of December 31, 2024, under the Company's hull and machinery insurance policies, the Company maintained a $5.0 million deductible per occurrence, with no deductible in the event of loss greater than 75% of the insured value of the rig. The policies include $100.0 million coverage for liabilities (onshore and/or offshore) and $50.0 million coverage for property, equipment and cargo. The hull and machinery policy also covers war risk, which is cancellable either immediately or with 7 days' notice by the underwriters in certain circumstances. To protect against this cancellation risk, the Company also insures, through commercial market policies, a political risks policy covering acts of war and terrorism with a $250,000 deductible per occurrence (an additional $2.8 million in certain countries) and a limit of $200.0 million.

As of December 31, 2024, the Company also carried $100.0 million of additional insurance per occurrence that generally covered expenses that would otherwise be assumed by the well owner, such as costs to control the well, re-drill expenses and pollution from the well. This additional insurance provides coverage for such expenses in circumstances in which the Company has a legal or contractual liability arising from gross negligence or willful misconduct. The policy deductible is $1.0 million per occurrence.

Liability Coverage

As of December 31, 2024, the Company carried $400.0 million (excluding $100.0 million coverage under the Hull and

Machinery policies stated above) of marine liability coverage, exclusive of deductibles, which generally covered offshore risks such as personal injury, third party property claims and third party non-crew claims, including pollution from the rig. It also included coverage for costs incurred for wreck removal. The Company's liability coverage has a $1.0 million deductible per occurrence.

Self-Insured Medical Plan

The Company provides self-insured medical plans to certain employees in certain jurisdictions, subject to exclusions and limitations. The Company offers a self-insured medical plan for certain U.S. resident rig-based expatriate employees and their eligible dependents to provide medical, vision and dental coverage within the U.S. The maximum potential liability as of December 31, 2024 related to the plan is $2.3 million, as the Company is reinsured for the claims in excess of that amount by a third party insurance provider.

The Company also offers a self-insured medical plan to provide medical coverage for certain employees represented by labor unions and work under collective bargaining agreements, and their eligible dependents. The Company is fully responsible for eligible claims.

Directors' and Officers' Liability Insurance

As of December 31, 2024, the Company carried a $50.0 million directors' and officers' liability policy for the benefit of any director or officer in respect of any loss or liability attached to him or her for a claim of negligence, default, breach of duty or breach of trust. The deductible under this policy varies based on the type of claim but can be as high as $1.8 million per occurrence.

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 either U.S. dollars or local currencies provided by several banks in India, the United Kingdom, United Arab Emirates, Saudi Arabia, Nigeria, Vietnam and Thailand, which is secured by restricted cash balances or Credit Facility to guarantee various contractual, performance and customs obligations.

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

	As of December 31,	
	2024	2023
Total surety bond facilities	$ 121.9	$ 98.9
Outstanding surety bonds	$ 88.8	$ 42.4

Note 13 – Equity

Authorized Share Capital

On June 12, 2024, the Company amended its articles of association to increase the authorized capital to 278.1 million shares.

Common Shares Issuance

On June 24, 2022, the Company issued 38.4 million common shares with a par value of $0.01 per share. The gross proceeds from the issuance were $50.4 million and equity issuance costs were $2.3 million resulting in net proceeds of $48.1 million. The Company used these proceeds for the Acquisition. See Note 6 – Property and Equipment for details.

On February 1, 2023, the Company issued 17.6 million common shares with a par value of $0.01 per share. The gross proceeds from the issuance were $46.1 million and equity issuance costs were $2.0 million resulting in net proceeds of $44.1 million.

On September 29, 2023, the Company issued 19.4 million common shares with a par value of $0.01 per share. The Company received gross proceeds of $0.2 million and $59.5 million on September 29, 2023 and October 2, 2023, respectively. The $59.5 million received on October 2, 2023 was recorded in equity receivable as of September 30, 2023. The equity issuance costs were $2.2

million resulting in net proceeds of $57.5 million.

On October 11, 2024, the Company acquired the remaining 40% shares in SDNS by issuing 42.0 million common shares with a par value of $0.01 per common share and cash of $30.1 million to previous SDNS shareholders, and equity issuance costs were $1.4 million. SDNS has become a wholly-owned subsidiary of SDL at completion of this transaction.

