

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from ___ to ___

Commission file number: 001-39327

SEADRILL LIMITED

(Exact name of Registrant as specified in its charter)

Bermuda

98-1834031

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

11025 Equity Dr. , Suite 150, Houston, Texas, United States of America

77041

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: +1 (713) 329 1150

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Shares, par value \$0.01 per share	SDRL	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes

No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes

No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes

No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes

No

As of June 30, 2025, the aggregate market value of the common shares of Seadrill Limited held by non-affiliates was approximately \$849 million (based on the closing price of such shares on such date, as reported on the New York Stock Exchange)

As of February 20, 2026, 62,449,447 common shares of the registrant were outstanding.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes

No

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its 2026 annual general meeting of shareholders to be filed with the Securities and Exchange Commission are incorporated by reference into Items 10, 11, 12, 13, and 14 of Part III of this Annual Report on Form 10-K.

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FORWARD-LOOKING STATEMENTS

This annual report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts included in this annual report, including, without limitation, those regarding the Company's outlook, plans, strategies, business prospects, financial performance, operations, litigation, rig activity and changes and trends in its business and the markets in which it operates, are forward-looking statements. These forward-looking statements can often, but not necessarily, be identified by the use of forward-looking terminology, including the terms "assumes", "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should" or, in each case, their negative, or other variations or comparable terminology. These statements are based on management's current plans, expectations, assumptions and beliefs concerning future events impacting the Company and therefore involve a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: those described under Part I, Item 1A, "Risk Factors" in this annual report, offshore drilling market conditions including supply and demand, dayrates, customer drilling programs and effects of new or reactivated rigs on the market, contract awards and rig mobilizations, contract backlog, dry-docking and other costs of maintenance, special periodic surveys, upgrades and regulatory work for the drilling units in the Company's fleet, the performance of the drilling units in the Company's fleet, delay in payment or disputes with customers, the Company's ability to successfully employ its drilling units, procure or have access to financing, ability to comply with loan covenants, fluctuations in the international price of oil, international financial market conditions, U.S. trade policy and tariffs and worldwide reactions thereto, inflation, changes in governmental regulations that affect the Company or the operations of the Company's fleet, increased competition in the offshore drilling industry, the review of competition authorities, the impact of global economic conditions and global health threats, pandemics and epidemics, our ability to maintain relationships with suppliers, customers, employees and other third parties, our ability to maintain adequate financing to support our business plans, our ability to successfully complete and realize the intended benefits of any mergers, acquisitions and divestitures, and the impact of other strategic transactions, our liquidity and the adequacy of cash flows to satisfy our obligations, future activity under and in respect of the Company's share repurchase program, our ability to satisfy (or timely cure any noncompliance with) the continued listing requirements of the New York Stock Exchange (the "NYSE"), the cancellation of drilling contracts currently included in reported contract backlog, losses on impairment of long-lived fixed assets, shipyard, construction and other delays, the results of meetings of our shareholders, political and other uncertainties, including those related to the conflicts in Ukraine and the Middle East, and any related sanctions, the effect and results of litigation, regulatory matters, settlements, audits, assessments and contingencies, including any litigation related to acquisitions or dispositions, the concentration of our revenues in certain geographical jurisdictions, limitations on insurance coverage, our ability to attract and retain skilled personnel on commercially reasonable terms, the level of expected capital expenditures, our expected financing of such capital expenditures and the timing and cost of completion of capital projects, fluctuations in interest rates or exchange rates and currency devaluations relating to foreign or United States ("U.S.") monetary policy, tax matters, changes in tax laws, treaties and regulations, tax assessments and liabilities for tax issues, legal and regulatory matters in the jurisdictions in which we operate, customs and environmental matters, the potential impacts on our business resulting from decarbonization and emissions legislation and regulations, the impact on our business from climate change generally, the occurrence of cybersecurity incidents, attacks or other breaches to our information technology systems, including our rig operating systems, and other important factors described from time to time in the reports filed or furnished by us with the U.S. Securities and Exchange Commission (the "SEC"). The foregoing risks and uncertainties are inherently subject to significant business, economic, competitive, regulatory and other risks and uncertainties, many of which are difficult to predict and beyond our control. In many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. All subsequent written and oral forward-looking statements attributable to us or to any person(s) acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. We expressly disclaim any obligations or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in our expectations or beliefs with regard to the statement or any change in events, conditions or circumstances on which any forward-looking statement is based, except as required by securities law. Forward-looking and other statements in this annual report regarding our environmental, social and other sustainability plans and goals are not an indication that these statements are necessarily material to investors or required to be disclosed in our filings with the SEC. In addition, historical, current, and forward-looking environmental, social and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

SUMMARY OF RISK FACTORS

Risks Relating to Our Business and Industry

- Our business depends on the level of activity in the oil and gas industry. Adverse developments affecting the industry, including a decline in the price of oil or gas, reduced demand for oil and gas products and increased regulation of drilling and production, have in the past had and may in the future have a material adverse effect on our business, financial condition and results of operations.
- The success and growth of our business depend on the level of activity in the offshore oil and gas industry generally, and the drilling industry specifically, which are both highly competitive and cyclical, with intense price competition and volatility.
- Consolidation in our industry may impact our results of operations.
- Upgrades, refurbishment, repair and surveying of rigs are subject to risks, including delays and cost overruns, that could have an adverse impact on our available cash resources and results of operations.
- Compliance with, and breach of, the complex laws and regulations governing international trade could be costly, expose us to liability and, together with policy changes affecting international trade, adversely affect our operations.
- Changing sentiments with respect to environmental, social and governance matters and climate change may impact us.
- Our aspirations, goals and initiatives related to sustainability, including emissions reduction and our public statements and disclosures regarding the same, expose us to numerous risks.
- Failure to obtain or retain highly skilled personnel, and to ensure they have the correct visas and permits to work in the locations in which they are required, could adversely affect our operations.
- Our customers may seek to cancel or renegotiate their contracts to include unfavorable terms such as unprofitable rates, particularly in the circumstance that operations are suspended or interrupted.
- We may not be able to renew or obtain new and favorable contracts for our drilling units.
- Our contract backlog for our fleet of drilling units may not be realized.
- Our business and operations involve numerous operating hazards, and in the current market we are increasingly required to take additional contractual risk in our customer contracts, which may not be adequately covered by our insurance.
- A substantial portion of our business is dependent on several of our customers as well as dependent on several geographic areas, and the disruption of business with any of these customers or disruption of business within these geographic areas could have a material adverse effect on our financial condition and operating results.
- Operating and maintenance costs of our rigs may be significant and may not correspond to revenue earned.
- Inflation has adversely affected, and in the future may adversely affect, our operating results.
- We rely on third-party suppliers, manufacturers, and service providers, including subcontractors ("third-party providers"), to provide or maintain parts, crew and equipment, as applicable, for our projects and our operations may be adversely affected by the sub-standard performance or non-performance of those third-party providers due to production disruptions, quality and sourcing issues, labor availability, price increases or consolidation of those third-party providers as well as equipment breakdowns.
- We have experienced, and in the future may experience, risks associated with mergers, acquisitions or dispositions of businesses or assets or other strategic transactions.
- The integration of the businesses and the properties we have acquired or may in the future acquire could be difficult and may divert management's attention away from our existing operations.
- Our fleet is largely concentrated to benign floaters and drillships, which leaves us vulnerable to risks related to lack of diversification.
- The international nature of our operations involves additional risks, including the mobilization and demobilization of our rigs to and from such locations and the potential that sabotage or political and social unrest could negatively impact our operations or the market for our drilling services.
- We are subject to complex environmental laws and regulations that can adversely affect us.
- Failure to adequately protect our sensitive information, operational technology systems and critical data, or our service providers' failure to protect their systems and data, could have a material adverse effect on us.
- We are incorporating artificial intelligence technologies into our processes and these technologies may present business, compliance, and reputational risks.
- Any violation of anti-bribery, anti-corruption, anti-fraud or ethical business practice laws and regulations could have a negative impact on us.
- If our drilling units are located in or connected to countries that are subject to, or targeted by, economic sanctions, export restrictions, or other operating restrictions imposed by the United States, the United Kingdom, the European Union or other governments, our reputation and the market for our debt and our common shares could be adversely affected.

- We have suffered, and may continue to suffer, losses through our investments in other companies in the offshore drilling and oilfield services industry, which could have a material adverse effect on us.
- Labor costs restrictions could increase following collective bargaining negotiations and changes in labor laws and regulations.
- The physical effects of, and regulations and disclosure requirements with respect to, greenhouse gas emissions and climate change could have a negative impact on our business.
- Our drilling contracts with national oil companies may expose us to greater risks than with non-governmental customers.
- Control of oil and natural gas reserves by national oil companies may affect the demand for our services and products and create additional risks in our operations.
- There can be no assurance that the use of our drilling units will not infringe the intellectual property rights of others.
- Imposition of laws, executive actions or regulatory initiatives to restrict, delay or cancel leasing, permitting or drilling activities in deepwaters of the United States or foreign countries may reduce demand for our services and products and have a material adverse effect on our business, financial condition or results of operations.

Financial and Tax Risks

- We have a significant amount of debt, and we may still be able to incur substantially more debt in the future. Such debt and debt service obligations may adversely affect us.
- The agreements governing our debt contain various covenants that impose restrictions on us and certain of our subsidiaries that may affect our ability to operate our business.
- We may be unable to meet our capital allocation framework goal of returning at least 50% of Free Cash Flow to shareholders through dividends and share repurchases, which could decrease expected returns on an investment in our Shares.
- We are a holding company, and we are dependent upon cash flow from subsidiaries and joint ventures to meet our obligations.
- We may recognize impairments on long-lived assets and intangible assets or recognize impairments on equity method investments.
- Fluctuations in exchange rates and the non-convertibility of currencies could result in losses to us.
- A change in tax laws in any country in which we operate could result in higher tax expense.
- A loss of a major tax dispute or a successful tax challenge to our operating structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries could result in higher taxes on our worldwide earnings, which could result in a significant negative impact on our earnings and cash flows from operations.

Regulatory and Legal Risks

- The issuance of share-based awards may dilute investors' holding of Shares, and substantial sales of or trading in Shares could occur, which could cause the price of Shares to be adversely affected.
- Because we are a foreign corporation, you may not have the same rights that a shareholder in a U.S. corporation may have.
- Our Bye-Laws limit shareholders' ability to bring legal action against our officers and directors.
- Legislation enacted in Bermuda as to Economic Substance may affect our operations.
- We may be subject to litigation, arbitration, other proceedings and regulatory investigations that could have an adverse effect on us.
- The loss of our status as a "foreign private issuer" could result in additional cost.

