

## Risk Factors Comparison 2025-02-20 to 2024-02-22 Form: 10-K

**Legend:** New Text ~~Removed Text~~ Unchanged Text Moved Text Section

An investment in our securities involves a high degree of risk. You should consider carefully all of the risks described below, together with the other information contained in this Form 10-K, before making a decision to invest in our securities. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. Risks Related to Our Business, Operations, Financing Arrangements and Market Conditions

- The success of our business depends on the level of activity in offshore oil and natural gas exploration, development and production, which can be significantly affected by volatile oil and natural gas prices.
- The offshore contract drilling industry is highly competitive and cyclical.
- Our current backlog of contract drilling revenue may not be fully realized and may decline significantly in the future.
- Our business will be materially adversely affected if we are unable to secure contracts on economically favorable terms or if option periods in existing contracts are not exercised as expected.
- Our customers may be unable or unwilling to fulfill their contractual commitments to us, including their obligations to pay for losses, damages or other liabilities.
- The loss of a significant customer or customer contract, as well as customer consolidation and changes to customer strategy, could materially adversely affect our business.
- Our long-term contracts are subject to the risk of cost increases, which could adversely affect our profitability.
- Our network and systems, including rig operating systems and critical data, are subject to cybersecurity risks and technical disruptions.
- Rig reactivation, upgrade and enhancement projects are subject to risks, including delays and cost overruns, which could materially adversely affect our financial position, operating results or cash flows.
- We make significant expenditures to meet customer requirements, maintain our fleet to comply with laws and the applicable regulations and standards of governmental authorities and organizations, or to expand our fleet, and we may be required to make significant expenditures to maintain our competitiveness.
- Failure to recruit and retain skilled personnel could adversely affect our business.
- Our **use of a** shared service center ~~may not create~~ **creates** the operational efficiencies that we expect and ~~may create~~ risks relating to the processing of transactions and recording of financial information.
- **AI presents risks and challenges that can impact our business.**
- We may not realize the expected benefits of our ARO joint venture.
- Joint venture investments could be adversely affected by our joint venture partners' actions, financial condition and liquidity and disputes between us and our joint venture partners.
- Our business involves operating hazards, and our insurance and indemnities from our customers may not be adequate to cover any potential losses.
- Geopolitical events and violence could materially adversely affect the markets for our services and have a material adverse effect on our business and cost and availability of insurance.
- Our drilling contracts with national oil companies may expose us to greater risks than we normally assume in drilling contracts with non-governmental customers.
- **The impact and effects of public health crises, pandemics and epidemics could have a material adverse effect on our business, financial condition and results of operations.**
- Unionization efforts and labor regulations in certain countries in which we operate could materially increase our costs or limit our flexibility with regard to the management of our personnel.
- Significant equipment or part shortages, supplier capacity constraints, supplier production disruptions, supplier quality and sourcing issues or price increases could materially adversely affect our financial position, operating results or cash flows.
- Our operating and maintenance costs will not necessarily fluctuate in proportion to changes in our operating revenues.
- Our ability to pay our operating and capital expenses and make payments due on our debt depends on many factors beyond our control.
- The agreements governing our debt, including the Indenture and the Credit Agreement **(as each are defined herein)**, contain various covenants that impose restrictions on us and certain of our subsidiaries.
- We may experience risks associated with future mergers, acquisitions or dispositions of businesses or assets or other strategic transactions.
- ~~Our actual financial results after emergence from bankruptcy may not be comparable to our projections filed with the Bankruptcy Court in the course of the Chapter 11 Cases.~~
- The exercise of all or any number of outstanding warrants or the issuance of stock-based awards may dilute the holders of our Common Shares.

Regulatory, Legal and Tax Risks

- Failure to comply with anti-corruption and anti-bribery statutes could result in fines, criminal penalties and drilling contract terminations.
- Increasing regulatory complexity could adversely impact our operations and reduce demand.
- Compliance with or breach of environmental laws can be costly and limit our operations.
- The U. S. Internal Revenue Service ("IRS") may not agree with the conclusion that we should be treated as a foreign corporation for U. S. federal tax purposes.
- Governments may pass laws that subject us to additional taxation or may challenge our tax positions.
- Our consolidated effective income tax rate may vary substantially over time.
- We are subject to litigation that could have a material adverse effect on us.
- ~~As~~ **We are** a Bermuda company, **and** it may be difficult enforcing judgments against us, our directors and officers.
- Our by-laws restrict shareholders from bringing legal action against our officers and directors.
- Provisions in our by-laws could delay or prevent a change in control of our company.
- Legislation enacted in Bermuda as to Economic Substance may affect our operations.
- Our business could be affected as a result of activist investors.

Risks Related to Our International Operations

- Our non-U. S. operations involve additional risks not typically associated with U. S. operations.

Sustainability Risks

- Regulation of ~~GHGs~~ **GHG** and climate change could have a negative impact on our business.
- Consumer preferences for alternative fuels and electric-powered vehicles, as part of the global energy transition, may lead to reduced demand for our services.
- Increased scrutiny from stakeholders and others regarding our sustainability practices, initiatives and reporting responsibilities could result in additional costs or risks.

Item 1A. Risk Factors

The success of our business depends on the level of activity in offshore oil and natural gas exploration, development and production. Oil and natural gas prices, and market expectations of these prices, significantly affect the level of drilling activity. Historically, when operator capital spending declines, utilization and day rates also decline. Numerous factors may affect oil and

natural gas prices and the level of demand for our services, including: • regional and global economic conditions and changes therein, including recessions, • oil and natural gas supply and demand, which is affected by worldwide economic activity and population growth, • expectations regarding future energy prices, • the desire and ability of OPEC, its members and other oil-producing nations, such as Russia, to reach further agreements to set and maintain production levels and pricing and to implement existing and future agreements, • the availability of capital for oil and natural gas participants, including our customers, and capital allocation decisions by our customers, including the relative economics of offshore development versus alternative prospects, • the level of production by non- OPEC countries, • **the worldwide military or political environment, including the Russia- Ukraine conflict and the conflicts in the Middle East and any related political or economic responses, global macroeconomic effects of trade disputes and increased tariffs, such as those imposed, or that may be imposed, by the U. S. beginning in February 2025, and sanctions and uncertainty or instability resulting from an escalation or additional outbreak of armed hostilities or other crises in oil or natural gas producing areas or geographic areas in which we operate, or acts of terrorism**, • U. S. and non- U. S. tax policy, including the U. K. windfall tax on oil and gas producers in the British North Sea, • advances in exploration and development technology, including with respect to onshore shale, • costs associated with exploring for, developing, producing and delivering oil and natural gas, • the rate of discovery of new oil and natural gas reserves and the rate of decline of existing oil and gas reserves, • investors reducing, or ceasing to provide, funding to the oil and natural gas industry in response to initiatives to limit **or otherwise address** climate change, • laws and government regulations that limit, restrict or prohibit exploration and development of oil and natural gas in various jurisdictions, or materially increase the cost of such exploration and development, • the development and exploitation of alternative fuels or energy sources, resulting in reduced capital spending by our customers on oil and natural gas projects, and increased demand for electric- powered products, including electric- powered vehicles, • disruption to exploration and development activities due to hurricanes and other adverse weather conditions and the risk thereof, • natural disasters or incidents resulting from operating hazards inherent in offshore drilling, such as oil spills, • ~~the worldwide military or political environment, including the invasion of Ukraine by Russia and the conflict in the Middle East and any related political or economic responses, global macroeconomic effects of trade disputes and increased tariffs and sanctions and uncertainty or instability resulting from an escalation or additional outbreak of armed hostilities or other crises in oil or natural gas producing areas or geographic areas in which we operate, or acts of terrorism~~, and • the occurrence or threat of epidemic or pandemic diseases and any government response to such occurrence or threat. Higher commodity prices may not necessarily translate into increased activity, however, and even during periods of high commodity prices, customers may cancel or curtail their drilling programs, or reduce their levels of capital expenditures for exploration and production for a variety of reasons, including their expectations for future oil and natural gas prices, the cost of exploration efforts, extended periods of price volatility, their lack of success in exploration efforts and re- allocating capital expenditures for renewable energy projects. These factors could cause our revenues and profits to decline and limit our future growth prospects. Any significant decline in day rates or utilization of our drilling rigs could materially adversely affect our financial position, operating results and cash flows. In addition, these risks could increase instability in the financial and insurance markets and make it more difficult for us to access capital and obtain insurance coverage that we consider adequate or are otherwise required by our contracts. Our industry is highly competitive, and our contracts are traditionally awarded on a competitive bid basis. Pricing, safety records and competency are key factors in determining which qualified contractor is awarded a contract. Rig availability, location, **condition** and technical capabilities, **as well as operating efficiency, operating integrity, industry standing and customer relations, can** also be significant factors in the determination. If we are not able to compete successfully, our revenues and profitability may decline. Demand for offshore contract drilling services is highly cyclical, which is primarily driven by the demand for drilling rigs and the available supply of drilling rigs. Demand for drilling rigs is driven by the levels of offshore exploration and development conducted by oil and natural gas companies, which is beyond our control and may fluctuate substantially from year- to- year and from region- to- region. Prolonged periods of reduced demand or excess rig supply have required us, and may in the future require us, to idle, sell or scrap rigs and enter into low day rate contracts or contracts with unfavorable terms. There can be no assurance that the current demand for drilling rigs will increase in the future or that any short- term improvement to market conditions will be sustained. Any decline in demand for drilling rigs or oversupply of drilling rigs could materially adversely affect our financial position, operating results or cash flows. As of February **18, 2025 and February 15, 2024** and ~~February 21, 2023~~, our contract backlog was approximately \$ **3.6 billion and \$ 3.9 billion** and ~~\$ 2.5 billion~~, respectively. This amount reflects the remaining contractual terms multiplied by the applicable contractual day rate. The contractual revenue may be higher than the actual revenue we ultimately receive because of a number of factors, including rig downtime or suspension of operations. Several factors could cause rig downtime or a suspension of operations, many of which are beyond our control, including the early termination, repudiation or renegotiation of contracts, breakdowns of equipment, work stoppages, including labor strikes, shortages of material or skilled labor, surveys or inspections by government and maritime authorities, inability to obtain the requisite permits or approvals, periodic classification surveys, severe weather, strong ocean currents or harsh operating conditions, the occurrence or threat of epidemic or pandemic diseases, and any government response to such occurrence or threat and force majeure events. Our customers may seek to terminate, repudiate or renegotiate our drilling contracts for various reasons, including in the event of damage or a total loss of the drilling rig, the suspension or interruption of operations for extended periods due to breakdown of major rig equipment, failure to comply with performance conditions or equipment specifications, the failure of the customer to receive final investment decision (FID) with respect to projects for which the drilling rig was contracted or other reasons and “ force majeure ” events beyond the control of either party or other specific conditions. Generally, our drilling contracts permit early termination of the contract by the customer for convenience (without cause), exercisable upon advance notice to us, and in certain cases without making an early termination payment to us. In cases where customers are required to make an early termination payment, such payments would provide some level of compensation