Note 14 – Supplemental Balance Sheet Information

Accounts and other receivables, net consisted of the following (in millions):

	As of December 31, 2024	As of December 31, 2023
Accounts receivable	$ 209.6	$ 222.4
Other	21.7	14.7
Allowance for credit losses	(7.1)	(8.5)
	$ 224.2	$ 228.6

Other current assets consisted of the following (in millions):

	As of December 31, 2024	As of December 31, 2023
Deferred costs	$ 80.4	$ 73.0
Prepayments	9.5	11.7
Income tax receivable	5.9	3.1
Restricted cash	2.0	0.9
Other	2.8	3.4
	$ 100.6	$ 92.1

Other long-term assets consisted of the following (in millions):

	As of December 31, 2024	As of December 31, 2023
Deferred costs	$ 106.2	$ 126.5
Income tax receivable	24.9	29.6
Operating right-of-use assets	12.5	11.4
Restricted cash	7.4	7.9
Other	8.8	8.0
	$ 159.8	$ 183.4

Other current liabilities consisted of the following (in millions):

	As of December 31, 2024	As of December 31, 2023
Contract liabilities	$ 44.6	$ 40.5
Accrued compensation and benefits	25.6	22.0
Operating lease liabilities	4.2	7.3
Other	12.2	3.9
	$ 86.6	$ 73.7

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Other long-term liabilities consisted of the following (in millions):

	As of December 31,	
	2024	2023
Income taxes	$ 24.1	$ 25.3
Accrued compensation and benefits	18.1	20.3
Contract liabilities	11.5	60.0
Intangible liability	8.5	21.3
Operating lease liabilities	1.9	4.5
Other	0.4	0.4
	$ 64.5	$ 131.8

Note 15 – Share-Based Compensation

In October 2022, the board of directors amended the 2017 Long-Term Incentive Plan ("LTIP") to increase the maximum number of shares to be granted under the plan to 23.4 million shares from 18.4 million shares. As of December 31, 2024 and 2023, there were 3.9 million and 7.2 million shares, respectively available for issuance under the 2017 LTIP. However, future grants of any additional awards are limited to the Company's authorized but unissued shares at the time of the respective award dates.

Amounts recorded for share-based compensation expense were as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
Nonqualified stock options	$ 1.9	$ 1.9	$ 1.9
Restricted share units	$ 3.1	$ 0.5	$ 0.7

Nonqualified Stock Options

A summary of changes to the NQSOs as of December 31, 2024 is as follows:

	Shares (in millions)	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding as of January 1, 2024	13.7	$ 0.51		
Outstanding as of December 31, 2024	13.7	$ 0.51	5.1	$ 4.3
Non-vested shares as of December 31, 2024	13.7	$ 0.51	5.1	$ 4.3
Exercisable as of December 31, 2024	—	—	—	—

The unrecognized compensation cost for NQSOs were as follows:

	As of December 31,	
	2024	2023
Unrecognized compensation cost (in millions)	$ 0.3	$ 2.2
Weighted average period for recognition of unrecognized compensation cost (in years)	0.1	1.1

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Service and Market Based Restricted Share Units

A summary of changes to restricted share units as of December 31, 2024 is as follows:

	Service based restricted share units (in millions)	Weighted average grant date fair value per share	Market based restricted share units (in millions)	Weighted average grant date fair value per share
Non-vested shares as of January 1, 2024	0.2	$ 2.77	—	$ —
Granted	1.9	$ 2.38	1.5	$ 3.56
Vested	(0.2)	$ 2.77	—	$ —
Non-vested shares as of December 31, 2024	1.9	$ 2.38	1.5	$ 3.56

The aggregate grant date fair value of the service-based RSUs vested was $0.4 million, $0.6 million and $0.6 million during the years ended December 31, 2024, 2023 and 2022, respectively. As of December 31, 2024, the total unrecognized compensation cost related to non-vested service-based RSUs was $3.2 million and is expected to be recognized over a weighted average period of approximately 2.0 years. As of December 31, 2024, the total unrecognized compensation cost related non-vested market-based RSUs was $3.8 million and is expected to be recognized over a weighted average period of approximately 2.1 years.