PART I

Item 1. Business

General

We are an offshore drilling contractor providing worldwide offshore drilling services to the oil and gas industry. Our primary business is the ownership and operation of drillships and semi-submersible rigs for operations in shallow to ultra-deepwater in both benign and harsh environments. We contract our drilling units to drill wells for our customers on a dayrate basis. Our customers include oil super-majors, state-owned national oil companies, and independent oil and gas companies. In addition, we provide management services to certain affiliated entities.

As of December 31, 2025, we owned a total of 15 drilling units, of which 10 were operating, one was undergoing capital upgrade projects for a contract commencing in the second quarter of 2026, one was undergoing repairs and maintenance projects and three were cold stacked. The 10 operating units include nine benign floaters (comprising six 7th generation drillships, two 6th generation drillships and one benign environment semi-submersible) and one harsh environment jackup. In addition to our owned assets, as of December 31, 2025, we managed two drilling units owned by Sonangol.

We are recognized for providing high quality operations, in some of the most challenging sectors of offshore drilling and have worldwide operations based on where activities are conducted in the global oil and gas industry. As of December 31, 2025, we employed approximately 3,000 employees across the globe.

Seadrill Limited (previously known as "Seadrill 2021 Limited") is an exempted company limited by shares incorporated under the laws of Bermuda and in accordance with the Bermuda Companies Act 1981 (the "Bermuda Companies Act"). Seadrill Limited was incorporated on October 15, 2021, under the name Seadrill 2021 Limited. On February 22, 2022 ("Effective Date"), Seadrill Limited and certain of its subsidiaries, that filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the Bankruptcy Court emerged from bankruptcy proceedings in accordance with the terms and conditions of Seadrill's Plan of Reorganization. Seadrill Limited became the ultimate parent holding company of the Seadrill Limited group of companies (the "Group"), at which point its name was changed to Seadrill Limited ("Seadrill", "we", "us", "our", and "Company"). The Company is registered with the Bermuda Registrar of Companies under registration number 202100496.

From July 2, 2018, to the Effective Date, the ultimate parent holding company of the Group was Seadrill Limited, an exempted company limited by shares incorporated under the laws of Bermuda on March 14, 2018 with registration number 53439 ("Old Seadrill Limited").

Old Seadrill Limited was previously listed under the symbol "SDRL" on the NYSE and the Oslo Stock Exchange ("OSE"). On June 19, 2020, it was delisted from the NYSE and traded on the OTC Pink Market under the symbol "SDRLF". Following the Effective Date, trading of Old Seadrill Limited's shares was suspended on both exchanges.

On April 28, 2022, Seadrill Limited completed a listing of its common shares, par value \$0.01 per share ("Shares" or "common shares"), on Euronext Expand. On October 11, 2022, Seadrill Limited received approval to relist its Shares on the NYSE under the ticker symbol "SDRL". The Shares commenced trading on October 14, 2022. Following the listing on the NYSE, the status of Seadrill Limited's listing on the Euronext Expand market of the OSE was changed from a primary to a secondary listing. On November 17, 2022, the Shares were moved from the Euronext Expand market to the main list of the OSE.

The Company submitted an application to delist its common shares on the OSE, on April 30, 2024. The last day of trading our common shares on the OSE was September 9, 2024, with our common shares being delisted from the OSE on September 10, 2024.

Overall Strategy

Our vision is to set the standard in deepwater oil and gas drilling, and we deliver this vision through the four pillars of our strategy:

i. Operational excellence

Our objective is to unlock energy safely, efficiently, and responsibly for our clients globally. We strive to achieve this by maximizing asset availability through best-in-class operational performance, rigorous safety standards, and consistent execution. We are committed to maintaining safe and reliable operations through disciplined maintenance and continuous improvement. We also focus on driving cost efficiency across our operating model to strengthen reliability, reduce downtime, and deliver predictable performance for customers.

ii. Fleet and portfolio strength

Maintaining a competitive fleet requires having the right rigs in the right areas, supported by a disciplined and focused portfolio. We upgrade and future-proof our fleet through targeted investments, technical enhancements, and planned reinvestment that improve performance and extend asset longevity. This approach enhances flexibility to meet evolving customer requirements and positions us for future growth. We apply prudent financial management to support disciplined investment, execute our strategy with resilience, and aim to continue creating sustainable value through cycles. By actively managing our portfolio, we strengthen operational resilience and protect long-term value creation.

iii. Customer partnership and growth

We have established robust, long-term relationships with key customers and suppliers in the industry, and we seek to continuously deepen and strengthen these relationships further. We aim to do this by identifying strategic partnerships that are mutually beneficial and focused on delivering greater value through collaboration and execution excellence. In addition, we seek to diversify revenue streams by identifying value-adding services, improving how we support customers across the drilling lifecycle, and expanding opportunities aligned with our operational strengths. We strive to provide the best possible service and be valued partners in our customers' success.

iv. People and performance

We are proud of our culture, and we recognize that our business is built on people. We aim to recruit, retain, and develop the best talent in the industry and build a dynamic organization that adapts to evolving business needs. Developing internal talent and strengthening leadership depth are essential to delivering consistent performance and long-term competitiveness.

Our Fleet

We categorize the drilling units in our fleet as (a) floaters, (b) jackup rigs and (c) harsh environment.

a) Floaters

Drillships:

Drillships are self-propelled ships equipped for drilling offshore in water depths ranging from 1,000 to 12,000 feet and are positioned over the well through a dynamic positioning thruster system with multiple levels of redundancy for safety. Drillships are suitable for drilling in remote locations because of their mobility and large load-carrying capacity. Depending on the country of operation, drillships operate with crews of 120 to 160 people.

Semi-submersible drilling units:

Semi-submersible rigs consist of an upper working and living quarters deck connected to a lower hull consisting of columns and pontoons. Such rigs operate in a "semi-submerged" floating position, in which the lower hull is below the waterline and the upper deck protrudes above the surface. The rig is situated over a wellhead location and remains stable for drilling in the semi-submerged floating position, due in part to its wave transparency characteristics at the water line.

Semi-submersible rigs can be moored, dynamically positioned or positioned with a combination of mooring with thruster assist. Moored semi-submersible rigs are positioned over the wellhead location with anchors and typically operate in shallow water depths. Dynamically positioned semi-submersible rigs are positioned over the wellhead through a dynamic positioning thruster system with multiple levels of redundancy for safety and typically operate in water depths ranging from 700 to 10,000 feet. Depending on the country of operation, semi-submersible rigs generally operate with crews of 110 to 130 people.

b) Jackup Rigs

Jackup rigs are mobile, self-elevating drilling platforms equipped with legs that are lowered to the seabed. A jackup rig is mobilized to the drill site with a heavy lift vessel or a wet tow. At the drill site, the legs are lowered until they penetrate the sea bed and the hull is elevated to an approximate operational air gap of 50 to 100 feet depending on the expected environmental forces. After completion of the drilling operations, the hull is lowered to floating draft, the legs are raised and the rig can be relocated to another drill site. Jackup rigs are generally suitable for water depths of 450 feet or less and operate with crews of 80 to 110 people.

c) Harsh Environment

Harsh environment rigs include both semi-submersibles and jackup rigs that have a number of design modifications to be able to handle weather conditions as seen in the North Sea, Southern Africa, Australia and Canada. Compared to benign environment rigs, these modifications include increased variable load to reduce the need for resupply, increased air gap to increase wave clearance, changes in the geometry of the legs or columns to improve stability, and greater spacing between the legs or columns. Harsh environment rigs tend to be larger, heavier and more expensive to construct than benign environment rigs.

We are recognized for providing high quality operations, in some of the most challenging sectors of offshore drilling and have worldwide operations based on where activities are conducted in the global oil and gas industry. Our competitive strengths focus on four key areas:

i. Scale and age

Since our inception in 2005, we have developed into a large worldwide offshore drilling company, with a significant geographical footprint. All of our drilling units were delivered after 2007.

ii. Unwavering commitment to safety and the environment

We believe that the combination of quality drilling units and a highly skilled workforce allows us to provide our customers with safe, efficient and reliable operations. As part of our overall Environmental, Social and Governance ("ESG") focus, we seek to behave responsibly towards our shared environment, with a drive to reduce our overall carbon footprint. We value the health, safety and security of our workforce and the communities in which we operate.

iii. Technologically advanced fleet

Our drilling units are amongst the most technologically advanced in the world. Our modern fleet offers superior technical capabilities, resulting in high operational reliability. Our proven operational track record and fleet composition positions us well to secure new drilling contracts and continue relationships with existing customers.

iv. Long-term, enduring customer relationships

We have strong relationships with our customers that are based on trust in our people, operational track record and the quality and reliability of our assets. Our customers include oil super-majors, state-owned national oil companies and independent oil and gas companies.

Drilling units

The following table provides certain specifications and the location of our drilling units as of December 31, 2025.

Unit	Drilling unit type	Year built	Water depth (feet)	Drilling depth (feet)	Location as of December 31, 2025
<i>West Carina</i>	Drillship	2015	12,000	37,500	Brazil
<i>West Jupiter</i>	Drillship	2014	12,000	37,500	Brazil
<i>West Neptune</i>	Drillship	2014	12,000	37,500	USA
<i>West Saturn</i>	Drillship	2014	12,000	37,500	Brazil
<i>West Tellus</i>	Drillship	2013	12,000	37,500	Brazil
<i>West Auriga</i>	Drillship	2013	12,000	37,500	Brazil
<i>West Vela</i>	Drillship	2013	12,000	37,500	USA
<i>West Gemini</i>	Drillship	2010	10,000	37,500	Angola
<i>West Polaris</i>	Drillship	2008	10,000	37,500	Brazil
<i>West Capella</i>	Drillship	2008	10,000	37,500	Singapore
<i>Sevan Louisiana</i>	Semi-submersible	2013	10,000	35,000	USA
<i>West Eclipse</i>	Semi-submersible	2011	10,000	40,000	Namibia
<i>West Aquarius</i>	Semi-submersible	2009	10,000	34,500	Norway
<i>West Phoenix</i>	Semi-submersible	2008	10,000	29,500	Norway
<i>West Elara</i>	Jackup	2011	492	35,000	Norway

Contract Drilling Operations

In general, we contract our drilling units to oil and gas companies to provide offshore drilling services at an agreed dayrate for a fixed contract term or on a well completion basis. Dayrates can vary, depending on the type of drilling unit and its capabilities, contract length, geographical location, operating expenses, taxes and other factors such as prevailing economic conditions. The customer bears substantially all the ancillary costs of constructing the well and supporting drilling operations, as well as most of the economic risk relative to the success of the well.