to us for the lost revenue from the contract but in many cases would not fully compensate us for all of the lost revenue. There can be no assurances that our customers will be able to or willing to fulfill their contractual commitments to us. A decline in oil and natural gas prices and any resulting downward pressure on utilization may cause some customers to consider early termination of select contracts despite having to pay onerous early termination fees in certain cases. Customers may request to renegotiate the terms of existing contracts, or they may request early termination or seek to repudiate contracts. In addition, financially distressed customers may seek to negotiate reduced termination fees as part of a restructuring package. Furthermore, as contracts expire, we may be unable to secure new contracts for our drilling rigs. Therefore, revenues recorded in future periods could differ materially from our current backlog. Our inability to realize the full amount of our contract backlog or to secure a new contract with substantially similar terms on a timely basis could materially adversely affect our financial position, operating results or cash flows. Our ability to renew expiring contracts or obtain new contracts and the terms of any such contracts will depend on market conditions. **For example In December 2023**, we **have four** ~~took delivery of VALARIS DS-13 and VALARIS DS-14 (the "Newbuild Drillships (drillships that ")~~ **for an aggregate purchase price of approximately \$ 337.0 million, which are currently uncontracted.** Our customers' decisions to exercise option periods resulting in additional work for the rig under contract also depend on market conditions. We may be unable to renew our expiring contracts, including contracts expiring due to a failure by the customer to exercise option periods, or obtain new contracts for ~~the Newbuild Drillships~~ **any of our uncontracted drilling rigs** or the drilling rigs under contracts that have expired or have been terminated. In addition, the day rates under any new contracts or any renegotiated contracts may be substantially below the existing day rates, which could materially adversely affect our financial position, operating results or cash flows. If customers do not exercise option periods under contracts that we currently expect to be exercised, we may face increased idle time associated with the related rigs, as we may have difficulty securing additional work to cover the option periods. In addition, we may choose to stack idle rigs that are not under contract, which would require us to incur stacking costs for such rigs. Some of our customers may be subject to liquidity risk that could lead them to seek to repudiate, cancel or renegotiate our drilling contracts or fail to fulfill their commitments to us under those contracts. These risks are heightened in periods of depressed market conditions. Our drilling contracts provide for varying levels of indemnification and allocation of liabilities between our customers and us with respect to loss or damage to property and injury or death to persons arising from the drilling operations we perform. Under our drilling contracts, liability with respect to personnel and property customarily is allocated so that we and our customers each assume liability for our respective personnel and property. Our customers have historically assumed most of the responsibility for, and indemnified us from loss, damage or other liability resulting from, pollution or contamination, including clean-up and removal, and third-party damages arising from operations under the contract when the source of the pollution originates from the well or reservoir, including those resulting from blowouts or cratering of the well. However, we regularly are required to assume a limited amount of liability for pollution damage caused by our negligence, which liability generally has caps for ordinary negligence, with much higher caps or unlimited liability where the damage is caused by our gross negligence or willful misconduct. Notwithstanding a contractual indemnity from a customer, there can be no assurance that our customers will be financially able to fulfill their indemnification obligations to us for such losses. In addition, under the laws of certain jurisdictions, such indemnities under certain circumstances are not enforceable if the cause of the damage was our gross negligence or willful misconduct. This could result in us having to assume liabilities in excess of those agreed in our contracts due to customer balance sheet or liquidity issues or applicable law. We provide our services to major international, government-owned and independent oil and natural gas companies. During ~~2023~~ **2024**, our five largest customers accounted for ~~40~~ **49** % of consolidated revenues, with our largest customer representing ~~11~~ **17** % of our consolidated revenues and a significant percentage of our operating cash flows. Our financial position, operating results or cash flows may be materially adversely affected if any of our higher day rate contracts were terminated or renegotiated on less favorable terms or if a major customer terminates its contracts with us, fails to renew its existing contracts with us, requires renegotiation of our contracts or declines to award new contracts to us. Some of our customers have consolidated and could continue to consolidate and could use their size and purchasing power to achieve economies of scale and pricing concessions. In addition, certain of our customers are increasingly focusing their business strategy on renewable energy projects and away from oil and natural gas exploration and production. Such customer consolidation and strategic transitions could result in reduced capital spending by such customers, decreased demand for our drilling services, loss of competitive position and negative pricing impacts. **Some of our customers have also deferred the timing of their offshore projects as a result of a focus on capital discipline, including the deployment of additional cash to share repurchase and dividend programs, the limited availability of production equipment and protracted regulatory approvals.** If we cannot maintain service and pricing levels for existing customers or replace such revenues with increased business activities from other customers, our financial position, operating results and cash flows could be materially adversely affected. Our long-term contracts are subject to the risk of cost increases, which could adversely impact our profitability. In general, our costs increase as the demand for contract drilling services and skilled labor increase, which may materially adversely affect our financial position, operating results or cash flows. Our long-term contracts are subject to inflationary factors such as increases in skilled labor costs, material costs and overhead costs. While some of our contracts include cost escalation provisions that allow changes to our day rate based on stipulated cost increases or decreases, the timing and amount earned from these day rate adjustments may differ from our actual increase in costs and many contracts do not allow for such day rate adjustments. During times of reduced demand, reductions in costs may not be immediate as portions of the crew may be required to prepare our rigs for stacking, after which time the crew members are assigned to active rigs or dismissed. Moreover, as our rigs are mobilized from one geographic location to another, the labor and other operating and maintenance costs can vary significantly. In general, labor costs increase primarily due to higher salary levels in a particular geographic location and inflation. Equipment maintenance expenses fluctuate depending upon the type of activity a drilling rig is performing and the age and condition of the equipment, as well as the impact of supply chain disruptions and inflation on the

costs of parts and materials. Contract preparation expenses vary based on the scope and length of contract preparation required. Our network and systems, including rig operating systems and critical data, are subject to cybersecurity risk and technical disruptions. Our business depends on technologies, systems and networks, including both operational technology and information technology ("IT"), to conduct our offshore operations and help run our financial and onshore operations functions, including the collection of payments from customers, payments to vendors and employees and storage of company records. Some of these systems are managed or provided by third-party service providers, including cloud platform or cloud software providers. **These** Cybersecurity incidents, including unauthorized access, social engineering (including phishing), malware (including ransomware), distributed denial-of-service attacks, identity compromise and technical disruptions could materially impact our IT and operational technology systems **are subject to growing**, including critical systems and infrastructure, and our data, as well as impact our third-party service providers on whom we rely. The risks associated with the **cybersecurity incidents and technical disruptions. These risks include, but may not be limited to, human error, power outages, computer, telecommunication and satellite failure failures of, natural disasters, fraud or malice, social engineering or phishing attacks, viruses or malware, and other cyberattacks, such as denial-of-service or ransomware attacks. Entities or groups, including private and nation state actors, have mounted cyberattacks on businesses and other organizations solely to disable or disrupt computer systems**, and cyber incidents and attacks on our systems could include disruptions **disrupt** of certain systems on our rigs; other impairments of our ability to conduct our operations, including disruptions in our ability to make or receive payments and financial and onshore operating functions, **in some cases** loss of intellectual property, **steal** proprietary information, customer and vendor data or, **In addition, other-- the U. S. government has issued public warnings that indicate energy assets** sensitive information; corruption or unauthorized release of our or our customer's critical data; disruption of our or our customers' operations; and increased costs to prevent **companies engaging in significant transactions**, respond to or mitigate **such as acquisitions, might be specific targets of** cybersecurity events **threats**. **Geopolitical tensions** Our business operations could be materially impacted by an incident or interruption of systems we rely on that originates from, or compromises, third-party networks or devices, including those of our **or conflicts**, third-party service providers. Any such **as** incident or attack could result in injury to people, loss of control of, or damage to, our, or our customer's, assets, downtime, and loss of revenue or harm to the environment. Any such incident or attack could also compromise our networks or our customers' and vendors' networks and the information stored there -- **the Russia- Ukraine conflict and** could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other -- **the conflicts** loss of information could result in significant fines **the Middle East**, civil and / or criminal claims or proceedings **may further heighten the risk of cybersecurity threats**. Laws and regulations governing cybersecurity and data privacy and the unauthorized disclosure of confidential or protected information pose increasingly complex compliance challenges and potential costs, and any failure to comply with these **cybersecurity and** data cybersecurity and privacy requirements or other applicable laws and regulations in this area could result in significant regulatory or other penalties and legal liability. Disruption to our operations and damage to our reputation could materially adversely affect our financial position, operating results or cash flows. There can also be no assurance that our efforts, or the efforts of our partners and vendors, to invest in the protection of information technology infrastructure and data will prevent or identify incidents in our systems. While we have a cybersecurity program and incident response plan in place to **assess** prepare for, **identify** detect, respond to, mitigate and recover **manage risks** from the impact of cybersecurity threats, these **there** attacks is no guarantee such efforts will be successful in **preventing or detecting any given threat. The cybersecurity threat landscape is rapidly evolving**, cyber-attacks and threat actors may leverage previously unknown vulnerabilities **to perpetrate attacks**, as well as sophisticated **anti-forensics techniques to evade detection. We may be unable to anticipate evolving techniques, implement adequate cybersecurity barriers or other preventative measures, or respond, mitigate the risks from and recover from an incident without operational impact, and thus it is impossible for us to entirely mitigate this risk. Further, the use of AI by us or by third-party service providers may create new techniques cybersecurity vulnerabilities, including those which may not be recognized at the time, and emerging technologies malicious actors may employ AI to aid in launching more sophisticated and effective cyber- attacks. We regularly defend against, respond to and mitigate risks from cybersecurity incidents, which to date have not had a material impact on our operations; however**, there is **can be no assurance that our response such impacts will not be material in successful or effectively address the future. Cybersecurity incident incidents or system failures affecting either us or our third-party service providers can cause disruptions of our ability to conduct our operations, including disruptions of certain systems on a timely basis our rigs, which could result in injury to people, our or our customers' assets, or the environment, disruptions of our ability to conduct our financial and onshore operating functions, including disruptions in our ability to make or receive payments, loss of intellectual property, proprietary information, customer and vendor data or other sensitive information, corruption or unauthorized release of our or our customer's data**. As a result of a cybersecurity incident, we may experience loss of revenue, **reputational harm and ransom demands and** could suffer interruptions in **be subject to legal our- or regulatory claims ability to manage our- or operations proceedings, including enforcement actions under data privacy or disclosure regulations**, which may materially adversely affect our business and financial results -- **result in significant expenditures, fines or liabilities**. In addition, we may incur large expenditures to investigate or remediate, to recover data, to repair or replace networks or information systems, or to protect against similar future events. **Regardless** **The impact of any such** the specific nature of a cybersecurity incident, **we or system failure** could experience material **materially** operational impact, **adversely affect our** financial **loss position**, **operating results** legal liability, regulatory violations or reputational harm **cash flows**. The costs required to reactivate a stacked rig and return the rig to drilling service are significant. Depending on the length of time that a rig has been stacked, we may incur significant costs to restore the rig to drilling capability, which may also include capital expenditures due to, among other things, technological obsolescence or an equipment overhaul of the rig. Stacked drilling rigs require expenditures to return