The market-based RSUs awarded to key employees in 2024 are subject to the achievement of total shareholder return against a predetermined peer group and potential payouts could range from 0% to 200% of the granted units depending on performance. The estimated weighted average fair value of the market-based RSUs granted in February 2024 and October 2024 of $3.57 per share was determined based on several inputs and assumptions, including the weighted average market price of the shares on the date of grant of $2.53 per share and the weighted average significant assumptions used are as follows:

	Year Ended December 31, 2024
Valuation assumptions:	
Expected term	2.8 years
Risk free interest rate	4.17 %
Expected volatility	57.52 %
Expected dividend yield	— %

The expected term represented the period from the grant date to the expected date of vesting, the risk-free interest rate was based on the rate of government securities with similar terms and the expected volatility was based on implied volatility from peer group, historical volatility of the Company's share price and other factors.

Note 16 – Income Taxes

Tax Rate

The provision for income taxes is based on the tax laws and rates applicable in the jurisdictions in which the Company operates and earns income or is considered resident for income tax purposes. Tax rates can vary significantly between jurisdictions. SDL is exempt from all income taxation in the Cayman Islands, its country of incorporation. The relationship between the provision for income taxes and income or loss before income taxes can vary significantly from period-to-period considering, among other factors:

- the overall level of income before income taxes;
- changes in the blend of income that is taxed based on revenues rather than income before taxes;

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- rig movements between taxing jurisdictions;
- changes in rig operating structures which may alter the basis on which the Company is taxed in a particular jurisdiction;
- results of income tax audits and/or related settlements; and
- fluctuations in foreign currency rates against the U.S. Dollar which are used to measure tax balances in various jurisdictions.

The Company's effective income tax rates were as follows:

	Years ended December 31,		
	2024	2023	2022
Effective tax rate	38 %	238 %	344 %

Income Tax Expense

The components of the provisions for income taxes were as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
Current tax expense	$ 35.8	$ 35.5	$ 32.8
Deferred tax (benefit) / expense	(4.0)	(5.8)	1.3
Income tax expense	$ 31.8	$ 29.7	$ 34.1

The following is a reconciliation of the differences between the income tax expense for the Company's operations computed at the Cayman statutory rate of zero percent and the Company's reported provision for income taxes (in millions):

	Years ended December 31,		
	2024	2023	2022
Income tax expense at the Cayman statutory rate	$ —	$ —	$ —
Earnings subject to rates different than Cayman statutory rate	32.1	25.2	25.9
Change in reserve for uncertain tax positions	(3.1)	3.7	2.5
Adjustments to prior year tax liabilities or receivables	1.0	0.1	4.4
Interest and penalties on uncertain tax positions	1.8	0.7	1.3
Income tax expense	$ 31.8	$ 29.7	$ 34.1

Income tax expense in 2024 was higher than in 2023 primarily due to higher revenues in the current year and higher deferred tax benefits recognized in the prior year, partially offset by favorable tax rate changes in certain jurisdictions and the expiration of statute of limitations on an uncertain tax position in the current year.

In December 2021, the Organization for Economic Co-operation and Development and G20 inclusive framework on base erosion and profit shifting unveiled pillar 2.0 model global anti-base erosion rules ("BEPS 2.0"). These rules call for a global minimum tax of 15% on a per-jurisdiction basis for multi-national enterprises with annual revenues of more than €750.0 million. The Company will fall under the scope of these rules in 2025 which may increase the Company's income tax expense in certain jurisdictions.

Deferred Taxes

The Company's deferred tax assets primarily include assets related to differences in the carrying value of certain assets for GAAP versus tax basis. Deferred tax assets are recorded net of any valuation allowances. Changes in the Company's estimates and assumptions used to determine the valuation allowance, including any changes in applicable tax laws or tax rates, may impact the Company's ability to recognize the underlying deferred tax assets and could require future adjustments to the valuation allowances.