Where operations are interrupted or restricted due to equipment breakdown or operational failures, we do not generally receive dayrate compensation for the period of the interruption in excess of contractual allowances. Furthermore, the dayrate we receive can be reduced in instances of interrupted or suspended service due to, among other things, repairs, upgrades, weather, maintenance, force majeure or requested suspension of services by the customer and other operating factors.

However, contracts normally allow for compensation when factors beyond our control, including weather conditions, influence the drilling operations and, in some cases, for compensation when we perform planned maintenance activities. In some of our contracts, we are entitled to cost escalation to compensate for industry specific cost increases as reflected in publicly available cost indexes.

We may receive lump sum or dayrate based fees for the mobilization of equipment and personnel or for capital additions and upgrades prior to the start of drilling services. In some cases, we may also receive lump sum or dayrate based fees for demobilization upon completion of a drilling contract.

Our contracts may generally be terminated by the customer in the event the drilling unit is destroyed or lost or if drilling operations are suspended for an extended period because of a breakdown of major rig equipment, "force majeure" or upon the occurrence of other specified conditions. Some contracts include provisions that allow the customer to terminate the contract without cause for a specified early termination fee.

A drilling unit may be "stacked" if it has no contract in place. Drilling units may be either warm stacked or cold stacked. When a rig is warm stacked, the rig is idle but can deploy quickly if an operator requires its services. Cold stacking a rig involves reducing the crew to a few key individuals or removal of the entire crew and storing the rig in a harbor, shipyard or designated area offshore.

Backlog

Refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" for backlog information.

Markets

Our operations are geographically dispersed in oil and gas exploration and development areas throughout the world. We operate in a single, global offshore drilling market, as our drilling units are mobile assets and are able to be moved according to prevailing market conditions. For details of our revenues and fixed assets by geography, refer to Note 4 – "Segment information" to the Consolidated Financial Statements included herein.

Refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Result of Operations - Market Overview and Trends" for additional details.

Customers

Our customers include oil super-majors, state-owned national oil companies and independent oil and gas companies. In addition, we provide management services to certain affiliated entities. The following customers had total revenues greater than 10% of our total operating revenues in any of the periods presented:

	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Petrobras	36 %	18 %	16 %
Sonadrill	22 %	22 %	17 %
Talos	11 %	2 %	7 %
LLOG	10 %	9 %	9 %
Others	21 %	49 %	51 %
	100 %	100 %	100 %

Competition

The offshore drilling industry is highly competitive, with market participants ranging from large multinational companies to small locally-owned companies. The demand for offshore drilling services is driven by oil and gas companies' exploration and development drilling programs. These drilling programs are affected by oil and gas companies' expectations regarding oil and gas prices, anticipated production levels, worldwide demand for oil and gas products, the availability of quality drilling prospects, exploration success, availability of qualified rigs and operating personnel, relative production costs, availability and lead time requirements for drilling and production equipment, the stage of reservoir development and political and regulatory environments.

Oil and gas prices are volatile, which has historically led to significant fluctuations in expenditures by our customers for drilling services. Variations in market conditions during cycles impact us in different ways, depending primarily on the length of drilling contracts in different regions.

Offshore drilling contracts are generally awarded on a competitive bid basis or through privately negotiated transactions. In determining which qualified drilling contractor is awarded a contract, the key factors are pricing, rig availability, technical specification, rig location, condition and integrity of equipment, their record of operating efficiency, safety performance record, crew experience, reputation and industry standing and customer relations.

Furthermore, competition for offshore drilling units is generally on a global basis, as rigs are highly mobile. However, the cost associated with mobilizing rigs between regions is sometimes substantial, as entering a new region could necessitate upgrades of the unit and its equipment to specific regional requirements.

Human Capital

As of December 31, 2025, we had approximately 3,000 employees worldwide, including contracted-in staff.

Code of Conduct and Human Rights

Our Code of Conduct is available to all Seadrill employees, partners, suppliers, vendors and contractors and is available in English, Norwegian, and Portuguese. Our Code of Conduct is our guide to assess our decisions and actions that help us live up to our values. Our Code of Conduct also confirms our zero-tolerance attitude towards human rights violations, modern slavery, and human trafficking.

Labor Rights

As we employ people in a number of locations globally, in some locations, predominantly Norway and Brazil, employees and contract labor are represented by collective bargaining agreements ("CBAs"). As part of the legal obligations in some of these agreements, we are required to contribute certain amounts to retirement and pension funds. In addition, many of these employees are working under agreements that are subject to salary negotiation, which could result in higher personnel costs, other increased costs or increased operating restrictions that could adversely affect our financial performance. We consider our relationships with the various unions to be stable. The CBAs in place relating to Norway's employees have no set expiry and are reviewed every two years. Separate agreements are in place for the Onshore and Offshore populations. The CBA in place in Brazil is negotiated annually and was successfully negotiated for the period from September 2025 to August 2026, when it will be up for its next annual negotiation.

Talent

Our success is driven by the passion and expertise of our people, and we are dedicated to attracting and retaining the best talent in the industry and the markets where we operate. We are committed to providing a positive employee experience and fostering a safe and supportive work environment that aligns with our values and meets the diverse needs of our people.

As part of our commitments to attract and retain talent, we empower our employees to take ownership of their careers by:

- Hiring the right people for the right roles;
- Cultivating a high performance culture supported by effective performance management processes;
- Supporting our people to fulfill their potential and to build their careers through training and personal development; and
- Providing competitive and consistent reward policies that recognize and celebrate individual team contributions.

Training

Our industry-leading well control training sets the standard for comprehensive instruction. In collaboration with the International Well Control Forum ("IWCF"), we have developed a training program that incorporates advanced technical and behavioral simulations and meets the industry standards for enhanced well control training. This comprehensive training is implemented worldwide across our fleet. Our goal is to internally train and develop all our drillers to meet the enhanced standard as set by the IWCF and International Association of Drilling Contractors ("IADC"), and we are making steady progress toward achieving this objective.

We have also established the Seadrill Development Academy, an enhanced drilling simulator suite that provides employees with a fully immersive setting, mimicking the very challenges faced by offshore drillers. The simulator allows us to create a fully customized course for the Drillers Development Program, the Rig Senior Management and High Performing Teams. This simulator gives us a state-of-the-art facility at our disposal, enabling us to learn from operational events, or precisely plan technically challenging wells, thus furthering our objective of continuous improvement.

Safety

Seadrill is dedicated to establishing a secure work environment where effective barriers to control the hazards in our operations manage risk and everyone's well-being is prioritized. The health, well-being, and safety of our employees, service providers, customers, third parties and stakeholders to our operations are of utmost significance to us. We strive to be a beacon of excellence, setting an example for the offshore drilling industry through our comprehensive health, safety and environmental management system. All health, safety and environmental incidents, including near misses, are investigated to identify learnings to enable us to strengthen and improve barriers and controls to manage hazards and mitigate risk to an acceptable level to enable safe, efficient and reliable operations. We measure our safety performance in terms of widely accepted ratios with the use of industry standards, including the total recordable incident rate ("TRIR"), which represents the number of recordable work-related injuries or illnesses for every 200,000 hours worked. During the year ended December 31, 2025, our TRIR was 0.17, which was below the IADC average of 0.34 for the areas in which Seadrill operates.

Environmental and Other Regulations in the Offshore Drilling Industry

Our operations are subject to numerous laws and regulations in the form of international treaties and maritime regimes, flag state requirements, national environmental laws and regulations, navigation and operating permits requirements, local content requirements, and other national, state and local laws and regulations in force in the jurisdictions in which our drilling units operate or are registered, which can significantly affect the ownership and operation of our drilling units. For details of environmental laws and regulations affecting our operations, refer to Part I, Item 1A, "Risk Factors – Risks Relating to Our Business and Industry – Changing sentiments with respect to environmental, social and governance matters and climate change may impact us."

i. Flag State Requirements

All our drilling units are subject to regulatory requirements of the flag state where the drilling unit is registered. The flag state requirements are international maritime requirements and, in some cases, further interpolated by the flag state itself. These include engineering, safety and other requirements related to the maritime industry. In addition, each of our drilling units must be "classed" by a classification society. The classification society certifies that the drilling unit is "in-class," signifying that such drilling unit has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the flag state and the international conventions of which that country is a member. Maintenance of class certification requires expenditures and can require taking a drilling unit out of service from time to time for repairs or modifications to meet class requirements. Our drilling units must generally undergo class surveys annually and a renewal survey once every five years. In addition, for some of the internationally-required class certifications, such as the Code for the Construction and Equipment of Mobile Offshore Drilling Units (the "MODU Code") certificate, the classification society will act on a flag state's behalf. The classification society can also act on behalf of the flag state for survey and issue of international certification. Port states can also impose stricter regimes than the flag state when the drilling unit is operating in their territorial waters.

ii. International Maritime Regimes

Applicable international maritime regime requirements include, but are not limited to, the International Convention on Civil Liability for Bunker Oil Pollution Damage, the International Convention for the Safety of Life at Sea of 1974, as from time to time amended, the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention, the MODU Code, the International Convention for the Prevention of Pollution from Ships, and the International Convention for the Control and Management of Ships' Ballast Water and Sediments of 2004, as from time to time amended (the "BWM Convention"). These various conventions regulate air emissions and other discharges to the environment from, and safety matters related to, our drilling units worldwide, and we may incur costs to comply with these regimes and continue to comply with these regimes as they may be amended in the future. In addition, these conventions impose liability for certain discharges, including strict liability in some cases. For details of these laws and regulations, refer to Part I, Item 1A, "Risk Factors - Risks Relating to Our Business and Industry - We are subject to complex environmental laws and regulations that can adversely affect us."