these rigs to drilling service. In the future, market conditions may not justify these types of expenditures or enable us to operate our rigs profitably during the remainder of their economic lives. In addition, we may not recover the expenditures incurred to reactivate rigs through the associated drilling contract or otherwise. We can provide no assurance that we will have access to adequate or economical sources of capital to fund the return of stacked rigs to drilling service. During periods of increased rig reactivation, upgrade and enhancement projects, shipyards and third-party equipment vendors may be under significant resource constraints to meet delivery obligations. Such constraints may lead to substantial delivery and commissioning delays, equipment failures and / or quality deficiencies. Furthermore, drilling rigs may face start-up or other operational complications following completion of upgrades or maintenance. Other unexpected difficulties, including equipment failures, design or engineering problems, could result in significant downtime at reduced or zero day rates or the cancellation or termination of drilling contracts. Rig reactivation, upgrade, life extension and repair projects are subject to the risks of delay or cost overruns, including the following: failure of third-party equipment to meet quality and / or performance standards, delays in equipment deliveries or shipyard construction, shortages of materials or skilled labor, disruptions occurring as the result of pandemics and / or epidemics and related public health measures implemented by governments worldwide, damage to shipyard facilities, including damage resulting from fire, explosion, flooding, severe weather, terrorism, war or other armed hostilities, unforeseen design or engineering problems, including those relating to the commissioning of newly designed equipment, unanticipated actual or purported change orders, strikes, labor disputes or work stoppages, financial or operating difficulties of equipment vendors or the shipyard while enhancing, upgrading, improving or repairing a rig or rigs, unanticipated cost increases, foreign currency exchange rate fluctuations impacting overall cost, inability to obtain the requisite permits or approvals, client acceptance delays, disputes with shipyards and suppliers, latent damages or deterioration to hull, equipment and machinery in excess of engineering estimates and assumptions, claims of force majeure events, and additional risks inherent to shipyard projects in a non- U. S. location. These risks could result in the cancellation or termination of drilling contracts for which the drilling rig was contracted or reduce the likelihood that such drilling rigs will receive a drilling contract if not already contracted. We make substantial expenditures to maintain our fleet. These expenditures could increase as a result of changes in offshore drilling technology, the cost of labor and materials, customer requirements, fleet size, the cost of replacement parts for existing drilling rigs, the geographic location of the drilling rigs, length of drilling contracts, governmental regulations, maritime regulations and technical standards relating to safety, security or the environment, and industry standards. Changes in offshore drilling technology, customer requirements for new or upgraded equipment, and competition within our industry may require us to make significant capital expenditures. In addition, changes in governmental regulations relating to decarbonization, environmental, emissions, safety or equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations, may require us to make additional unforeseen capital expenditures. In addition, commitments made by us, or our customers, to reduce emissions, or decarbonize, may require us to upgrade or retrofit our drilling rigs with additional equipment, less carbon intensive equipment or instrumentation. As a result, we may be required to take our drilling rigs out of service for extended periods of time, with corresponding losses of revenues, in order to make such alterations or to add such equipment. In the future, market conditions may not justify these expenditures or enable us to operate our drilling rigs profitably during the remainder of their economic useful lives. Additionally, in order to expand our fleet, we may require additional capital in the future. If we are unable to fund capital requirements with cash flows from operations or proceeds from sales of non-core assets, we may be required to either incur additional borrowings or raise capital through the sale of debt or equity securities. Our ability to access the capital markets may be limited by our financial condition at the time, by restrictive covenants in our debt agreements, by-laws and regulations and by adverse market conditions resulting from, among others, general economic conditions, contingencies and uncertainties that are beyond our control. Similarly, when lenders and institutional investors reduce, and in some cases cease to provide, funding to industry borrowers, the liquidity and financial condition of us and our customers can be adversely impacted. If we raise funds by issuing equity securities, existing shareholders may experience dilution, and if we raise funds by issuing additional debt securities, we may have to pledge additional assets as collateral. Our failure to obtain the funds for necessary future capital expenditures could materially adversely affect our business and on our financial position, operating results or cash flows. Failure to recruit and retain skilled personnel could materially adversely affect our business. We require skilled personnel to operate our drilling rigs and to provide technical services and support for our business, and further rig reactivations will require that we hire additional skilled personnel. As demand for our services and the number of active drilling rigs ~~has increased~~ **increases**, competition for the labor required for drilling operations and construction projects ~~has intensified~~ **intensifies**, leading to shortages of qualified personnel in the industry. During periods of intensified competition, it is more difficult and costly to recruit, train and retain qualified employees, including in foreign countries that require a certain percentage of national employees. The most recent prolonged industry downturn and resulting reductions in offshore personnel wages further reduced the number of qualified personnel available. Hiring qualified and experienced personnel with the specialized skills and qualifications required to operate an offshore drilling rig is difficult due to the competitive labor market and lack of experience. In the current environment where competition for labor is intense, we may be required to increase existing levels of compensation to stay competitive in retaining a skilled workforce. In addition, new personnel that we hire may need to undergo training to develop the skills needed to perform their job duties. There can be no assurance that our training programs will be adequate for these purposes, which could expose us to operational hazards and risks. We may also incur additional training costs to ensure that new or promoted personnel have the right skills and qualifications. We also are subject to potential legislative or regulatory action that may impact working conditions, paid time off or other conditions of employment ~~, including mandated vaccination programs~~. These conditions could further increase our costs or limit our ability to fully staff and operate our drilling rigs. The increases in employment costs cause an increase in operating expenses, with a resulting reduction in net income, and our ability to fully staff and operate our drilling rigs may be negatively affected. Our **use of a** shared service center ~~may not create~~ **creates** the operational efficiencies that we expect and