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The increase in the Company's gross deferred tax assets in the current year related to net operating loss carryforwards in certain jurisdictions was largely offset by a corresponding increase in valuation allowances due to an assessment that utilization of the net operating losses is reasonably possible but not likely. As of December 31, 2024, the Company's deferred tax asset relating to the net operating loss carryforwards of subsidiaries in a certain jurisdiction will expire between 2028 and 2029, whereas the net operating loss carryforwards of subsidiaries in all other jurisdictions have no expiration date.

The Company's deferred tax liabilities as of December 31, 2024, include liabilities related to differences in book and tax depreciation based on the carrying value of certain assets for financial reporting purposes versus the basis of such assets for income tax reporting purposes and liabilities related to the future income tax cost of repatriating the undistributed foreign earnings of certain subsidiaries, to the extent such earnings are not considered indefinitely reinvested. If unforeseen law changes or other facts and circumstances cause a change in expectations regarding the future tax cost of repatriating these foreign earnings, the resulting adjustments to the deferred tax balances could have a material effect on the Company's consolidated financial statements. During the year ended December 31, 2024, a favorable change in the applicable tax rate within a specific jurisdiction reduced the Company's deferred tax liabilities by $4.2 million.

The significant components of the Company's deferred tax assets and liabilities were as follows (in millions):

	As of December 31,	
	2024	2023
Deferred tax assets		
Net operating loss carry-forwards of subsidiaries	$ 22.2	$ —
Depreciation	4.5	8.2
Other	1.5	1.1
Valuation allowance	(19.2)	—
	$ 9.0	$ 9.3
Deferred tax liabilities		
Depreciation	$ 2.5	$ 6.5
Undistributed foreign earnings	1.9	2.2
	$ 4.4	$ 8.7

Liabilities for Uncertain Tax Positions

The Company has tax liabilities related to various tax positions that have been taken on the tax returns of certain subsidiaries that have resulted in a reduction in tax liabilities for those subsidiaries. In management's judgement, these tax positions are "uncertain" in that they are more likely than not to be successful if challenged by the relevant tax authorities in the future.

The changes to liabilities for uncertain tax positions, excluding interest and penalties, were as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
Balance, beginning of year	$ 20.9	$ 17.1	$ 14.6
Additions for current period tax positions	1.5	1.9	1.5
Additions for prior period tax positions	2.3	2.8	2.3
Reductions related to statute of limitations expiration	(2.6)	(0.9)	(1.3)
Reductions for prior period tax positions	(4.3)	—	—
Balance, end of year	$ 17.8	$ 20.9	$ 17.1

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The Company recognizes any interest and penalties related to income tax as a component of income tax expenses. Interest and penalties related to uncertain tax positions were an expense as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
Interest and penalties related to uncertain tax positions	$ 1.8	$ 0.7	$ 1.3

The accrued interest and penalties related to uncertain tax positions recorded as other long-term liabilities were as follows (in millions):

	As of December 31,	
	2024	2023
Accrued interest and penalties related to uncertain tax positions	$ 6.3	$ 4.5

Liabilities for uncertain tax positions may change from year-to-year based on various factors, including, but not limited to, favorable or unfavorable resolution of tax audits or disputes, expiration of relevant statutes of limitations, changes in tax laws or changes to the interpretation of existing tax laws due to new legislative guidance or court rulings, or new uncertain tax positions taken on recently filed tax returns. Although the Company has recorded liabilities against all tax benefits resulting from tax positions which, in management's judgement, are more likely than not to be successful if challenged by the relevant tax authorities in the future, the Company cannot provide assurance as to the final tax liability related to its tax positions as it is not possible to predict with certainty the ultimate outcome of any related tax disputes. Thus, it is reasonably possible that the ultimate tax liabilities related to such tax positions could substantially exceed recorded liabilities related to such tax positions, resulting in a material adverse effect on the Company's earnings and cash flows from operations.