The BWM Convention requires mandatory ballast water treatment. The BWM Convention entered into force on September 8, 2017. Under its requirements, only ballast water treatment will be accepted from the next International Oil Pollution Prevention renewal survey (after September 8, 2019). All Seadrill units considered in operational status and operating in areas subject to the BWM Convention by International Maritime Organization guidelines are in full compliance therewith.

iii. Environmental Laws and Regulations

Applicable environmental laws and regulations include the U.S. Oil Pollution Act, the U.S. Comprehensive Environmental Response, Compensation, and Liability Act, the U.S. Clean Water Act, the U.S. Clean Air Act, U.S. Maritime Transportation Safety Act, European Union regulations, including the EU Directive 2013/30 on the Safety of Offshore Oil and Gas Operations, and Brazil's National Environmental Policy Law (6938/81), Environmental Crimes Law (9605/98) and Federal Law (9966/2000) relating to pollution in Brazilian waters. These laws govern the discharge of materials into the environment or otherwise relate to pollution or protection of the environment and natural resources. In certain circumstances, these laws may impose strict, joint and several liability, rendering us liable for environmental and natural resource damages without regard to negligence or fault on our part. Implementation of new environmental laws or regulations that may apply to ultra-deepwater drilling units may subject us to increased costs or limit the operational capabilities of our drilling units and could materially and adversely affect our operations and financial condition. For details of these laws and regulations, refer to Part I, Item 1A, "Risk Factors - Risks Relating to Our Business and Industry - We are subject to complex environmental laws and regulations that can adversely affect us."

iv. Safety Requirements

Our operations are subject to special safety regulations relating to drilling and to the oil and gas industry in many of the countries where we operate. The United States undertook substantial revision of safety regulations applicable to our industry following the 2010 Deepwater Horizon Incident, in which we were not involved. Other countries also have undertaken or are undertaking a review of their safety regulations related to our industry. These safety regulations may impact our operations and financial results by adding to the costs of exploring for, developing and producing oil and gas in offshore settings. For instance, on August 23, 2023, the Bureau of Safety and Environmental Enforcement ("BSEE") published a final rule that revised well control regulations that established more stringent design requirements and operational procedures for critical well control equipment used in offshore oil and gas drilling and BSEE has also implemented a risk-based inspection program for offshore facilities. The EU also undertook a significant revision of its safety requirements for offshore oil and gas activities following the Deepwater Horizon Incident through the issue of the EU Directive 2013/30 on the Safety of Offshore Oil and Gas Operations. In Brazil, the drilling industry is subject to the regulations of the National Agency for Petroleum, Natural Gas and Biofuels ("ANP"), which is the regulating body for the activities within the oil, natural gas and biofuels industries in Brazil. These and other future safety and environmental laws and regulations regarding offshore oil and gas exploration and development may increase the cost of our operations, lead our customers to not pursue certain offshore opportunities and result in additional downtime for our drilling units. In addition, if material spill events similar to the Deepwater Horizon Incident were to occur in the future, or if other environmental or safety issues were to cause significant public concern, the United States or other countries could elect to, again, issue directives to cease drilling activities in certain geographic areas, potentially for lengthy periods of time.

v. Navigation and Operating Permit Requirements

Numerous governmental agencies issue regulations to implement and enforce the laws of the applicable jurisdiction, which often involve lengthy permitting procedures, impose difficult and costly compliance measures, particularly in ecologically sensitive areas, and subject operators to substantial administrative, civil and criminal penalties or may result in injunctive relief for failure to comply. Some of these laws contain criminal sanctions in addition to civil penalties.

vi. Local Content Requirements

Governments in some countries have become increasingly active in local content requirements on the ownership of drilling companies, local content requirements for equipment utilized in our operations, and other aspects of the oil and gas industries in their countries. There are currently local content requirements in relation to drilling unit contracts in which we are participating in Brazil. Although these requirements have not had a material impact on our operations in the past, they could have a material impact on our earnings, operations and financial condition in the future.

vii. Other Laws and Regulations

In addition to the requirements described above, our international operations in the offshore drilling segment are subject to various other international conventions and laws and regulations in countries in which we operate, including laws and regulations relating to the importation of, and operation of, drilling units and equipment, currency conversions and repatriation, oil and gas exploration and development, taxation of offshore earnings and earnings of expatriate personnel, the use of local employees and suppliers by foreign contractors and duties on the importation and exportation of drilling units and other equipment. There is no assurance that compliance with current laws and regulations or amended or newly adopted laws and regulations can be maintained in the future or that future expenditures required to comply with all such laws and regulations in the future will not be material.

Information About Our Executive Officers

The following sets forth information regarding our executive officers as of February 26, 2026:

Name	Age	Position
Simon Johnson	55	President and Chief Executive Officer
Grant Creed	45	Executive Vice President, Chief Financial Officer
Samir Ali	40	Executive Vice President, Chief Commercial Officer
Torsten Sauer-Petersen	53	Executive Vice President, Chief Technology and Sustainability Officer
Todd Strickler	48	Senior Vice President, General Counsel
Marcel Wieggers	53	Senior Vice President, Operations

Simon Johnson. Simon William Johnson serves as the President and Chief Executive Officer of the Company. Mr. Johnson was appointed to such roles in March 2022. Mr. Johnson has worked internationally for the past 29 years for a number of publicly listed offshore drilling contractors, including the Company, Diamond Offshore, Noble Corporation, and Borr Drilling. His early career saw exposure to various rig and shore-based operational roles for MODUs in Southeast Asia before migrating to more commercially focused roles including Senior Vice President - Marketing and Contracts at Noble Corporation and Chief Executive Officer of Borr Drilling. Mr. Johnson has demonstrated strengths in strategy development, investor outreach, and relationship management. Mr. Johnson has many years of exposure to board engagements and associated corporate governance and compliance issues. Mr. Johnson holds a Bachelor of Commerce (Economics & Finance) from Curtin University and has completed the Advanced Management Program at Harvard Business School. Mr. Johnson holds Australian citizenship and resides in Texas.

Grant Creed. Grant Creed serves as Executive Vice President, Chief Financial Officer of the Company. Mr. Creed was appointed to such role in May 2021. Mr. Creed joined the Company in 2013 and has held various positions within Seadrill including Chief Restructuring Officer, VP Mergers & Acquisitions, and VP Corporate and Commercial Finance. Prior to joining the Company, he held M&A Transaction Services and Audit positions at Deloitte. Mr. Creed is a chartered accountant and holds a Bachelor of Commerce in Accounting from the University of Port Elizabeth, South Africa. Mr. Creed holds South African, Australian and British citizenships and resides in Texas.

Samir Ali. Samir Ali serves as Executive Vice President, Chief Commercial Officer of the Company. Mr. Ali was appointed to such role in August 2022. Prior to joining the Company, Mr. Ali was with Diamond Offshore for eight years, most recently serving as VP Investor Relations and Corporate Development. He previously held roles as both a debt and equity investment portfolio manager at Bain Capital and as an investment banker at Simmons & Company. He has a degree in Finance and International Business from New York University. Mr. Ali is a U.S. citizen and resides in Texas.

Torsten Sauer-Petersen. Torsten Sauer-Petersen serves as Executive Vice President and was appointed to such role in March 2022. He also serves as Chief Technology and Sustainability Officer and was appointed to such role in August 2025. Mr. Sauer-Petersen joined Seadrill in February 2011 and has over 25 years of experience in the drilling industry. Prior to joining the Company, he held various leadership positions within Maersk Drilling. Mr. Sauer-Petersen holds an MBA from the International Institute of Management Development (IMD) in Lausanne, Switzerland. He is a Danish citizen and resides in Texas.

Todd Strickler. Todd Strickler serves as Senior Vice President, General Counsel of the Company. Mr. Strickler was appointed to such role in February 2023. Mr. Strickler has over 15 years' experience in the offshore drilling and oilfield services sectors. Prior to joining the Company, he served as General Counsel and Chief Administrative Officer at Wellbore Integrity Services since 2019. Mr. Strickler was the SVP of Administration, General Counsel, and Corporate Secretary for Paragon Offshore from its inception in 2014 until its sale in 2018. Prior to that, he served as Associate General Counsel for Noble Drilling from 2009 to 2014. Mr. Strickler holds a Bachelor of Science in Mechanical Engineering from the University of Texas at Austin and a Doctor of Law from The University of Texas Law School. Mr. Strickler is a U.S. citizen and resides in Texas.

Marcel Wieggers. Marcel Wieggers serves as the Senior Vice President, Operations of Seadrill Management. Mr. Wieggers was appointed to such role in December 2023. Mr. Wieggers has over 25 years of experience in the offshore drilling industry. During his extensive tenure spanning over 15 years within Seadrill, Mr. Wieggers has demonstrated remarkable progression through various key roles. Commencing his journey as a Toolpusher, he ascended the ranks, culminating in his position as Vice President, Operations overseeing the Company's Floater and Harsh Environment fleets prior to his appointment to Senior Vice President, Operations. His seasoned experience encompasses both offshore and onshore capacities, spanning continents including Africa, Asia, Europe, South America, and North America. Mr. Wieggers holds a Bachelor's in Engineering, Drilling and Production Technology from Amsterdam University of Applied Sciences. He has completed the Accelerated Development Program from London Business School and the Advanced Management Program from the International Institute for Management Development (IMD). Mr. Wieggers is a Dutch citizen and resides in Texas.

Board of Directors of Seadrill Limited

Ms. Julie J. Robertson – Chairman of our Board of Directors and Former Executive Chairman, President and Chief Executive Officer of Noble Corporation plc and its predecessor companies.

Mr. Jean Cahuzac – Former Chief Executive Officer of Subsea 7 S.A.

Mr. Jan Kjærviik – Former Interim Treasurer for GE Energy businesses (Vernova).

Mr. Mark McCollum – Former President and Chief Executive Officer of Weatherford International plc.

Mr. Harry Quarls – Former Managing Director at Global Infrastructure Partners.

Mr. Andrew Schultz – Lawyer, experienced turnaround investor and former executive.

Mr. Paul Smith – Founder and Principal of Collingwood Capital Partners.

Mr. Jonathan Swinney – Former Chief Financial Officer of EnQuest PLC.

Ms. Ana Zambelli – Former Managing Director in Brookfield's Private Equity Group.

Available Information

We make available free of charge through our website, www.seadrill.com, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. In addition, the SEC maintains a website that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC, including Seadrill. The SEC website is www.sec.gov.

Investors should note that we announce material financial information in SEC filings, press releases and public conference calls. Based on guidance from the SEC, we may use the Investors section of our website (www.seadrill.com) to communicate with investors and we intend to post presentations and fleet status reports there, among other things. It is possible that the financial and other information posted there could be deemed to be material information.

The information on our website is not part of, and is not incorporated into, this annual report. Furthermore, references to our website URLs are intended to be inactive textual references only.

Item 1A. Risk Factors

You should carefully consider the following risk factors in addition to the other information included in this report. Each of these risk factors could affect our business, operating results and financial condition, as well as affect an investment in our Shares. Unless otherwise indicated, all information concerning our business and our assets is as of December 31, 2025. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Relating to Our Business and Industry

Our business depends on the level of activity in the oil and gas industry. Adverse developments affecting the industry, including a decline in the price of oil or gas, reduced demand for oil and gas products and increased regulation of drilling and production, have in the past had and may in the future have a material adverse effect on our business, financial condition and results of operations.

Our business depends on the level of oil and gas exploration, development and production in offshore areas worldwide that is influenced by oil and gas prices and market expectations of potential changes in these prices.