may create risks relating to the processing of transactions and recording of financial information, which could materially adversely affect our financial condition, operating results or cash flows. We have implemented a shared service center program pursuant to which we have outsourced certain finance, human resources, supply chain and IT functions. We have and will continue to align the design and operation of our financial control environment as part of our shared service center program. As part of this program, we are outsourcing, and will continue to outsource, certain accounting, payroll, human resources, supply chain and IT functions to a third- party service provider. The party that we utilize for these services may not be able to handle the volume of activity or perform the quality of service necessary to support our operations. The failure of the third- party to fulfill its obligations could disrupt our operations. In addition, the move to use of a shared service environment, including our reliance on a third- party provider, may create risks relating to the processing of transactions and recording of financial information. We could experience a lapse in the operation of internal controls due to turnover, lack of legacy knowledge, and inappropriate training and associated with the use of a third- party provider, which could result in significant deficiencies or material weaknesses in our internal control over financial reporting and materially adversely affect our financial position, operating results or cash flows. AI presents risks and challenges that could impact our business, including breaches of privacy or security incidents related to the use of AI. We are integrating AI tools into our systems, and our third- party service providers as well as our competitors may also develop or use such tools. AI may become more important to our operations or to our future growth over time. There can be no assurance that we will realize the desired or anticipated benefits, or any benefits, and we may not properly implement such technology. In addition, we or our AI service providers may not meet existing or rapidly evolving regulatory or industry standards with respect to privacy and data protection, compliance, and transparency, among others, which could inhibit our or our service providers' ability to maintain an adequate level of functionality or service. Our service providers may also incorporate AI into their services without disclosing such use to us, or fail to disclose risks presented by their use of AI. There is a risk that AI tools used by us or by our service providers could produce inaccurate or unexpected results or behaviors that could harm our business, customers or reputation. Our competitors or other third parties may incorporate AI in their business operations more quickly or more successfully than we do, which may negatively impact our ability to compete effectively. Additionally, the complex and rapidly evolving landscape around AI may expose us to claims, inquiries, demands and proceedings by private parties and global regulatory authorities and subject us to legal liability as well as reputational harm. New laws and regulations are being adopted in various jurisdictions globally, including in Australia, the European Union (the "EU") and the U. S., and existing laws and regulations may be interpreted in ways that would affect our business operations and the way in which we use AI. Any of these outcomes could impair our ability to compete effectively, damage our reputation, result in the loss of our or our customers' property or information and / or materially adversely affect our financial position, operating results or cash flows. ARO, our 50 / 50 unconsolidated ARO joint venture and a provider of offshore drilling services, faces many of the same risks as we face. Operating through ARO, in which we have a shared interest, may result in our having less control over many decisions made with respect to projects, operations, safety, utilization, internal controls and other operating and financial matters. ARO may not apply the same controls and policies that we follow to manage our risks, and ARO' s controls and policies may not be as effective. As a result, operational, financial and control issues may arise, which could materially adversely affect our financial position, operating results or cash flows. Additionally, in order to establish or preserve our relationship with our joint venture partner we may agree to risks and contributions of resources that are proportionately greater than the returns we could receive, which could reduce our income and return on our investment in ARO compared to what we may traditionally require in other areas of our business. ARO' s income and accounts receivable are concentrated with Saudi Aramco. The loss of this customer, or a substantial decrease in demand by this customer for ARO' s services, would have a material adverse effect on ARO' s business, results of operations and financial condition, which could materially adversely affect our financial position, operating results or cash flows. We have issued a 10- year shareholder notes receivable to ARO (the " Notes Receivable from ARO "), which are governed by the laws of Saudi Arabia. In the event of a dispute with ARO over the repayment of the Notes Receivable from ARO, our ability to enforce the payment obligations of ARO or to exercise other remedies are subject to several significant limitations, including that our ability to accelerate outstanding amounts under the Notes Receivable from ARO is subject to the consent of Saudi Aramco and that the Notes Receivable from ARO are governed by the laws of Saudi Arabia, and we are limited to the remedies available under Saudi law. In addition, our Notes Receivable from ARO are subordinated and junior in right of payment to ARO' s term loan described below, and as such, we may not be repaid the interest or principal amounts of the Notes Receivable from ARO. Further, we may not receive cash interest from ARO for an extended period of time, or at all. For example, the 2024 interest owed by ARO on the Notes Receivable from ARO of \$ 24. 6 million was paid in kind in December 2024 by increasing the principal balance of the Notes Receivable from ARO. We have a potential obligation to fund ARO for newbuild jackup rigs. The shareholder agreement governing the joint venture (the " Shareholder Agreement") specifies that ARO shall purchase 20 newbuild jackup rigs over an approximate 10- year period. The first two newbuild jackups were ordered in January 2020. The first rig, Kingdom 1, was delivered in the fourth quarter of 2023 and the second is expected to be rig, Kingdom 2, was delivered in the first half second quarter of 2024. In October 2024, ARO ordered the third newbuild jackup, Kingdom 3, ARO is expected to commit to orders order one for two additional newbuild jackups jackup in the near term. There can be no assurance that the new jackup rigs will begin operations as anticipated. The joint venture partners intend for the newbuild jackup rigs to be financed out of ARO' s available cash on hand or from operations and / or funds available from third- party financing. In October 2023, ARO entered into a \$ 359. 0 million term loan to finance the remaining payments due upon delivery of the first two newbuild jackups and for general corporate purposes. Further, in the event ARO has insufficient cash or is unable to obtain third- party financing, each partner may periodically be required to make additional capital contributions to ARO, up to a maximum aggregate contribution of \$ 1. 25 billion from each partner to fund the newbuild

program. Beginning with the delivery of the second newbuild, each partner's commitment ~~is shall be~~ reduced by the lesser of the actual cost of each newbuild rig or \$ 250. 0 million, on a proportionate basis. **Following the delivery of Kingdom 2, our commitment to fund the newbuild program has been reduced to \$ 1. 1 billion.** Any required capital contributions we make could negatively impact our liquidity position and financial condition. **In connection with Saudi Arabia's announcement to limit oil production capacity and Saudi Aramco's suspension of certain drilling contracts, the VALARIS 143, VALARIS 147 and VALARIS 148 contracts were terminated during the year ended December 31, 2024. Upon termination of these contracts, the bareboat charter agreements between us and ARO were also terminated and the rigs were returned to us and stacked. If additional drilling contracts between us and ARO are suspended or terminated in the future and we are unable to secure new contracts with substantially similar terms on a timely basis, our financial position, operating results or cash flows could be materially adversely affected. Five of our rigs leased to ARO have bareboat charter agreements expiring during 2025. While we are negotiating renewals, we may be unsuccessful in negotiating extensions or new contracts for these bareboat charters.** As a result of these risks, it may take longer than expected for us to realize the expected returns on our investment in ARO or such returns may ultimately be less than anticipated. Additionally, if we are unable to make any required contributions, our ownership in ARO could be diluted which could hinder our ability to effectively manage ARO and could materially adversely affect our financial position, operating results or cash flows. We have made investments in joint ventures other than ARO. Such investments are subject to the risk that the other shareholders of the joint venture, who may have different business or investment strategies than us or with whom we may have a disagreement or dispute, may have the ability to block business, financial, or management decisions (such as the decision to distribute dividends or appoint members of management), which may be crucial to the success of our investment in the joint venture, or could otherwise implement initiatives which may be contrary to our interests. Our partners may be unable, or unwilling, to fulfil their obligations under the relevant agreements regarding such joint ventures (for example by non- contributing working capital or other resources), or may experience financial, operational, or other difficulties that may adversely impact our investment in a particular joint venture. In addition, our partners may lack sufficient controls and procedures which could expose us to risk. If any of the foregoing were to occur, such occurrence could materially adversely affect our financial position, operating results or cash flows. We may pursue other joint ventures that we believe will enable us to further expand or enhance our business. Any such joint venture would be evaluated on a case- by- case basis, and its consummation would depend upon numerous factors, including identifying suitable opportunities that align with our business strategy, reaching agreement with the potential counterparty on acceptable terms, the receipt of any applicable regulatory and other approvals, and other conditions. Any such joint venture would involve various risks, including among others (1) difficulties related to integrating or managing applicable parts of a joint venture and unanticipated changes in customer and other third- party relationships subsequent to closing, (2) diversion of management's attention from day- to- day operations, (3) failure to realize anticipated benefits, such as cost savings, revenue enhancements or business synergies, (4) the potential for substantial transaction expenses and (5) potential accounting impairment or actual diminution or loss of value of our investment if future market, business or other conditions ultimately differ from our assumptions at the time any such transaction is consummated. The drilling of oil and natural gas wells involves numerous operating hazards, such as blowouts, reservoir damage, loss of production, loss of well control, uncontrolled formation pressures, lost or stuck drill strings, equipment failures and mechanical breakdowns, punch throughs, craterings, industrial accidents, fires, explosions, oil spills and pollution. Contract drilling requires the use of heavy equipment and exposure to hazardous conditions, which may subject us to liability claims by employees, customers and other parties or prosecution by governmental authorities. These hazards can cause personal injury or loss of life, severe damage to, or destruction of, property and equipment, pollution or environmental damage, which could lead to claims by employees, contractors or third parties and suspension of operations and contract terminations. Our drilling rigs are also subject to hazards associated with marine operations, either while docked, on site or during mobilization, such as capsizing, breaking free of moorings, sinking, grounding, collision, piracy, damage from adverse weather and marine life infestations. The U. S. Gulf of Mexico and the coasts of Australia are areas subject to hurricanes, typhoons and other adverse weather conditions, and our drilling rigs in these regions may be exposed to damage or a total loss by these storms, some of which may not be covered by insurance. The occurrence of these events could result in the suspension of drilling operations, damage to or destruction of the equipment involved and injury to or death of rig personnel. Operations may also be suspended because of machinery breakdowns, abnormal drilling conditions, failure of subcontractors to perform or supply goods or services or personnel shortages. Damage to the environment could also result from our operations, particularly through spillage of hydrocarbons, fuel, lubricants or other chemicals and substances used in drilling operations or fires. We may also be subject to property damage, environmental indemnity and other claims by third parties. Drilling involves certain risks associated with the loss of control of a well, such as blowout, cratering, the cost to regain control of or redrill the well and remediation of associated pollution. Our customers may be unable or unwilling to indemnify us against such risks. In addition, a court may decide that certain indemnities in our current or future drilling contracts are not enforceable. The law generally considers contractual indemnity for criminal fines and penalties to be against public policy, and the enforceability of an indemnity as to other matters may be limited. Our insurance policies and drilling contracts contain rights to indemnity that may not adequately cover our losses, and we do not have insurance coverage or rights to indemnity for all risks. We have two main types of insurance coverage: (1) hull and machinery coverage for physical damage to our property and equipment and (2) excess liability coverage, which generally covers our liabilities arising from our operations, such as personal injury and property claims, including wreck removal and pollution. We have no hull and machinery insurance coverage for damages caused by named storms in the U. S. Gulf of Mexico for our jack- up fleet and only limited coverage for our floater fleet. We also retain the risk for any liability that exceeds our excess liability coverage. Pollution and environmental risks generally are not completely insurable. If a significant accident or other event occurs that is not fully covered by our insurance or by an enforceable or recoverable indemnity, the occurrence