Tax Returns and Examinations

The Company is engaged in ongoing income tax disputes and/or tax audits in various jurisdictions, including Italy, Egypt, India, Nigeria, Saudi Arabia, and Thailand. The Company is vigorously contesting all substantial assessments and has recorded tax reserves for all amounts that the Company deems more likely than not to be sustained in favor of the tax authorities upon final resolution. If the Company were to lose one or more tax disputes, income tax liability could increase substantially and the Company's earnings and cash flows from operations could be materially adversely affected. As of December 31, 2024, the 2013 through 2024 income tax periods remain open for examination in multiple jurisdictions.

Note 17 – Variable Interest Entities

The Company, through a wholly-owned indirect subsidiary, is the primary beneficiary of VIEs providing services which are Shelf Drilling Ventures (Malaysia) Sdn. Bhd. ("SDVM"), PT. Hitek Nusantara Offshore Drilling ("PT Hitek"), Shelf Drilling (Nigeria) Limited ("SDNL"), Shelf Drilling Offshore Services Limited ("SDOSL") and Shelf Drilling (Angola), Limitada ("SDAL") and which are included in these consolidated financial statements.

These VIEs are incorporated in jurisdictions where majority or significant foreign ownership of domestic companies is restricted or commercially incompatible with local content requirements. To comply with such foreign ownership and/or local content restrictions, the Company and the relevant local third parties, described further below, have established these VIEs and have contractual arrangements to convey decision-making and economic rights to the Company.

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Following is the information about the third party interests in the VIEs:

	Third party country of incorporation	Third party ownership percentage As of December 31, 2024	2023
SDVM	Malaysia	60%	60%
PT Hitek	Indonesia	20%	20%
SDNL	Nigeria	51%	51%
SDOSL	Nigeria	20%	20%
SDAL	Angola	51%	51%

Each of the third parties listed above are not in a position to provide additional financing to their respective VIEs and do not participate in any gains and/or losses. The Company is the primary beneficiary as it has the power to direct the operating and marketing activities, which are the activities that most significantly impact each entity's economic performance, and has the obligation to absorb losses and the right to receive a majority of the benefits of the VIEs. Therefore, the Company has determined that the VIEs meet the criteria to be presented as consolidated entities in the Company's consolidated financial statements.

Following are revenues and operating costs and expenses of the VIEs, after eliminating the effect of intercompany transactions, for the years ended December 31, 2024, 2023 and 2022 (in millions):

	SDVM	PT Hitek	SDNL	SDOSL	SDAL	Total
December 31, 2024:						
Revenues	$ 0.7	$ —	$ 92.9	$ —	$ 14.0	$ 107.6
Operating costs and expenses	$ 1.1	$ 0.4	$ 72.6	$ 4.4	$ 12.2	$ 90.7
December 31, 2023:						
Revenues	$ —	$ —	$ 70.3	$ —	$ 13.4	$ 83.7
Operating costs and expenses	$ 0.2	$ 0.4	$ 51.1	$ 6.0	$ 13.6	$ 71.3
December 31, 2022						
Revenues	$ —	$ —	$ 42.5	$ —	$ 11.7	$ 54.2
Operating costs and expenses	$ 0.1	$ 0.3	$ 37.7	$ 5.6	$ 12.5	$ 56.2

There are no material differences between the results of operations and cash flows of the consolidated Company, inclusive of the VIEs listed above, than there would have been if the VIE operations were run out of a wholly-owned subsidiary of the Company.

SHELF DRILLING, LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Following are the assets and liabilities of the VIEs, after eliminating the effect of intercompany transactions, as of December 31, 2024 (in millions):

	SDVM	PT Hitek	SDNL	SDOSL	SDAL	Total
Assets						
Cash and cash equivalents	$ —	$ 0.2	$ 2.8	$ 0.1	$ 1.2	$ 4.3
Accounts and other receivables, net	0.7	0.1	13.6	—	3.9	18.3
Other current assets	—	—	0.1	0.5	0.5	1.1
Total current assets	0.7	0.3	16.5	0.6	5.6	23.7
Property and equipment, net	—	—	2.0	—	—	2.0
Other long-term assets	—	—	6.7	0.3	—	7.0
Total non-current assets	—	—	8.7	0.3	—	9.0
Total assets	$ 0.7	$ 0.3	$ 25.2	$ 0.9	$ 5.6	$ 32.7
Liabilities						
Accounts payable	$ 0.1	$ —	$ 8.6	$ 0.1	$ 0.6	$ 9.4
Other current liabilities	0.1	0.1	10.8	0.5	0.5	12.0
Total current liabilities	0.2	0.1	19.4	0.6	1.1	21.4
Other long-term liabilities	0.1	0.2	—	0.6	—	0.9
Total long-term liabilities	0.1	0.2	—	0.6	—	0.9
Total liabilities	$ 0.3	$ 0.3	$ 19.4	$ 1.2	$ 1.1	$ 22.3
Carrying amount, net	$ 0.4	$ —	$ 5.8	$ (0.3)	$ 4.5	$ 10.4