Oil and gas prices and the level of activity in offshore oil and gas exploration and development are extremely volatile and are affected by numerous factors beyond our control, including, but not limited to, the following:

- worldwide production of, and demand for, oil and gas, geographical dislocations in supply and demand, and our customers' views of future demand for oil and gas, which are impacted by changes in the rate of economic growth in the global economy;
- the cost of exploring for, developing, producing and delivering oil and gas;
- expectations regarding future energy prices and production;
- advances in exploration, development and production technology either onshore or offshore, and the relative cost of offshore oil and gas exploration versus onshore oil and gas production;
- the availability of, and access to, suitable locations from which our customers can produce hydrocarbons and the rate of decline of reserves;
- the ability of oil and gas companies to raise capital, and the allocation of capital to exploration and production operations within customers' broader portfolios;
- the development and exploitation of alternative fuels and unconventional hydrocarbon production, including shale;
- potential acceleration in the investment in, and the development, price and availability of, alternative energy sources;
- technical advances affecting energy consumption, including the displacement of hydrocarbons;
- inventory levels, and the cost and availability of storage and transportation of oil, gas and their related products;
- oil refining capacity;
- the ability or willingness of the Organization of the Petroleum Exporting Countries ("OPEC"), and other non-member nations, including Russia, to set and maintain, or to be influenced to set and maintain, levels of production and pricing, and the level of production in non-OPEC countries, including the ability of OPEC to successfully coordinate and enforce production quotas;
- international sanctions on oil-producing countries, or the lifting of such sanctions, and export licensing requirements;
- government regulations, including restrictions on offshore transportation of oil and natural gas;
- local and international political, economic and weather conditions;
- domestic and foreign tax policies;
- merger, acquisition and divestiture activity among oil and gas industry participants;
- worldwide economic and financial problems, including, for example, inflationary pressures, supply chain disruptions and disruptions in global trade (including as a result of trade policies, tariffs and other trade restrictions), the resulting fears of recession and the corresponding decline in the demand for oil and gas and, consequently, our services;
- the occurrence or threat of a major natural disaster, catastrophic event, epidemic or pandemic, as well as any governmental response to such occurrence or threat;
- changes in and compliance with environmental laws, regulations and other initiatives, including those involving alternative energy sources, the phase-out of fossil fuel consuming vehicles, and the risks of global climate change; and
- the worldwide political and military environment, including uncertainty or instability resulting from civil disorder, geopolitical instability, border disputes or an escalation or additional outbreak of armed hostilities or other crises in the Middle East, Eastern Europe, Central and South America, or other geographic areas or acts of terrorism in the United States, Europe or elsewhere, including, for example, the ongoing conflicts in Ukraine and the Middle East and the Guyana-Venezuela dispute, and their respective regional and global ramifications.

As an example of the volatility in oil prices, Brent fell to \$9 a barrel in April 2020 before a recovery in oil and gas prices toward the end of 2020 through part of 2022. As of December 31, 2025, Brent closed at a price of \$60.85 a barrel. Although prices have partially recovered, they remain volatile; and there is no guarantee such recovery will be sustained. Even so, higher prices do not necessarily translate into

increased drilling activity because our customers take into account a number of considerations when they decide to invest in offshore oil and gas resources.

Adverse developments affecting the industry as a result of one or more of the above factors, including a decline in the price of oil and gas from their current levels or the failure of the price of oil and gas to remain consistently at a level that encourages our customers to maintain or expand their capital spending, would have a material adverse effect on our business, financial condition and results of operations. However, increases in near-term commodity prices do not necessarily translate into increased offshore drilling activity because customers' expectations of longer-term future commodity prices and expectations regarding future demand for hydrocarbons typically have a greater impact on demand for our rigs. The level of oil and gas prices has had, and may in the future have, a material adverse effect on demand for our services, and we expect that future declines in prices would have a material adverse effect on our business, results of operations and financial condition.

The success and growth of our business depend on the level of activity in the offshore oil and gas industry generally, and the drilling industry specifically, which are both highly competitive and cyclical, with intense price competition and volatility.

The offshore drilling industry is highly competitive, cyclical and fragmented and includes several large companies that compete in many of the markets we serve, as well as numerous small companies that compete with us on a local basis. The industry is characterized by high capital and operating costs and evolving capability of new rigs.

Offshore drilling contracts are generally awarded on a competitive bid basis or through privately negotiated transactions. In determining which qualified drilling contractor is awarded a contract, the key factors are pricing, rig availability, rig location, the suitability, condition and integrity of equipment, the rig's or the drilling contractor's record of operating efficiency, including high operating uptime, technical specifications, safety performance record, crew experience, reputation, industry standing and customer relations. Our future success and profitability will depend, in part, upon our ability to keep pace with our customers' demands with respect to these factors. Our operations may be adversely affected if our current competitors or new market entrants introduce new drilling units with better features, performance, prices or other characteristics compared to our drilling units, or expand into service areas where we operate. Competitive pressures, including to develop, implement or acquire certain new technologies, which may require us to incur substantial costs, and other factors may result in significant price competition, particularly during industry downturns, which could have a material adverse effect on our operating results and financial condition.

The cyclical nature of our industry also may adversely impact our operations and future business success. Periods of low demand or excess rig supply may intensify the competition in the industry and have resulted in, and may continue to result in, many of our rigs earning substantially lower dayrates or being idle for long periods of time. Although the industry has experienced a rationalization and correction of the global offshore rig supply, we continue to experience competition from newbuild and reactivated rigs, including rigs that have been stranded in shipyards, that have either already entered the market or are available to enter the market. The entry of these rigs into the market has resulted in, and may in the future result in, lower dayrates for newbuilds, reactivated rigs and existing rigs rolling off their current contracts. In addition, our competitors may relocate rigs to geographic markets in which we operate, which could exacerbate any excess rig supply, or depress the current rationalization and correction of offshore rig supply, and result in lower dayrates and utilization in those regions.

Consolidation in our industry may impact our results of operations.

In the past several years, the pace of consolidation in our industry has increased, and may continue to increase, leading to the creation of a number of larger and financially stronger competitors. For example, in February 2026, two of our competitors announced the signing of a definitive agreement to combine. If we are unable, or our customers believe that we are unable, to compete with the scale and financial strength of certain of our competitors, it could harm our ability to maintain existing drilling contracts and secure new ones. Moreover, business consolidations within the oil and gas industry in recent years have resulted in exploration and production companies combining and using their size and purchasing power to seek economies of scale and pricing concessions. Continuing consolidation within the oil and gas industry may result in reduced capital spending by some of our customers or the acquisition of one or more of our primary customers, which may lead to decreased demand for our services. There is no assurance that we will be able to maintain our level of activity with a customer after its consolidation with another company or replace that revenue with increased business activity with other customers. As a result, such consolidation in our industry, and the oil and gas industry may have a significant adverse impact on our business, results of operations, financial condition and cash flows. We are unable to predict what effect consolidations in these industries may have on prices, capital spending by our customers, our competitive position, our ability to retain customers or our ability to negotiate favorable agreements with our customers.

Upgrades, refurbishment, repair and surveying of rigs are subject to risks, including delays and cost overruns, that could have an adverse impact on our available cash resources and results of operations.

We will continue to make upgrades, refurbishment and repair expenditures to our fleet from time to time, some of which may be unplanned. In addition: (i) we may reactivate rigs that have been cold or warm stacked and make selective acquisitions of rigs; (ii) our customers may require certain upgrade projects for our rigs; and (iii) compliance with vessel flag rules mandating periodic surveys of our rigs requires us to periodically take each of our rigs out of operation in order to conduct surveys and inspections, including in drydock. Generally, these projects become more time consuming and expensive the older the fleet becomes and are subject to risks of cost overruns or delays as a result of numerous factors, including the following:

- shortages of equipment, materials or skilled labor;
- work stoppages and labor disputes;
- unscheduled delays in the delivery of ordered materials and equipment;
- local customs strikes or related work slowdowns that could delay importation of equipment or materials;
- weather interferences;

- difficulties in obtaining necessary permits or approvals or in meeting permit or approval conditions;
- design and engineering problems;
- inadequate regulatory support infrastructure in the local jurisdiction;
- latent damages or deterioration to hull, equipment and machinery in excess of engineering estimates and assumptions;
- unforeseen increases in the cost of equipment, labor and raw materials, particularly steel due to inflation or other factors;
- unanticipated actual or purported change orders;
- customer acceptance delays;
- disputes with shipyards and suppliers;
- delays in, or inability to obtain, access to funding;
- shipyard availability, failures and difficulties, including as a result of financial problems of shipyards or their subcontractors; and
- failure or delay of third-party equipment vendors or service providers.

The failure to complete a rig upgrade, refurbishment, repair or survey on time, or at all, may result in related loss of revenues, liquidated damages, penalties, or delay renegotiation or cancellation of a drilling contract or the recognition of an asset impairment. Additionally, capital expenditures could materially exceed our planned capital expenditures. When our rigs are undergoing upgrade, refurbishment, repair or surveys, they may not earn a dayrate during the period they are out of service; and the cost of moving a rig, conducting the survey and remedying any deficiencies or defects discovered can result in additional down-time and cost. If we experience substantial delays and cost overruns in these projects, it could have a material adverse effect on our business, financial condition and results of operations. We currently have no new rigs under construction.

Compliance with, and breach of, the complex laws and regulations governing international trade could be costly, expose us to liability and, together with policy changes affecting international trade, adversely affect our operations.

The shipment of goods, services and technology across international borders subjects our business to extensive trade laws and regulations. Import activities are governed by unique customs laws and regulations in each of the countries of operation. Moreover, many countries and governing bodies, including the United States, the United Kingdom (the "U.K.") and the European Union (the "EU"), control the export, re-export and transfer (in country) of certain goods, services and technology and impose related export recordkeeping and reporting obligations. Governments and governing bodies may also impose trade and economic sanctions against certain countries, persons and other entities that restrict or prohibit transactions involving such countries, persons or entities. For example, the U.S. government has imposed sanctions that are designed to restrict or prohibit doing business in certain countries that are heavily involved in the petroleum and petrochemical industries, which includes drilling activities.

The laws and regulations concerning import and export activity and economic sanctions are complex and constantly changing, and we cannot predict what changes will be made by the U.S., U.K., EU or other governments, nor can we predict the effects that any such changes would have on our business. 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 the failure to comply with existing legal and regulatory regimes. Shipping delays or denials could cause unscheduled operational downtime. Any failure to comply with applicable legal and regulatory obligations could also result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from government contracts, the seizure of shipments, and the loss of import and export privileges.