could materially adversely affect our financial position, operating results or cash flows. The amount of our insurance may also be less than the related impact on enterprise value after a loss. Our insurance coverage will not in all situations provide sufficient funds to protect us from all liabilities that could result from our drilling operations. Our coverage includes annual aggregate policy limits. As a result, we generally retain the risk for any losses in excess of these limits. We currently only carry limited insurance for loss of hire for several of our rigs, and certain other claims may also not be reimbursed, in part or full, by insurance carriers. Any such lack of reimbursement may cause us to incur substantial costs. In addition, we could decide to retain more risk in the future, resulting in higher risk of losses, which could be material. Moreover, we may not be able to maintain adequate insurance in the future at rates that we consider reasonable or be able to obtain insurance against certain risks. Furthermore, our insurance carriers may assert that our insurance policies do not provide coverage for our losses. Our insurance policies also have exclusions of coverage for some losses. Uninsured exposures may include radiation hazards, loss of hire and losses relating to terrorist acts or strikes and some cyber events. As a result of increased costs to insurance companies due to regulatory, geopolitical, reputational or other developments, insurance companies that have historically participated in underwriting risks arising out of oil and natural gas operations may discontinue that practice, may reduce the insurance capacity they are willing to deploy or demand significantly higher premiums or deductibles to cover these risks. Additionally, a significant number of high cost climate- related insurance claims or natural catastrophes such as hurricanes, floods or windstorms may result in withdrawal of insurance capacity and increasing premiums to oil and natural gas industry companies. Geopolitical events have resulted in military actions, terrorist, pirate and other armed attacks, civil unrest, political demonstrations, mass strikes and government responses to such events. Military action by the U. S. or other nations could escalate, and acts of terrorism, piracy, kidnapping, extortion, acts of war, violence, civil war or general disorder may initiate or continue. Such acts could be directed against us or our assets. Such developments have caused instability in the world’ s financial and insurance markets in the past. In addition, these developments could lead to increased volatility in prices for oil and natural gas and could materially adversely affect the markets for our services, particularly to the extent that such events take place in regions with significant oil and natural gas reserves, refining facilities or transportation infrastructure. For example, the ongoing **Russia- Ukraine conflict and the conflicts , and the continuation of, or any increase in the severity of, the conflicts in Ukraine and the Middle East have ,** has led and may continue to lead to an increase in the volatility of global oil and natural gas prices **, including as a result of any further increase in the severity of any such conflict .** Insurance premiums could increase and coverage for these kinds of events may be unavailable in the future. Any or all of these effects could materially adversely affect our financial position, operating results or cash flows. We currently own and operate **43-10** drilling rigs that are contracted with national oil companies. The terms of these contracts are often non- negotiable and may expose us to greater commercial, political and operational risks than we assume in other contracts, such as exposure to materially greater environmental liability, personal injury and other claims for damages (including consequential damages), or, in certain cases, the risk of early termination of the contract for convenience (without cause), exercisable upon advance notice to us, contractually or by governmental action, without making an early termination payment to us. We can provide no assurance that the increased risk exposure will not have an adverse impact on our future operations or that we will not increase the number of drilling rigs contracted to national oil companies with commensurate additional contractual risks. ~~The impact and effects of public health crises, pandemics and epidemics could have a material adverse effect on our business, financial condition and results of operations.~~ Public health crises, pandemics and epidemics and fear of such events may adversely impact our operations, the operations of our customers and the global economy, including the worldwide demand for oil and natural gas and the level of demand for our services. Other effects of such public health crises, pandemics and epidemics may include significant volatility and disruption of the global financial markets; continued volatility of crude oil prices and related uncertainties around OPEC production; disruption of our operations, including suspension of drilling activities; impact to costs; loss of workers; labor shortages; supply chain disruptions or equipment shortages; logistics constraints; customer demand for our services and industry demand generally; capital spending by oil and natural gas companies; our liquidity; the price of our securities and trading markets with respect thereto; our ability to access capital markets; asset impairments and other accounting changes; certain of our customers experiencing bankruptcy or otherwise becoming unable to pay vendors, including us; and employee impacts from illness, travel restrictions, including border closures and other community response measures. Such public health crises, pandemics and epidemics are continuously evolving and the extent to which our business operations and financial results may be affected depends on various factors beyond our control, such as the duration, severity and sustained geographic resurgence of public health crises, pandemics and epidemics; the impact and effectiveness of governmental actions to contain and treat such outbreaks, including government policies and restrictions; vaccine hesitancy, vaccine mandates, and voluntary or mandatory quarantines; and the global response surrounding such uncertainties. Outside of the U. S., we are often subject to collective bargaining agreements that require periodic salary negotiations, which usually result in higher personnel expenses and other benefits. Efforts have been made from time to time to unionize other portions of our workforce. In addition, we have been subjected to strikes or work stoppages and other labor disruptions in certain countries. Additional unionization efforts, new collective bargaining agreements or work stoppages could materially increase our costs, reduce our profitability or limit our flexibility. Certain legal obligations require us to contribute certain amounts to retirement funds or other benefit plans and restrict our ability to dismiss employees. Future regulations or court interpretations established in the countries in which we conduct our operations could increase our costs and materially adversely affect our financial position, operating results or cash flows. Our reliance on third- party suppliers, manufacturers and service providers to secure equipment, parts, components and sub- systems used in our operations exposes us to potential volatility in the quality, prices and availability of such items. Certain high- specification parts and equipment that we use in our operations may be available only from a small number of suppliers, manufacturers or service providers, or in some cases must be sourced through a single supplier, manufacturer or service provider. ~~Industry consolidation~~ **Consolidation has reduced and may continue to reduce the number of available suppliers , and may limit our ability to obtain suppliers- supplies**

~~have been and services when needed at and an acceptable cost or at all~~ may continue to be impacted by supply chain and logistics disruptions that began during the COVID-19 pandemic. A disruption in the deliveries from such third-party suppliers, manufacturers or service providers, capacity constraints, production disruptions, price increases, including those related to inflation and supply chain disruption, quality control issues, recalls or other decreased availability of parts and equipment could adversely affect our ability to meet our commitments to customers by making it cost prohibitive to do so, thus adversely impacting our operations and revenues and / or our operating costs. Delays in the delivery of critical drilling equipment could cause delays in the expected timing of rig reactivation, enhancement or upgrade projects, unscheduled operational downtime, our drilling rigs to be unavailable within the commencement window established by the operator in the contract and subject us to potential termination of the contract for such late delivery of the drilling rig. Our operating and maintenance costs will not necessarily be proportional to changes in our operating revenues. Operating costs are affected by many factors, including inflation, while maintenance costs depend on, among other factors, market conditions for drilling services as well as unplanned downtime events or idle periods between contracts. Costs for operating a rig are therefore generally not correlated to the day rate being earned. As our rigs are mobilized from one geographic location to another, the labor and other operating and maintenance costs can vary significantly. Equipment maintenance costs fluctuate depending upon the age and condition of the equipment, and these costs could increase for short or extended periods as a result of new regulatory or customer requirements. Any of the foregoing could impact our liquidity or may cause us to miss our financial guidance for a given period, which could adversely impact the market price for our Common Shares. In addition, certain of our drilling contracts are partially payable in local currency. The amounts, if any, of local currency received under these drilling contracts may exceed our local currency needs to pay local operating and maintenance costs, leading to an accumulation of excess local currency balances, which, in certain instances, may be subject to either restrictions or other difficulties in converting to U. S. dollars, our functional currency, or to other currencies of the locations where we operate. Excess amounts of local currency may also expose us to the risk of currency exchange losses. Our ability to pay our operating and capital expenses and make payments due on our debt depends on our future performance, which will be affected by financial, business, economic, legislative and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow from operations in the future, which could result in our being unable to fund liquidity needs or repay indebtedness. A range of economic, business and industry factors will affect our financial performance, and many of these factors, such as the condition of our industry, the global economy and initiatives of our competitors, are beyond our control. If we do not generate enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as selling assets; reducing or delaying capital investments; seeking to raise additional capital; or restructuring or refinancing all or a portion of our indebtedness at or before maturity. We cannot be assured that we will be able to accomplish any of these alternatives on terms acceptable to us or at all. In addition, the terms of existing or future debt agreements may restrict us from adopting any of these alternatives. The failure to generate sufficient cash flow or to achieve any of these alternatives could materially adversely affect our ability to fund liquidity needs or pay amounts due under our debt. The agreements governing our debt, including the Indenture and the Credit Agreement, contain various covenants that impose restrictions on us and certain of our subsidiaries that may affect our ability to operate our business and to make payments on our debt. The Indenture, the Credit Agreement and the related agreements governing our indebtedness contain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to: • incur additional debt and issue preferred stock; • incur or create liens; • redeem and / or prepay certain debt; • pay dividends on our shares or repurchase shares; • make certain investments; • engage in specified sales of assets; • enter into transactions with affiliates; and • engage in consolidation, mergers and acquisitions. In addition, the Credit Agreement contains financial covenants requiring us to maintain (i) a minimum book value of equity to total assets ratio, (ii) a minimum interest coverage ratio and (iii) a minimum amount of liquidity. Any future indebtedness may also require us to comply with similar or other covenants. These restrictions on our ability to operate our business could seriously harm our business by, among other things, limiting our ability to take advantage of financings, mergers, acquisitions and other business opportunities. Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity for the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing. This could have serious consequences to our financial condition and results of operations and could cause us to become bankrupt or insolvent. We may pursue mergers, acquisitions or dispositions of businesses or assets or other strategic transactions that we believe will strengthen, streamline or expand our business. Each such transaction would be dependent upon several factors, including identifying suitable companies, businesses or assets that align with our business strategies, reaching agreement with the potential counterparties on acceptable terms, the receipt of any applicable regulatory and other approvals, and other conditions. These transactions involve various risks, including among others, (1) difficulties related to integrating or managing applicable parts of an acquired business or joint venture and unanticipated changes in customer and other third-party relationships subsequent to closing, (2) diversion of management's attention from day-to-day operations, (3) applicable antitrust laws and other regulations that may limit our ability to acquire targets or require us to divest an acquired business or assets, (4) failure to realize anticipated benefits, such as cost savings, revenue enhancements or strengthening or broadening our business, (5) potentially substantial transaction costs associated with acquisitions, joint ventures or investments if we or a transaction counterparty seeks to exit or terminate an interest in the joint venture or investment, and (6) potential adverse impacts on our business and relationships with customers, vendors, contractors, employees or suppliers as a result of proposed or completed transactions and (7) potential accounting impairment or actual diminution or loss of value of our investment if future market,