SHELF DRILLING, LTD.
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Following are the assets and liabilities of the VIEs, after eliminating the effect of intercompany transactions, as of December 31, 2023 (in millions):

	SDVM	PT Hitek	SDNL	SDOSL	SDAL	Total
Assets						
Cash and cash equivalents	$ —	$ 0.2	$ 9.8	$ 0.2	$ 0.7	$ 10.9
Accounts and other receivables, net	—	—	21.7	—	3.4	25.1
Other current assets	—	—	0.1	0.7	0.5	1.3
Total current assets	—	0.2	31.6	0.9	4.6	37.3
Property and equipment, net	—	—	2.1	—	—	2.1
Other long-term assets	—	0.1	1.5	0.4	—	2.0
Total non-current assets	—	0.1	3.6	0.4	—	4.1
Total assets	$ —	$ 0.3	$ 35.2	$ 1.3	$ 4.6	$ 41.4
Liabilities						
Accounts payable	$ —	$ —	$ 11.0	$ 0.2	$ 0.8	$ 12.0
Other current liabilities	0.1	0.1	3.2	0.6	0.4	4.4
Total current liabilities	0.1	0.1	14.2	0.8	1.2	16.4
Other long-term liabilities	0.1	0.2	—	0.8	0.2	1.3
Total long-term liabilities	0.1	0.2	—	0.8	0.2	1.3
Total liabilities	$ 0.2	$ 0.3	$ 14.2	$ 1.6	$ 1.4	$ 17.7
Carrying amount, net	$ (0.2)	$ —	$ 21.0	$ (0.3)	$ 3.2	$ 23.7

There are no material restrictions on the assets disclosed above, except for certain property and equipment which is pledged as collateral. Liability holders typically have recourse to the general credit of the Company when seeking to enforce settlement of liabilities. See Note 20 – Related Parties for additional discussion on the Company's transactions with its VIEs.

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Note 18 – Supplemental Cash Flow Information

Operating Cash Flows

The net effect of changes in operating assets and liabilities on cash flows from operating activities was as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
Decrease / (increase) in operating assets			
Accounts and other receivables, net	$ (4.1)	$ (57.6)	$ (40.2)
Other current assets	(2.1)	3.4	(2.3)
Other long-term assets	3.1	10.7	(0.2)
Increase / (decrease) in operating liabilities			
Accounts payable and other current liabilities	17.2	58.9	56.9
Accrued interest	(3.1)	(10.3)	6.8
Accrued income taxes	4.3	4.0	4.1
Other long-term liabilities	4.6	79.6	5.1
	$ 19.9	$ 88.7	$ 30.2

Additional cash flow information was as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
Interest and other financing charges	$ 139.7	$ 140.7	$ 101.8
Income taxes	$ 30.8	$ 22.4	$ 25.9

Capital Expenditures and Deferred Costs

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

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

	Years ended December 31,		
	2024	2023	2022
Regulatory and capital maintenance	$ 61.3	$ 89.4	$ 66.1
Contract preparation	55.6	76.9	32.7
Fleet spares and others	35.5	30.7	12.0
	152.4	197.0	110.8
Rig acquisitions	—	28.8	476.4
Total capital expenditures and deferred costs	$ 152.4	$ 225.8	$ 587.2

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):