Changes in government policies on foreign trade and investment can also affect the demand for our services, impact the competitive position of our services or prevent us from being able to sell services in certain countries. Our business benefits from free trade agreements, and efforts to withdraw from or substantially modify such agreements, in addition to the implementation of more restrictive trade policies, such as more detailed inspections, higher tariffs, import or export licensing requirements, economic sanctions, anti-boycott laws, exchange controls or new barriers to entry, could have a material adverse effect on our business, financial condition and results of operations. For example, in 2025, the Trump Administration announced additional tariffs on goods from all countries pursuant to the International Emergency Economic Powers Act. These tariffs were later found to have exceeded presidential authority and were invalidated by the courts. Following the ruling, President Trump has indicated a desire to implement a 150-day "global tariff" of 10% to 15%, using presidential powers under the Trade Act of 1974, and to seek to extend such tariffs under other statutes. Such tariffs may put upwards pressure on the prices of goods and services across the jurisdictions in which we operate, including those we source from third-party providers (as defined below), which could reduce our ability to offer competitive pricing to potential customers. In addition, the scope and durability of existing and future tariff measures remain uncertain. We cannot predict future changes to trade policy, including whether existing or future tariff policies will be maintained or modified or whether the entry into new trade agreements will occur, nor can we predict the effects that any such changes would have on our business. Changes in U.S. trade policy have resulted and could again result in reactions from U.S. trading partners, including adopting responsive trade policies making it more difficult or costly for us to conduct business across the jurisdictions or source goods and services from third-party providers. These changes, and any resulting negative sentiments or retaliatory trade practices towards the United States, could materially and adversely affect our business, financial condition and results of operations.

Moreover, our results are directly affected by the applicability of certain customs duties and importation tax relief programs under customs regimes for the exportation and importation of goods and equipment, including rigs, related to the oil and gas sector. Among other incentives, such programs grant full suspension of certain import taxes, resulting in reduced tax burdens from operations. If unprecedented interpretations are applied by the customs and tax authorities governing such programs and regimes, including those that would deny us the use of such incentives granted historically in the ordinary course, and assuming we are unable to successfully challenge such interpretation or otherwise able to recover any amounts pursuant to the contractual provisions of the applicable drilling contract, then the amount of the applicable tariff, which would depend on many factors, could reasonably be expected to increase our operating costs.

Changing sentiments with respect to environmental, social and governance matters and climate change may impact us.

Companies across all industries are experiencing changing sentiments and scrutiny relating to their ESG policies, including those related to climate change, sustainability, diversity and inclusion initiatives and heightened governance standards. Certain investor advocacy groups, institutional investors, investment funds, lenders and other market participants and certain regulators are focused on ESG practices and in recent years have placed importance on the implications and social cost of their investments. The focus and activism related to ESG and similar matters may hinder access to capital as investors and lenders may decide to reallocate capital or not to commit capital as a result of their assessment of a company's ESG practices. Companies that do not adapt to or comply with investor, lender or other industry shareholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition or share price of such a company could be materially and adversely affected.

We may face pressures from investors, lenders and other market participants and certain regulators, who are increasingly focused on climate change, to prioritize sustainable energy practices, reduce our carbon footprint and promote sustainability. As a result, we may be required to implement more stringent ESG procedures or standards, or reduce or offset our greenhouse gas emissions, so that our existing and future investors and lenders remain invested in us and make further investments in us. We may also be subject in the future to additional reporting requirements that are developing in response to such focus. If we do not take these measures or comply with the additional reporting requirements, our business or our ability to access capital could be harmed.

Additionally, certain investors and lenders may divest their shares of companies engaged in the fossil fuel industry, such as us, or exclude such companies from their investing portfolios altogether due to ESG factors. These limitations in both the debt and equity capital markets may affect our ability to grow as our plans for growth may include accessing those markets. If those markets are unavailable, or if we are unable to access alternative means of financing on acceptable terms, or at all, we may be unable to implement our business strategy, which would have a material adverse effect on our financial condition and results of operations and impair our ability to service our debt. Further, it is likely that we will incur additional costs and require additional resources to monitor, report and comply with wide-ranging ESG and climate change-related requirements and goals, targets or objectives we may be required to set. Similarly, these policies may negatively impact the ability of other businesses in our supply chain to access debt and capital markets. The occurrence of any of the foregoing could have a material adverse effect on our business and financial condition.

In recent years, certain stakeholders and regulators have also proposed or enacted "anti-ESG" policies, legislation or initiatives. This divergence in stakeholder expectations could expose us to reputational risks and potentially disrupt relationships with certain stakeholders.

Our aspirations, goals and initiatives related to sustainability, including emissions reduction and our public statements and disclosures regarding the same, expose us to numerous risks.

We have developed, and we may continue to develop, goals, and other objectives related to sustainability matters, including those discussed in our annual sustainability reports. Statements related to these goals and objectives are made using various underlying assumptions and reflect our current intentions, and do not constitute a guarantee that they will be achieved. Our ability to achieve any stated goal or objective is subject to numerous factors and conditions, many of which are outside of our control, including the availability of technologies and processes to reduce fuel use and improve energy efficiency on our rigs. Due to the interaction of numerous factors beyond our control we cannot predict the ultimate impact of setting or achieving sustainability goals, or the various implementation aspects, on our financial condition and results of operations.

Our business may face increased scrutiny from investors and other stakeholders related to our sustainability activities, including the goals and other objectives that we announce, and our methodologies and timelines for pursuing them. If our sustainability assumptions or practices do not meet investor, regulatory or other stakeholder expectations and standards, which continue to evolve, our reputation, our ability to attract or retain employees and our attractiveness as an investment or business partner could be negatively affected. Similarly, our failure or perceived failure to pursue or fulfill our sustainability focused goals and objectives, to comply with ethical, environmental or other standards, regulations or expectations, or to satisfy various reporting standards with respect to these matters, within the timelines dictated by regulations, timelines we voluntarily announce, or at all, could adversely affect our business or reputation, as well as expose us to government enforcement actions and private litigation.

Failure to obtain or retain highly skilled personnel, and to ensure they have the correct visas and permits to work in the locations in which they are required, could adversely affect our operations.

We require highly skilled personnel in the right locations to operate and provide technical services and support for our business.

Competition for skilled and other labor required for our drilling operations has increased in recent years as the number of rigs activated or added to worldwide fleets has increased, and this may continue to rise. In some regions, such as Brazil and West Africa, the limited availability of qualified personnel in combination with local regulations focusing on crew composition, are expected to further increase the demand for qualified offshore drilling crews, which may increase our costs. These factors could further create and intensify upward pressure on wages and make it more difficult for us to staff and service our rigs. Additionally, many of our drilling contracts specify a minimum number of crew ("Minimum POB") required to be on board the rig at all times while the rig is under contract. Although our rigs can safely operate with staffing below the contracted Minimum POB, the drilling contracts often provide for us to incur a financial penalty for failure to maintain the Minimum POB. Such developments could adversely affect our financial results and cash flows. Furthermore, as a result of any increased competition for qualified personnel, we may experience a reduction in the experience level of our personnel, which could lead to higher downtime and more operating incidents.

Our ability to operate worldwide depends on our ability to obtain the necessary visas and work permits for our personnel to travel in and out of, and to work in, the jurisdictions in which we operate. Governmental actions in some of these jurisdictions may make it difficult for us to move our personnel in and out of these jurisdictions by delaying or withholding the approval of these permits. If we are not able to obtain visas and work permits for the employees we need for operating our rigs on a timely basis, or for third-party technicians needed for

maintenance or repairs, we might not be able to perform our obligations under our drilling contracts, which could allow our customers to cancel the contracts.

The market for highly skilled workers and leaders in our industry is extremely competitive, and we may need to invest significant amounts of cash and equity to attract and retain employees. We may never realize returns on these investments. To help attract, retain, and motivate qualified employees, we use equity-based awards and performance-based cash incentive awards. Sustained declines in our stock price, or lower stock price performance relative to competitors, can reduce the retention value of our equity-based awards, which can impact the competitiveness of our compensation.

Our customers may seek to cancel or renegotiate their contracts to include unfavorable terms such as unprofitable rates, particularly in the circumstance that operations are suspended or interrupted.

During volatile market conditions or expected downturns, some of our customers may also seek to terminate or renegotiate their agreements with us for various reasons, including adverse conditions, resulting in lower revenue. Our inability, or the inability of our customers to perform, under our or their contractual obligations may have a material adverse effect on our financial position, operating results and cash flows. In addition, some of our customers have the right to terminate their drilling contracts without cause upon the payment of an early termination fee. While this early termination fee is intended to compensate us for lost revenues (less operating expenses) for the remaining contract period, in some cases, such payments may not fully compensate us for the loss of the drilling contract.

Under certain circumstances our contracts may permit customers to terminate contracts early without the payment of any termination fees, as a result of, for example, non-performance, periods of downtime or impaired performance caused by equipment or operational issues, or sustained periods of downtime due to events beyond our control. In addition, national oil company customers may have special termination rights by law. During periods of challenging market conditions, we may be subject to an increased risk of our customers seeking to repudiate their contracts, including through claims of non-performance. Our customers may seek to renegotiate their contracts with us using various techniques, including threatening breaches of contract and applying commercial pressure, resulting in lower revenue or the cancellation of contracts with or without any applicable early termination payments.

Reduced dayrates in our customer contracts and cancellation of drilling contracts (with or without early termination payments) may adversely affect our financial performance and lead to reduced revenues from operations.

In addition, our customers continue to seek more favorable terms with respect to allocation of risk under offshore drilling contracts. Our drilling contracts provide for varying levels of risk allocation and indemnification from our customers. Our customers have historically assumed most of the responsibility for and indemnified us from loss, damage or other potential liabilities. However, we regularly are required to assume liability for pollution and environmental damage caused by our negligence, which liability generally has caps; though in the event the damage is caused by our gross negligence or willful misconduct, our liability may not be limited. We still face resistance from some customers when attempting to reduce our contractual risk allocation, including when we seek to mitigate our liability exposure in relation to potential damages resulting from pollution or environmental damage and negotiating lower caps for damage caused by our gross negligence or willful misconduct. Our contracts may also be subject to judicial review and application of public policy principles whereby relevant authorities could decide that certain contractual indemnities in current or future contracts are not enforceable. Going forward, we could decide or be required to accept more contractual risk in the future, resulting in higher risk of losses, which could be material.

We may not be able to renew or obtain new and favorable contracts for our drilling units.