business or other conditions ultimately differ from our assumptions at the time such transaction is consummated. ~~In connection with the disclosure statement we filed with the Bankruptcy Court and the hearing to consider confirmation of the plan of reorganization, we prepared projected financial information to demonstrate to the Bankruptcy Court the feasibility of the plan of reorganization and our ability to continue operations upon our emergence from the Chapter 11 Cases. Those projections were prepared solely for the purpose of the Chapter 11 Cases and have not been and will not be updated and should not be relied upon by investors. At the time they were prepared, the projections reflected numerous assumptions concerning our anticipated future performance with respect to then prevailing and anticipated market and economic conditions that were and remain beyond our control and that may not materialize. We have not updated the projections prepared solely for the purpose of our Chapter 11 Cases or the assumptions on which they were based after our emergence. Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic and competitive risks, and the assumptions underlying the projections or valuation estimates may prove to be wrong in material respects. Actual results may vary significantly from those contemplated by the projections. As a result, investors should not rely on these projections.~~ The exercise of all or any number of outstanding warrants or the issuance or settlement of stock- based awards may dilute the holders of our Common Shares. On ~~the Effective Date~~ **April 30, 2021**, we issued 75.0 million Common Shares and 5.6 million warrants to purchase 5.6 million Common Shares at an exercise price of \$ 131.88 per share, exercisable for a seven- year period commencing on ~~that the Effective Date date~~. Additionally, on May 3, 2021, our board of directors approved and ratified the Valaris Limited 2021 Management Incentive Plan (the “ MIP ”) and reserved 9.0 million of our Common Shares for issuance under the MIP primarily for employees and directors. **As of December 31, 2024, there were 6.9 million shares available for issuance under the MIP.** The grant and settlement of equity awards in the future, any exercise of the warrants into Common Shares and any sale of Common Shares underlying outstanding warrants will have a dilutive effect to the holdings of our existing shareholders and could have a material adverse effect on the market for our Common Shares, including the price that an investor could obtain for their Common Shares. Failure to comply with anti- corruption and anti- bribery statutes, such as the U. S. Foreign Corrupt Practices Act and the U. K. Bribery Act 2010, could result in fines, criminal penalties, drilling contract terminations and materially adversely affect our financial position, operating results or cash flows. We operate in a number of countries throughout the world, including countries known to have a reputation for corruption and are subject to the U. S. Foreign Corrupt Practices Act of 1977 (“ FCPA ”), the U. S. Treasury Department’ s Office of Foreign Assets Control (“ OFAC ”) regulations, the U. K. Bribery Act (“ UKBA ”), other U. S. laws and regulations governing our international operations and similar laws in other countries. Any violation of the FCPA, OFAC regulations, the UKBA or other applicable anti- corruption laws by us, our partners, agents and our and their respective affiliated entities or respective officers, directors, employees and agents could in some cases provide a customer with termination rights and other remedies under the terms of their contracts (s) with us and also result in substantial fines, sanctions, civil and / or criminal penalties and curtailment of operations in certain jurisdictions and could materially adversely affect our financial condition, operating results or cash flows. Further, we may incur significant costs and consume significant internal resources in our efforts to detect, investigate and resolve actual or alleged violations. Increasing regulatory complexity could adversely impact the costs associated with our offshore drilling operations and reduce demand for our services. The offshore contract drilling industry is dependent on demand for services from the oil and natural gas industry. Accordingly, we will be directly affected by the approval and adoption of laws and regulations limiting or curtailing exploration and development drilling for oil and natural gas for economic, environmental, safety and other policy reasons. Furthermore, we may be required to make significant capital expenditures or incur substantial additional costs to comply with new governmental laws and regulations. It is also possible that legislative and regulatory activity could materially adversely affect our financial position, operating results or cash flows by limiting drilling opportunities. In recent years, we have seen several significant regulatory changes that have affected the way we operate in the U. S. Gulf of Mexico. See “ Item 1. Business – Governmental Regulations and Environmental Matters. ” Any new or additional regulatory, legislative, permitting or certification requirements in the U. S. and other areas in which we operate, including laws and regulations that have or may impose increased financial responsibility, oil spill abatement contingency plan capability requirements, or additional operational requirements and certifications, could materially adversely affect our financial position, operating results or cash flows. We anticipate that government regulation in other countries where we operate may follow the U. S. in regard to enhanced safety and environmental regulation, which could also result in governments imposing sanctions on contractors when operators fail to comply with regulations that impact drilling operations. Even if not a requirement in these countries, most international operating companies, and many others, are voluntarily complying with some or all of the U. S. inspections and safety and environmental guidelines when operating outside the U. S. Such additional governmental regulation and voluntary compliance by operators could increase the cost of our operations and expose us to greater liability. Compliance with or breach of environmental laws can be costly and could limit our operations. Our operations are subject to laws and regulations controlling the discharge of materials into the environment, pollution, contamination and hazardous waste disposal or otherwise relating to the protection of the environment. Environmental laws and regulations specifically applicable to our business activities could impose significant liability on us for damages, clean- up costs, fines and penalties in the event of oil spills or similar discharges of pollutants or contaminants into the environment or improper disposal of hazardous waste generated in the course of our operations. To date, such laws and regulations have not had a material adverse effect on our operating results, and we have not experienced an accident that has exposed us to material liability arising out of or relating to discharges of pollutants into the environment. However, the legislative, judicial and regulatory response to a well incident could substantially increase our and our customers’ liabilities. In addition to potential increased liabilities, such legislative, judicial or regulatory action could impose increased financial, insurance or other requirements that may adversely impact the entire offshore drilling industry. See “ Item 1. Business – Governmental Regulations and Environmental Matters ” and “ Item 3. Legal Proceedings – Environmental Matters. ” Sustainability initiatives and high profile and catastrophic environmental events, such

as the 2010 Macondo well incident, have led to increased regulation of offshore oil and natural gas drilling. We are adversely affected by restrictions on drilling in the areas in which we operate, including policies and guidelines regarding the approval of drilling permits, restrictions on development and production activities, and directives, **judicial decisions** and regulations that have and may further impact our operations. **For example, in August 2024, the U. S. District Court of Maryland held that the 2020 biological opinion issued by the U. S. National Marine Fisheries Services (the "NMFS"), which assessed the collective impact of certain federal actions in the U. S. Gulf of Mexico on threatened and endangered species, violated the Endangered Species Act and the Administrative Procedures Act. The Court ordered the biological opinion vacated effective December 20, 2024 and extended until May 21, 2025, which the NMFS previously indicated provides sufficient time to prepare and issue a new biological opinion. If the biological opinion is vacated, offshore oil and gas activities in the U. S. Gulf of Mexico could be halted on May 21, 2025 unless a legal, regulatory or legislative solution is reached before that date.** From time to time, legislative and regulatory proposals have been introduced, **and legal proceedings have been initiated**, that would materially limit or prohibit offshore drilling in certain areas, or that would increase the liabilities or costs associated with offshore drilling. If new laws are enacted, or if government actions are taken **or judicial decisions are made** that restrict or prohibit offshore drilling in our principal areas of operation or that impose environmental or other requirements that materially increase the liabilities, financial requirements or operating or equipment costs associated with offshore drilling, exploration, development, or production of oil and natural gas, our financial position, operating results or cash flows could be materially adversely affected. The IRS may not agree with the conclusion that we should be treated as a foreign corporation for U. S. federal tax purposes. Although Valaris Limited is incorporated in Bermuda (and thus would generally be considered a "foreign" corporation (or non-U. S. tax resident)), the IRS could assert that we should be treated as a U. S. corporation (and U. S. tax resident) pursuant to the rules under Section 7874 of the Internal Revenue Code. While we do not believe we are a U. S. corporation pursuant to these rules, the rules are complex and the determination is subject to factual uncertainties. If the IRS successfully challenged our status as a foreign corporation, significant adverse tax consequences would result for us and for certain of our shareholders. There is increasing uncertainty with respect to tax laws, regulations and treaties, and the interpretation and enforcement thereof that may affect our business. For example, the Organization for Economic Cooperation and Development ("OECD"), the **EU European Union**, and certain other countries (including countries in which we operate) are committed to enacting substantial changes to numerous long-standing tax principles impacting how large multinational enterprises are taxed. In particular, the OECD's Pillar Two initiative introduces a 15% global minimum tax applied on a country-by-country basis. **Many jurisdictions have already enacted legislation in line with Pillar Two, and for the OECD continues to issue additional guidance. Based upon existing legislation and OECD guidance, Pillar Two could increase our future tax obligations in the jurisdictions in which we operate** ~~many jurisdictions committed to an effective enactment date starting January 1, 2024, though not all jurisdictions were expected to meet this target deadline. The impact of these~~ **These evolving potential new** rules, as well as any other changes in domestic and international tax rules and regulations, could have a material effect on our effective tax rate. In addition, our tax positions are subject to audit by U. K., U. S. and other foreign tax authorities. Such tax authorities may, and do from time to time, disagree with our interpretations or assessments of the effects of tax laws, treaties or regulations or their applicability to our corporate structure or certain transactions we have undertaken. ~~We currently are subject to tax assessments in various jurisdictions, which we are contesting.~~ Even if we are successful in maintaining our tax positions, we may incur significant expenses in defending our positions and contesting claims asserted by tax authorities. If we are unsuccessful in defending our tax positions, the resulting assessments or rulings could significantly impact our consolidated income taxes in past or future periods. As required by law, we file periodic tax returns that are subject to review and examination by various revenue agencies within the jurisdictions in which we operate. We are ~~currently~~ subject to tax assessments in various jurisdictions, which we are contesting. As a result of these uncertainties, as well as changes in the administrative practices and precedents of tax authorities or other matters, such as changes in applicable accounting rules, that increase the amounts we have provided for income taxes or deferred tax assets and liabilities in our consolidated financial statements, we cannot provide any assurances as to what our consolidated effective income tax rate will be in future periods. If we are unable to mitigate the negative consequences of any change in law, audit or other matters, this could cause our consolidated income taxes to increase and materially adversely affect our financial position, operating results or cash flows. We cannot provide any assurances as to what our future consolidated effective income tax rate will be because of, among other matters, uncertainty regarding the nature and extent of our business activities in any particular jurisdiction in the future and the tax laws of such jurisdictions, as well as potential changes in U. K., U. S. and other foreign tax laws, regulations or treaties or the interpretation or enforcement thereof, changes in the administrative practices and precedents of tax authorities or other matters (such as changes in applicable accounting rules) that increase the amounts we have provided for income taxes or deferred tax assets and liabilities in our consolidated financial statements. In addition, as a result of frequent changes in the taxing jurisdictions in which our drilling rigs are operated and / or owned, changes in the overall level of our income and changes in tax laws, our consolidated effective income tax rate may vary substantially from one reporting period to another. In periods of declining profitability, our income tax expense may not decline proportionately with income. Further, we may continue to incur income tax expense in periods in which we operate at a loss. Income tax rates imposed in the tax jurisdictions in which our subsidiaries conduct operations vary, as does the tax base to which the rates are applied. In some cases, tax rates may be applicable to gross revenues, statutory or negotiated deemed profits or other bases utilized under local tax laws, rather than to net income. In some instances, the movement of drilling rigs among taxing jurisdictions will involve the transfer of ownership of the drilling rigs among our subsidiaries, which may result in the imposition of transaction taxes, which could be material. If we are unable to mitigate the negative consequences of any change in law, audit, business activity or other matters, this could cause our consolidated effective income tax rate to increase and materially adversely affect our financial position, operating results or cash flows. We are, from time to time, involved in various litigation matters. These matters may include,