	Years ended December 31,		
	2024	2023	2022
Cash payments for additions to property and equipment	$ 47.7	$ 103.1	$ 453.7
Non-cash increase to fair value of rigs in the acquisition	—	—	42.7
Net change in advances and accrued but unpaid additions to property and equipment	3.6	(5.8)	15.2
Total capital expenditures	51.3	97.3	511.6
Changes in deferred costs, net	(2.1)	67.0	11.3
Add: Amortization of deferred costs	103.2	61.5	64.3
Total deferred costs	101.1	128.5	75.6
Total capital expenditures and deferred costs	$ 152.4	$ 225.8	$ 587.2

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

	As of December 31,	
	2024	2023
Cash and cash equivalents	$ 152.3	$ 98.2
Restricted cash included in other current assets	2.0	0.9
Restricted cash included in other long-term assets	7.4	7.9
Total cash, cash equivalents and restricted cash	$ 161.7	$ 107.0

Note 19 – 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 consolidated statements of operations. See consolidated balance sheet for segment asset information provided to the chief operating decision maker.

SHELF DRILLING, LTD.
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Total revenues by country based on the location of the service provided were as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
Saudi Arabia	$ 231.9	$ 270.8	$ 202.2
Nigeria	196.6	152.5	73.8
India	160.1	123.2	123.8
Thailand	84.9	84.8	89.3
Italy	61.3	48.5	30.3
Angola	46.7	43.3	63.3
Others (1)	190.9	170.7	104.9
	972.4	893.8	687.6
Amortization of intangible liability	12.8	14.2	7.6
Total revenues	$ 985.2	$ 908.0	$ 695.2

(1) Represents countries which are individually less than 5% of total revenues.

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 December 31,	
	2024	2023
Thailand	$ 417.1	$ 437.1
Nigeria	253.2	160.6
Norway	173.9	163.5
Saudi Arabia	152.9	305.5
India	111.1	96.6
United Arab Emirates	101.7	102.1
United Kingdom	70.7	110.2
Italy	7.5	88.5
Others (1)	335.7	233.9
Total long-lived assets, net	$ 1,623.8	$ 1,698.0

(1) Represents countries which are individually less than 5% of total long-lived assets.

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 year are not necessarily indicative of the geographic distribution of the revenues generated by such assets during the year.

Note 20 – Related Parties

The Company's related parties include China Merchants Industry Holdings Company Limited, Castle Harlan, Inc. and Lime Rock Partners (Lime Rock Partners held shares of the Company during 2023 but sold substantially all their shares before December 31, 2023), independent SDL directors, key management personnel, VIEs and entities controlled, jointly controlled or significantly influenced by such parties. On October 11, 2024, SDNS became a wholly-owned subsidiary of SDL and is no longer considered as a related party. See Note 13 – Equity for details.

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Directors

SDL directors' costs include directors' fees and reimbursement of costs incurred by directors for attendance at meetings relating to the management and governance of the Company. Directors' costs also include share-based compensation expense. The amounts recorded were as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
SDL directors costs	$ 1.8	$ 1.4	$ 1.9

The total liability recorded under accounts payable for such transactions was as follows (in millions):

	As of December 31,	
	2024	2023
Accounts payable	$ 0.1	$ 0.1

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 as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
SDNS independent directors costs	$ 0.1	$ 0.1	$ —

The total liability recorded for these costs under accounts payable was immaterial as December 31, 2024 and 2023, respectively.

VIEs

Certain VIE related parties provided goods and services to drilling rigs owned by several of the Company's foreign subsidiaries. The amounts recorded were as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
VIE related parties provided goods and services	$ 3.9	$ 3.6	$ 2.9

The total liability recorded under accounts payable for such transactions was as follows (in millions):

	As of December 31,	
	2024	2023
Accounts payable	$ 1.2	$ 1.4

Lease

The Company entered into an operating lease agreement for yard space with a VIE related party with cancellable terms. The duration of this lease is three years. The lease does not include an extension or renewal option, but a termination option is available to either party. The lease payments are fixed for the duration of the lease. This lease agreement does not contain any material residual value guarantees or material restrictive covenants.