The offshore drilling markets in which we compete experience fluctuations in the demand for drilling services. Our ability to renew expiring drilling contracts or obtain new drilling contracts depends on the prevailing or expected market conditions. As of December 31, 2025, we owned a total of 15 drilling units, of which 10 were operating, one was undergoing capital upgrade projects for a contract commencing in the second quarter of 2026, one was undergoing repairs and maintenance projects and three were cold stacked. The 10 operating units include nine benign floaters (comprising six 7th generation drillships, two 6th generation drillships and one benign environment semi-submersible) and one harsh environment jackup. In addition to our owned assets, as of December 31, 2025, we managed two drilling units owned by Sonangol. Of the 12 owned drilling units either currently or future contracted, we expect five will become available before the end of 2026. We may be unable to obtain drilling contracts for our drilling units that are currently operating upon the expiration or termination of such contracts, and there may be a gap in the operation of the rigs between the current contracts and subsequent contracts. When oil and natural gas prices are low or it is expected that such prices will decrease in the future, we may be unable to obtain drilling contracts at attractive dayrates or at all. We may not be able to obtain new drilling contracts with the terms or dayrates sufficient to support a reactivation of a cold-stacked rig. Likewise, we may not be able to obtain new drilling contracts in direct continuation with existing contracts, or depending on prevailing market conditions, we may enter into drilling contracts at dayrates substantially below the existing dayrates or on terms otherwise less favorable compared to existing contract terms, which may have an adverse effect on our financial position, results of operations or cash flows.

Our contract backlog for our fleet of drilling units may not be realized.

As of December 31, 2025, our contract backlog was approximately \$2.4 billion. The contract backlog described herein and in our other public disclosures is only an estimate. The actual amount of revenues and the periods during which they are earned will be different from the contract backlog projections due to various factors, including shipyard and maintenance projects, special periodic surveys, upgrades, regulatory work, downtime and other events, some of which may be beyond our control.

Our business and operations involve numerous operating hazards, and in the current market we are increasingly required to take additional contractual risk in our customer contracts, which may not be adequately covered by our insurance.

Our operations are subject to hazards inherent in the drilling industry, such as blowouts, reservoir damage, loss of well control, lost or stuck drill strings, equipment defects, punch-throughs, cratering, fires, explosions and pollution, among others. Contract drilling and well servicing requires the use of heavy equipment and exposure to hazardous conditions, which may subject us to liability claims by employees, customers or third parties. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, or pollution, environmental or natural resource damage, resulting in claims by third parties or customers, investigations and other proceedings by

regulatory authorities, which may involve fines and other sanctions, and suspension of operations. Our offshore fleet is also subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, collision, damage from severe weather (which may be more acute in certain areas where we operate and which some experts believe may increase in frequency and severity due to climate change) and marine life infestations. 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. We customarily provide contract indemnification to our customers for claims relating to damage to or loss of our equipment, including rigs and claims relating to personal injury or loss of life.

Damage to the environment or natural resources could also result from our operations, particularly through spillage of fuel, lubricants or other chemicals and substances used in drilling operations or uncontrolled fires. We may also be subject to property, environmental, natural resource, personal injury, and other legal claims or injunctions by third parties, including oil and gas companies, as well as administrative, civil, or criminal penalties or injunctions imposed by government authorities.

Our insurance policies and contractual rights to indemnification may not adequately cover losses, and we do not have insurance coverage or rights to indemnity for all risks. Consistent with standard industry practice, our customers generally assume, and indemnify us against, certain risks, for example, well control and subsurface risks, and we generally assume, and indemnify against, above surface risks (including spills and other events occurring on our rigs). Subsurface risks indemnified by our customers generally include risks associated with the loss of control of a well, such as blowout, cratering or uncontrolled well-flow, the cost to regain control of or re-drill the well and associated pollution. However, there can be no assurances that these customers will honor indemnification obligations to us regardless of the agreed contractual position. The terms of our drilling contracts vary based on negotiation, applicable local laws and regulations and other factors, and in some cases, customers may seek to cap indemnities or narrow the scope of their coverage, reducing our level of contractual protection and in turn exposing us to additional risks against which we may not be adequately insured.

In addition, a court, arbitrator, or other dispute resolution body may determine that certain indemnities or other terms in our current or future contracts are not enforceable. Further, pollution and environmental risks generally are not totally insurable. If a significant accident or other event occurs that is not fully covered by our insurance or an enforceable or recoverable indemnity from a customer, the occurrence could adversely affect our performance.

The amount recoverable under insurance, if any, may also be less than the related impact on enterprise value after a loss and may not cover all potential consequences of an incident. Furthermore, the amount recoverable may be limited by annual aggregate policy limits. As a result, we are liable for any losses in excess of these limits. Any such lack of reimbursement or suffering of loss in excess of such limits may cause us to incur substantial costs.

We may decide to retain more risk through self-insurance in the future. This self-insurance results in a higher risk associated with losses (which could be material) that are not covered by third-party insurance contracts. As in the past, we currently self-insure for physical damage to rigs and equipment caused by named windstorms in the U.S. Gulf of America ("US Gulf"). We have elected to self-insure in such context due to the high cost associated with this coverage, and in consideration of the ability of our rigs to mobilize in time to avoid these windstorms. If we continue to elect to self-insure such risks, and such risks are realized and we incur resultant damage, it could have a material adverse effect on our financial position, operating results and cash flows.

No assurance can be made that we will be able to maintain adequate insurance in the future at rates that we consider reasonable, or that we will be able to obtain insurance against certain risks.

A substantial portion of our business is dependent on several of our customers as well as dependent on several geographic areas, and the disruption of business with any of these customers or disruption of business within these geographic areas could have a material adverse effect on our financial condition and operating results.

Our contract drilling business is subject to the risks associated with having a limited number of customers for our services. For the year ended December 31, 2025, our largest customers, which individually contributed more than 10% of our total revenues, were Petrobras, Sonadrill, Talos and LLOG and accounted for approximately 79% of our total revenues in aggregate. In addition, mergers and acquisitions, or other forms of consolidation among oil and gas exploration and production companies will further reduce the number of available customers, which would increase the ability of potential customers to achieve pricing terms favorable to them. Our operating results could be materially adversely affected if any of our major customers fail to compensate us for our services or take actions outlined above. Please see "*Our customers may seek to cancel or renegotiate their contracts to include unfavorable terms such as unprofitable rates, particularly in the circumstance that operations are suspended or interrupted*" and "*Consolidation in our industry may impact our results of operations*" above for more information.

We are subject to risks of loss resulting from non-payment, non-performance or offset by our customers and certain other third parties (including third parties providing services under various services agreements). Please see Note 24 – "Commitments and contingencies" to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this annual report for a discussion of the Sete Brazil matter. Some of these customers and other parties may be highly leveraged and subject to their own operating and regulatory risks. If any key customers or other parties default on their obligations to us, our financial results and condition could be adversely affected. Any material non-payment or non-performance by these entities, other key customers or certain other third parties could adversely affect our financial position, operating results and cash flows.

Additionally, the concentration of operations in specific geographies increases the risks associated with terrorism, piracy, political or social unrest, changes in local laws and regulations, as well as severe weather events within those regions, should they occur. If we were forced to cease drilling operations in any of these regions for any reason and we were not able to redeploy to other regions promptly, our financial condition and results of operations could be materially adversely affected. For the year ended December 31, 2025, operations in the Brazil, United States and Angola accounted for approximately 43%, 26% and 23%, respectively, of our revenues in the aggregate.

Operating and maintenance costs of our rigs may be significant and may not correspond to revenue earned.

Our operating expenses and maintenance costs depend on a variety of factors including, without limitation, crew costs, costs of provisions, equipment, insurance, maintenance and repairs, shipyard costs, supply chain disruptions and inflation, many of which are beyond our control. Our total operating costs are generally related to the number of drilling units in operation and the cost level in each country or region where such drilling units are located. Equipment maintenance costs fluctuate depending upon the type of activity that the drilling unit is performing and the age and condition of the equipment. Operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues. While operating revenues may fluctuate as a function of changes in dayrate, costs for operating a rig may not be proportional to the dayrate received and may vary based on a variety of factors, including the scope and length of required rig preparations and the duration of the contractual period over which such expenditures are amortized. Any investments in our rigs may not result in an increased dayrate for or income from such rigs. A disproportionate change in the amount of operating and maintenance costs in comparison to dayrates could have a material adverse effect on our business, financial condition and results of operations.

Inflation has adversely affected, and in the future may adversely affect, our operating results.

Inflationary factors such as increases in labor costs, material costs and overhead costs have adversely affected, and may in the future adversely affect, our operating results. Inflationary pressures may also increase other costs to operate or reactivate our drilling units. Our contracts for our drilling units generally provide for the payment of an agreed dayrate per rig operating day. As a result, we may not be able to fully recover increased costs due to inflation from our customers. Continuing or worsening inflation could significantly increase our operating expenses and capital expenditures, which could in turn have a material adverse effect on our business, financial condition, results of operations or cash flows. Our customers may also be affected by inflation and the rising costs of goods and services used in their businesses, which could negatively impact their ability to purchase our services, which could adversely impact our business, financial condition, results of operations or cash flows. In addition, changing and future monetary policies and actions of the U.S. and other governments (such as raises to the target federal funds rate) could adversely affect our ability to obtain financing and raise our (or our customers') cost of capital. Obligations under our revolving credit facility and certain of our other indebtedness bear interest at a floating rate of interest, and inflationary factors can lead to increases in the federal funds rate and the base rate under the applicable debt instruments, which will increase our cost of capital and the amount of our cash flow that must be used to service interest on our debt.

We rely on third-party suppliers, manufacturers, and service providers, including subcontractors ("third-party providers"), to provide or maintain parts, crew and equipment, as applicable, for our projects and our operations may be adversely affected by the sub-standard performance or non-performance of those third-party providers due to production disruptions, quality and sourcing issues, labor availability, price increases or consolidation of those third-party providers as well as equipment breakdowns.

Our reliance on third-party providers to secure equipment and crew used in our drilling operations exposes us to volatility in the quality, price and availability of such items. In recent years, there has been a reduction in the number of available third-party providers in certain sectors, resulting in fewer alternatives for sourcing key supplies and services. Such consolidation may limit our ability to obtain supplies and services when needed at an acceptable cost, or at all, or otherwise result in a shortage of supplies and services, thereby increasing the cost of supplies or potentially inhibiting the ability of third-party providers to deliver on time. These cost increases or delays could have a material adverse effect on our operating results and result in rig downtime, and delays in the repair and maintenance of our drilling units. Further, certain specialized parts, crew and equipment used in our operations may be available only from a single or a small number of third-party providers. A disruption in the deliveries from such third-party providers, capacity constraints, production disruptions, price increases, defects or quality-control issues, recalls or other reductions in the availability of parts, labor and equipment could adversely affect our ability to meet our commitments towards our customers, adversely impact operations resulting in uncompensated downtime, reduced dayrates under the relevant drilling contracts, cancellation or termination of contracts, or increased operating costs.