among other things, contract disputes, personal injury claims, toxic tort claims, environmental claims or proceedings, employment matters, issues related to employee or representative conduct, governmental claims for taxes or duties, and other litigation that arises in the ordinary course of our business. Although we intend to defend or pursue such matters vigorously, we cannot predict with certainty the outcome or effect of any claim or other litigation matter, and there can be no assurance as to the ultimate outcome of any litigation. Litigation could materially adversely affect our financial position, operating results or cash flows because of potential negative outcomes, legal fees, the allocation of management's time and attention, and other factors. We could also face increased climate-related litigation with respect to our operations both in the U. S. and around the world. Governmental and other entities in various states, such as California and New York, have filed lawsuits against coal, oil and natural gas companies. These suits allege damages as a result of climate change, and the plaintiffs are seeking unspecified damages and abatement under various legal theories. Similar lawsuits may be filed in other jurisdictions both in the U. S. and globally. Although we are not currently a party to any such lawsuit, these suits present uncertainty regarding the extent to which companies who are not producing oil or natural gas, but who are engaged to provide services to support production activities, such as offshore drilling companies, face an increased risk of liability stemming from climate-related litigation, which risk would also adversely impact the oil and natural gas industry and impact demand for our services. We are a Bermuda company and it may be difficult to enforce judgments against us or our directors and executive officers. We are a Bermuda exempted company. As a result, the rights of holders of our Common Shares are governed by Bermuda law and our memorandum of association and bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. Some of our directors and officers are not residents of the U. S., and a substantial portion of our assets are located outside the U. S. As a result, it may be difficult for investors to effect service of process on those persons in the U. S. or to enforce in the U. S. judgments obtained in U. S. courts against us or those persons based on the civil liability provisions of the U. S. securities laws. It is doubtful whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the U. S., against us or our directors or officers under the securities laws of those jurisdictions or entertain actions in Bermuda against us or our directors or officers under the securities laws of other jurisdictions. Our bye-laws contain a broad waiver by our shareholders of any claim or right of action, both individually and on our behalf, against any of our officers or directors. The waiver applies to any action taken by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties, except with respect to any matter involving any fraud or dishonesty on the part of the officer or director. This waiver limits the right of shareholders to assert claims against our officers and directors unless the act or failure to act involves fraud or dishonesty. Provisions in our bye-laws could delay or prevent a change in control of our company, which could materially adversely affect the price of our Common Shares. Some of the provisions in our bye-laws could delay or prevent a change in control of our company that a shareholder may consider favorable, which could materially adversely affect the price of our Common Shares. Certain provisions of our bye-laws could make it more difficult for a third party to acquire control of our company, even if the change of control would be beneficial to our shareholders. These provisions include: • authority of our board of directors to determine its size; • the ability of our board of directors to issue preferred shares without shareholder approval; • limitations on the removal of directors; and • limitations on the ability of our shareholders to act by written consent in lieu of a meeting. In addition, our bye-laws establish advance notice provisions for shareholder proposals and nominations for elections to the board of directors to be acted upon at meetings of shareholders. The Economic Substance Act came into effect in Bermuda on January 1, 2019. This law requires a registered entity other than an entity which is resident for tax purposes in certain jurisdictions outside Bermuda that carries as a business any one or more of the "relevant activities" must comply with economic substance requirements. The Economic Substance Act may require in-scope Bermuda entities, which are engaged in such "relevant activities," to be directed and managed in Bermuda, have an adequate level of qualified employees in Bermuda, incur an adequate level of annual expenditure in Bermuda, maintain physical offices and premises in Bermuda or perform core income-generating activities in Bermuda. The list of "relevant activities" includes carrying on any one or more of: banking, insurance, fund management, financing and leasing, headquarters, shipping, distribution and service center, intellectual property and holding entities. The Economic Substance Act could affect the manner in which we operate our business. To the extent we or any of our Bermuda subsidiaries carry on any relevant activities for the purposes of the Economic Substance Act, we or such subsidiaries will be required to comply with such economic substance requirements. Our compliance with the Economic Substance Act may result in additional costs that could have a material adverse effect on our financial position or results of operations. Publicly traded companies have increasingly become subject to campaigns by activist investors advocating corporate actions such as actions related to sustainability matters, financial restructuring, increased borrowing, dividends, share repurchases or sales of assets or even the entire company. Responding to proxy contests and other actions by such activist investors or others could be costly and time-consuming, disrupt our operations and divert the attention of our board of directors and senior management from the pursuit of our business strategies, which could materially adversely affect our financial position, operating results or cash flows. Additionally, perceived uncertainties as to our future direction as a result of investor activism or changes to the composition of the board of directors may lead to the perception of a change in the direction of our business, instability or lack of continuity, which may be exploited by our competitors, cause concern to our current or potential customers, and make it more difficult to attract and retain qualified personnel. If customers choose to delay, defer or reduce transactions with us or transact with our competitors instead of us because of any such issues, then our financial position, operating results or cash flows could be materially adversely affected. In addition, the trading price of our shares could experience periods of increased volatility as a result of investor activism. Revenues from non-U. S. operations were 84%, 80%, and 78%, 87% and 81% of our total consolidated revenues for the years ended December 31, 2024, 2023 and 2022, and eight months ended December 31, 2021 (Successor) and for four months ended April 30, 2021 (Predecessor), respectively. Our non-U. S. operations and shipyard rig construction and enhancement projects are subject to political, economic and other uncertainties, including: • terrorist acts, war and civil disturbances, •

expropriation, nationalization, deprivation or confiscation of our equipment or our customer's property, • repudiation or nationalization of contracts, • assaults on property or personnel, • piracy, kidnapping and extortion demands, • significant governmental influence over many aspects of local economies and customers, • unexpected changes in law and regulatory requirements, including changes in interpretation or enforcement of existing laws, • work stoppages, such as labor strikes, • complications associated with repairing and replacing equipment in remote locations, • limitations on insurance coverage, such as war risk coverage, in certain areas, • imposition of trade barriers, • wage and price controls, • import- export quotas, • exchange restrictions, currency fluctuations and changes in monetary policy, • uncertainty or instability resulting from hostilities or other crises in the Middle East, West Africa, Latin America, Southeastern Asia, Eastern Europe or other geographic areas in which we operate, • changes in the manner or rate of taxation, • limitations on our ability to recover amounts due, • increased risk of government and vendor / supplier corruption, • increased local content requirements, • the occurrence or threat of epidemic or pandemic diseases and any government response to such occurrence or threat, • changes in political conditions, and • other forms of government regulation and economic conditions that are beyond our control. We historically have maintained insurance coverage and obtained contractual indemnities that protect us from some, but not all, of the risks associated with our non- U. S. operations such as nationalization, deprivation, expropriation, confiscation, political and war risks. However, there can be no assurance that any particular type of contractual or insurance protection will be available in the future or that we will be able to purchase our desired level of insurance coverage at commercially feasible rates. Moreover, we may initiate a self-insurance program through one or more captive insurance subsidiaries. In circumstances where we have insurance protection for some or all of the risks associated with non- U. S. operations, such insurance may be subject to cancellation on short notice, and it is unlikely that we would be able to remove our rig or rigs from the affected area within the notice period. Accordingly, a significant event for which we are uninsured, underinsured or self- insured, or for which we have not received an enforceable contractual indemnity from a customer, could materially adversely affect our financial position, operating results or cash flows. We are subject to various tax laws and regulations in substantially all countries in which we operate or have a legal presence. Actions by tax authorities that impact our business structures and operating strategies, such as changes to tax treaties, laws and regulations, or the interpretation or repeal of any of the foregoing or changes in the administrative practices and precedents of tax authorities, adverse rulings in connection with audits or otherwise, or other challenges may have a material impact on our tax expense. Our non- U. S. operations are also subject to various laws and regulations in the countries in which we operate, including laws and regulations relating to the operation of drilling rigs and the requirements for equipment. We may be required to make significant capital expenditures to operate in such countries, which may not be reimbursed by our customers.