SHELF DRILLING, LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company has recorded the following (in millions):

	Years ended December 31,		
	2024	2023	2022
Lease expense	$ 1.8	$ 0.6	$ 1.0

	As of December 31,	
	2024	2023
Right-of-use assets		
Other long-term assets	$ 5.6	$ —
Lease liabilities		
Other current liabilities	$ —	$ 0.2

Note 21 – Interest Rate, Foreign Currency and Credit Risk

Interest Rate Risk

Financial instruments that potentially subject the Company to interest rate risk include cash and cash equivalents and debt. Exposure to interest rate risk may occur in relation to cash and cash equivalents, as the interest income earned on these balances changes with market interest rates. Floating rate debt, where the interest rate may be adjusted semi-annually or more frequently over the life of the instrument, exposes the Company to short-term changes in market interest rates. Fixed rate debt, where the interest rate is fixed over the life of the instrument and the instrument's maturity is greater than one year, exposes the Company to changes in market interest rates if and when voluntary refinancing or refinancing of maturing debt with new debt occurs. The Company has in the past utilized interest rate swaps or other derivative instruments to manage interest rate risk.

Foreign Currency Risk

The Company's functional currency is the U.S. dollar and its international operations expose it to currency exchange rate risk. This risk is primarily associated with receivables from customers, compensation costs of the Company's employees and purchasing costs from suppliers in currencies other than the U.S. dollar.

The primary currency exchange rate risk management strategy involves customer contracts that provide for partial payment in U.S. dollars and partial payment in local currency. The payment portion denominated in local currency is based on anticipated local currency requirements over the contract term and local statutory requirements. Due to various factors, including customer acceptance, local banking laws, other statutory requirements, local currency convertibility and the impact of inflation on local costs, actual local currency needs may vary from those anticipated in the customer contracts, resulting in partial exposure to currency exchange rate risk. In addition, the Company can utilize forex contracts to manage foreign exchange risk related to certain currencies.

Amounts recorded for net loss / (gain) on foreign exchange were as follows:

	Years ended December 31,		
	2024	2023	2022
Net loss / (gain) on foreign currency exchange	$ 6.5	$ 6.3	$ (0.1)

SHELF DRILLING, LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are cash and cash equivalents, which are generally maintained at commercial banks with acceptable credit ratings, and accounts and other receivables which primarily consist of trade receivables.

The market for the Company's services is the offshore oil and natural gas industry. The Company's customers primarily consist of government owned or controlled energy companies, publicly listed global integrated oil companies or independent exploration and production companies. Periodic credit evaluations of the Company's customers are performed and the Company generally does not require material collateral from its customers. However, the Company may from time-to-time require its customers to make advance payment or issue a bank guarantee/letter of credit in its favor to mitigate the risk of non-payment. The Company determines its expected credit losses for its pools of assets with similar risk characteristics based on historical loss information as adjusted for future expectations.

Consolidated revenues (excluding amortization of intangible liability) by top customer were as follows (in millions):

	Years ended December 31,		
	2024	2023	2022
Largest customer	24%	30%	29%
Second largest customer	18%	17%	13%
Third largest customer	16%	12%	11%
Others	42%	41%	47%
	100%	100%	100%

The top three customer balances represent approximately 48% and 56% of accounts receivable as of December 31, 2024 and 2023, respectively.

Note 22 – Subsequent Events

The Company has evaluated subsequent events through March 3, 2025, the date of issuance of the consolidated financial statements.

Responsibility Statement

We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended December 31, 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 and the Group taken as a whole.

We also confirm that, to the best of our knowledge, the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties facing the Company and the Group.

We also confirm that the annual report is prepared in accordance with sustainability reporting standards adopted pursuant to Section 2-6 of the Norwegian Accounting Act and in accordance with rules adopted pursuant to Article 8(4) of Regulation (EU) 2020/852 (the EU Taxonomy Regulation).

By Order of the Board of Directors of Shelf Drilling, Ltd.

April 14, 2025

David Mullen
Executive Chairman of the Board

David Williams
Audit Committee Chairman

Important Notice: All information in the Annual Report is as at April 14, 2025, or earlier if explicitly stated. As such, the Annual Report does not reflect any Company events or changes after April 14, 2025.

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