**Furthermore, regulators in certain jurisdictions, such as Brazil where we have four drillships currently operating, have become more aggressive in their interpretations and enforcement of such laws and regulations. Any adverse rulings or changes in enforcement practices that materially impact our ability to operate in these jurisdictions could cause delays in contract commencement dates, unscheduled operational downtime, reduced or zero day rates or the termination or cancellation of contracts.**

Governments in some countries are active in regulating and controlling the ownership of oil, natural gas and mineral concessions and companies holding such concessions, the exploration of oil and natural gas and other aspects of the oil and natural gas industry in their countries. In some areas of the world, government activity has materially adversely affected the amount of exploration and development work performed by major international oil companies and may continue to do so. Moreover, certain countries accord preferential treatment to local contractors or joint ventures or impose specific quotas for local goods and services, which can increase our operational costs and place us at a competitive disadvantage. There can be no assurance that such laws and regulations or activities will not materially adversely affect our financial position, operating results or cash flows. The shipment of goods, services and technology across international borders subjects us to extensive trade laws and regulations. Our import activities are governed by specific customs laws and regulations in each of the countries where we operate. Moreover, many countries, including the U. S., control the export and re- export of certain goods, services and technology and impose related export recordkeeping and reporting obligations. Governments also may impose express or de facto economic sanctions **or tariffs** against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities. The laws and regulations concerning import activity, export recordkeeping and reporting, export control **and**, economic sanctions **and tariffs** are complex and frequently changing. These laws and regulations may be enacted, amended, enforced or interpreted in a manner materially impacting our operations. Shipments can be delayed and denied export or entry for a variety of reasons, some of which are outside our control and some of which may result from failure to comply with existing legal and regulatory regimes. Shipping delays or denials could cause unscheduled operational downtime, reduced day rates during such downtime and contract cancellations. Any failure to comply with applicable legal and regulatory trading obligations also could result in criminal and civil penalties and sanctions, such as fines, imprisonment, exclusion from government contracts, seizure of shipments and loss of import and export privileges. Our partners, agents and our and their respective affiliated entities or respective officers, directors, employees and agents may take actions in violation of our policies and procedures designed to promote compliance with the laws of the jurisdictions in which we operate. Any such violation could materially adversely affect our financial position, operating results or cash flows. **Regulation of GHG and climate change could have a negative impact on our business.** Governments around the world are increasingly focused on enacting laws and regulations regarding climate change and regulation of GHG that may impact our operations, profitability and competitiveness. Restrictions on GHG emissions **, reporting requirements** or other related legislative or regulatory enactments could have an indirect effect in those industries that use significant amounts of petroleum products, which could potentially result in a reduction in demand for petroleum products and, consequently, our offshore contract drilling services. Lawmakers and regulators in the U. S. and certain jurisdictions where we operate have proposed or enacted regulations requiring reporting of GHG emissions and the restriction thereof, including increased fuel efficiency standards, carbon taxes or cap and trade systems, restrictive permitting **and** incentives for renewable energy. For example, the SEC has **proposed adopted a final rule**

**implementing** a mandatory climate change reporting framework **that; however, such framework if implemented, is likely subject to an indefinite stay pending litigation over the rules. Should this rule become effective it would** materially increase the amount of time, monitoring, diligence, and reporting costs related to these matters. **Likewise in 2023, in the current U. S. administration continued initiatives targeting the reduction of methane emissions, including a focus on the energy sector.** In December 2023, the EPA adopted a final rule enacting a series of actions targeting methane and other emission reductions in natural gas and oil operations. Global efforts have been made and continue to be made in the international community toward the adoption of international treaties or protocols that would address global climate change issues and impose reductions of hydrocarbon-based fuels, including plans developed in connection with the Paris climate conference in December 2015, the Katowice climate conference in December 2018 and the UN Climate Change Conferences since 2021. In January 2023, the EU enacted the Corporate Sustainability Reporting Directive, which will require sustainability reporting across a broad range of sustainability topics for both EU and non- EU companies. **We anticipate that these requirements will apply to us as early as 2026 (for fiscal year 2025) for certain of our EU subsidiaries and at the consolidated entity level in 2030 (for fiscal year 2029). As a result of varying rules adopted by jurisdictions in which we operate, we are increasingly subject to an overlapping patchwork of laws and regulations, including disclosure requirements, which may increase the costs of compliance and the risk of violations.** Laws or regulations incentivizing or mandating the use of alternative energy sources such as wind power and solar energy have also been enacted in certain jurisdictions. Additionally, numerous large cities globally and several countries have adopted programs to mandate or incentivize the conversion from internal combustion engine powered vehicles to electric- powered vehicles and placed restrictions on non- public transportation. Such policies or other laws, regulations, treaties and international agreements related to GHG and climate change may negatively impact the price of oil relative to other energy sources, reduce demand for hydrocarbons, limit drilling in the offshore oil and natural gas industry, or otherwise unfavorably impact our business, our suppliers and our customers, and result in increased compliance costs and additional operating restrictions, all of which could materially adversely affect our financial position, operating results or cash flows. In addition to potential impacts on our business resulting from climate- change legislation or regulations, our business also could be materially adversely affected by climate **change** -change-related physical changes, such as changing weather patterns. An increase in severe weather patterns could result in damage to or loss of our drilling rigs, impact our ability to conduct our operations and / or result in a disruption of our customers' operations. Finally, increasing attention to the risks of climate change has resulted in an increased possibility of lawsuits or investigations brought by public and private entities against oil and natural gas companies in connection with their GHG emissions. Should we be targeted by any such litigation or investigations, we may incur liability, which could be imposed without regard to the causation of or contribution to the asserted damage, or to other mitigating factors. The ultimate impact of GHG emissions- related agreements, legislation and measures on our financial performance is highly uncertain because we are unable to predict, in a multitude of jurisdictions, the outcome of political decision- making processes. The increasing penetration of renewable energy into the energy supply mix, the increased production of electric- powered vehicles and improvements in energy storage, as well as changes in consumer preferences, including increased consumer demand for alternative fuels, energy sources and electric- powered vehicles may materially adversely affect the demand for oil and natural gas and our drilling services. This evolving transition of the global energy system from fossil- based systems of energy production and consumption to more renewable energy sources, commonly referred to as the energy transition, could have a material adverse impact on our results of operations, financial position and cash flows. As a result of changes in consumer preferences and uncertainty regarding the pace of the energy transition and expected impacts on oil and natural gas demand, some of our customers are transitioning their businesses to renewable energy projects and away from oil and natural gas exploration and production, which may result in reduced capital spending by such customers on oil and natural gas projects and in turn reduced demand for our services. Increased scrutiny from stakeholders and others regarding climate change, as well as our sustainability practices, initiatives and reporting responsibilities, could result in additional costs or risks. In recent years the investment community, including investment advisors and certain sovereign wealth, pension and endowment funds, has promoted the divestment of fossil fuel equities and pressured lenders to cease or limit funding to companies engaged in the extraction of fossil fuel reserves. Such initiatives could ultimately interfere with our access to capital, business activities and operations. In addition to such initiatives, sustainability matters more generally have been the subject of increased focus by investors, customers, investment funds, political advocacy groups, and other market and industry participants, as well as certain regulators, including in the U. S. and the EU. We publish an annual Sustainability Report, which includes disclosure of our sustainability practices, aspirations, targets and goals. Our disclosures on these matters rely on management' s expectations as of the date the statements are first made, as well as standards for measuring progress that are still in development and may change or fail to be realized. These expectations and standards may continue to evolve. Even so, our failure or inability to meet these **aspirations**, targets, goals or evolving stakeholder expectations for sustainability practices and reporting and even the perception of such failure or inability may potentially harm our reputation and impact employee retention, customer relationships and access to capital, among other matters. For example, certain market participants use third-party benchmarks or scores to measure a company' s sustainability practices in making investment decisions and customers and suppliers may evaluate our sustainability practices or require that we adopt certain sustainability policies as a condition of awarding contracts. By electing to set and share publicly our corporate sustainability standards, our business may face increased scrutiny related to sustainability activities and be unable to satisfy all stakeholders. For example, **some an increasing number of** stakeholders **and, regulators and lawmakers** have expressed or pursued opposing views, legislation, and investment expectations with respect to sustainability. As sustainability best- practices and voluntary or mandatory reporting standards continue to develop, we may incur increased costs related to sustainability monitoring and reporting and complying with sustainability initiatives, especially to the extent these standards are not harmonized or consistent. In addition, it may be difficult or expensive for us to comply with any sustainability- linked contracting policies adopted by customers and suppliers,

particularly given the complexity of our supply chain, our reliance on third- party manufacturers, and the potential for jurisdictions in which we operate to enact opposing or incompatible regulations. Actions we may take to achieve our sustainability initiatives, including the development and implementation of new emissions- reduction technology, may require increased expenditures, which may materially adversely affect our financial position, operating results or cash flows. 38