During periods of reduced demand, many of these third-party providers reduced their inventories of parts and equipment and, in some cases, reduced their production capacity, and may do so in the future. Moreover, the global supply chain has been disrupted by various global economic and financial issues, resulting in shortages of, shipping delays and increased pricing pressures on, among other things, certain raw materials and labor. If the market for our services continues to improve and we seek to reactivate idled rigs, upgrade our working rigs or purchase additional rigs, these reductions and global supply chain constraints could make it more difficult for us to find equipment and parts for our rigs. In addition, equipment deficiencies or breakdowns, whether due to faulty parts, quality control issues or inadequate installation, may result in increased maintenance costs, resulting in rig downtime or suspension of operations. Such issues could have a negative effect on our business, financial condition, and results of operations.

We engage third-party subcontractors to perform some parts of our projects and, in certain circumstances, a majority of the services under a project may be subcontracted. Subcontractors are used to perform certain services and to provide certain input in areas where we do not have requisite expertise. The subcontracting of work exposes us to risks associated with planning interface non-performance, and delayed or substandard performance by our subcontractors. Any inability to hire qualified subcontractors could hinder successful completion of a project. Further, our employees may not have the requisite skills to be able to monitor or control the performance of these subcontractors. We may suffer losses on contracts if the amounts we are required to pay for subcontractor services exceed original estimates. Remedial or mitigating actions, such as imposing contractual obligations on subcontractors that are similar to those we have with our customers and requesting parent guarantees to cover nonperformance, may not be available or sufficient to mitigate the risks associated with subcontractors. Such issues could have a negative effect on our business, financial condition, and results of operations.

We have experienced, and in the future may experience, risks associated with mergers, acquisitions or dispositions of businesses or assets or other strategic transactions.

As part of our business strategy, we have pursued and completed, and may continue to pursue, mergers, acquisitions or dispositions of businesses or assets or other strategic transactions that we believe will enable us to strengthen or broaden our business.

We may be unable to implement these merger, acquisition and disposition elements of our strategy if we cannot identify suitable companies, businesses or assets, reach agreement on potential strategic transactions on acceptable terms, manage the impacts of such transactions on our

business, obtain required consents under our debt agreements or for other reasons. Moreover, mergers, acquisitions, dispositions and other strategic transactions involve various risks, including, among other things, (i) difficulties relating to integrating or disposing of a business or assets, including changes to our employee workforce and unanticipated changes in customer, vendor and other third-party relationships, (ii) failure to integrate operations and internal controls, including those related to financial reporting, disclosure and cybersecurity and data protection, (iii) the assumption of liabilities as a result of these transactions, (iv) diversion of management's attention from day-to-day operations, (v) failure to realize the anticipated benefits of such transactions, such as cost savings and revenue enhancements, (vi) potentially substantial transaction costs associated with such transactions, (vii) failure to identify significant losses at the target during the due diligence process, which could result in financial or legal exposure, (viii) applicable antitrust laws and other regulations that may limit our ability to acquire targets or require us to divest an acquired business or assets, (ix) potential impairment resulting from the overpayment for an acquisition and (x) the risk that any such strategic transaction may not close on its expected timeframe or at all, in each case, the realization of which could have a material adverse effect on our business. While we generally seek to obtain indemnities for liabilities arising from events occurring before such transactions, we may be unable to do so, and any indemnities we do obtain, will be limited in amount and duration, may be held to be unenforceable or the seller may not be able to indemnify us. Such transactions may also affect the diversification of our drilling unit fleet, which may leave us vulnerable to risks related to lack of diversification. See "*Our drilling unit fleet is largely concentrated to benign floaters, which leaves us vulnerable to risks related to lack of diversification.*"

From time to time, we are also approached by, and may solicit bids from, potential buyers regarding the disposition by us of drilling units, or other assets or businesses that we determine are not core to our strategy, including with respect to assets acquired in a merger or acquisition. We may determine that such a disposition would be in our best interests and agree to sell any or all of such assets or businesses. Such a sale could have an impact on net income, and we may recognize a gain or loss on disposal depending on whether the fair value of the consideration received is higher or lower than the carrying value of the asset.

Future mergers or acquisitions may require us to obtain additional equity or debt financing, which financing may not be available on attractive terms or at all. To the extent a transaction financed by non-equity consideration results in goodwill, it will reduce our tangible net worth, which might have an adverse effect on credit availability.

The integration of the businesses and the properties we have acquired or may in the future acquire could be difficult and may divert management's attention away from our existing operations.

The integration of the businesses and properties we have acquired, or may in the future acquire, could be difficult, and may divert management's attention and financial resources away from our existing operations. These difficulties include:

- the challenge of integrating the acquired businesses and properties while carrying on the ongoing operations of our business;
- the challenge of inconsistencies in standards, controls, procedures and policies of the acquired business;
- potential unknown liabilities, unforeseen expenses or higher-than-expected integration costs;
- attempts by third parties to terminate or alter their contracts with us, including as a result of change of control provisions;
- an overall post-completion integration process that takes longer than originally anticipated;
- potential lack of operating experience in a geographic market of the acquired properties; and
- the possibility of faulty assumptions underlying our expectations.

If management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our ability to realize potential synergies could suffer and, as a result, our business and financial condition could be negatively impacted. Our future success will depend, in part, on our ability to manage our expanded business, which may pose substantial challenges for management. We may also face increased scrutiny from governmental authorities as a result of the increase in the size of our business. There can be no assurances that we will be successful in our integration efforts.

Our fleet is largely concentrated to benign floaters and drillships, which leaves us vulnerable to risks related to lack of diversification.

The offshore contract drilling industry is generally divided into two broad markets: deepwater and shallow water drilling. These broad markets are generally divided into smaller sub-markets based upon various factors, including the type of drilling unit and drilling environment. The primary types of drilling units include jackup rigs, semisubmersible rigs, drillships, platform rigs, barge rigs and submersible rigs. While all drilling units are affected by general economic and industry conditions, each type of drilling unit can be affected differently by changes in demand. As of December 31, 2025, we owned 12 floaters (comprising seven 7th-generation drillships, three 6th-generation drillships and two benign environment semi-submersible units) and three harsh environment rigs. Our drilling unit fleet is concentrated in drillships and semisubmersible rigs. If the market for drillships and semisubmersible rigs should decline relative to the markets for other drilling unit types, such as jack-ups, our operating results could be more adversely affected relative to our competitors with drilling fleets that are less concentrated in drillships and semisubmersible rigs.

The international nature of our operations involves additional risks, including the mobilization and demobilization of our rigs to and from such locations and the potential that sabotage or political and social unrest could negatively impact our operations or the market for our drilling services.

We operate in various regions throughout the world. As a result of our international operations, we have been and may be exposed to political or governmental risks and other uncertainties, particularly in less developed jurisdictions, including risks of:

- terrorist acts, armed hostilities, war and civil disturbances, including, for example, the ongoing conflicts in Ukraine and the Middle East and the Guyana-Venezuela dispute, and their respective regional and global ramifications;
- acts of piracy, which have historically affected ocean-going vessels;

- abduction, kidnapping and hostage situations;
- significant governmental influence over many aspects of local economies;
- the seizure, nationalization or expropriation of property or equipment;
- uncertainty of outcome in foreign court proceedings, including Brazil;
- the repudiation, nullification, modification or renegotiation of contracts;
- limitations on insurance coverage, such as war risk coverage, in certain areas;
- foreign and U.S. monetary policy, capital controls and foreign currency fluctuations and devaluations;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- public health threats, including pandemics and epidemics;
- import-export quotas, wage and price controls, and the imposition of sanctions, tariffs or other trade restrictions;
- U.S., U.K., EU and other foreign sanctions;
- customs delays or disputes;
- receiving a request to participate in a foreign boycott unsanctioned by U.S. law;
- compliance with and changes in regulatory or financial requirements, including local ownership, presence, local immigration, visa requirements for personnel or labor requirements;
- complexity involving conflicts of law between jurisdictions in which we operate;
- compliance with and changes to taxation, including any resulting tax disputes;
- interacting and contracting with government-controlled organizations;
- other forms of government regulation and economic conditions that are beyond our control;
- legal and economic systems that are not as mature or predictable as those in more developed countries, which may lead to greater uncertainty in legal and economic matters; and
- corruption, payment of bribes to government officials, money laundering, or kleptocracy (i.e., political corruption in which the government seeks personal gain and status at the expense of the governed).

Acts of terrorism, piracy, and political and social unrest, brought about by world political events or otherwise, have caused instability in the world's financial and insurance markets in the past and may occur in the future. Such acts could be directed against companies such as ours. Our drilling operations could also be targeted by acts of sabotage carried out by environmental activist groups.

We rely on information technology systems, networks, and data in our operations and administration of our business. Our drilling operations or other business operations could be targeted by individuals or groups seeking to sabotage or disrupt our information technology systems and networks, including those of our service providers and business partners, or to steal data. A successful cyberattack could materially disrupt our operations, including the safety of our operations, or lead to an unauthorized release or alteration of information on our systems. Any such cyberattack or other breach of our information technology systems could have a material adverse effect on our business and operating results. Our drilling contracts do not generally provide indemnification against loss of capital assets or loss of revenues resulting from acts of terrorism, piracy, cyberattacks or political or social unrest. Although we carry insurances that may provide coverage under certain circumstances, in the event we suffer such losses of capital assets or revenue, those losses may exceed the coverage available under our policies or be those for which we do not have coverage.

Acts of terrorism and social unrest could lead to increased volatility in prices for crude oil and natural gas and could affect the markets for drilling services and result in lower dayrates. Insurance premiums could also increase and coverage may be unavailable in the future. Increased insurance costs or increased costs of compliance with applicable regulations may have a material adverse effect on our operating results.

In addition, international contract drilling operations are subject to various laws and regulations of the countries in which we operate, including laws and regulations relating to:

- the equipping and operation of drilling units;
- exchange rates or exchange controls;
- the repatriation of foreign earnings;
- oil and gas exploration and development;
- the taxation of offshore earnings and the earnings of expatriate personnel; and
- the use and compensation of local employees and suppliers by foreign contractors.

For example, we operate in Brazil; the Brazilian government frequently intervenes in the country's economy and occasionally makes significant changes in policy and regulations, including, for example, (i) the changes in Brazilian laws related to the importation of rigs and

equipment that may impose bonding, insurance or duty-payment requirements and (ii) its actions to control inflation and other policies and regulations which have often involved, among other measures, changes in interest rates, changes in tax policies, changes in legislation, wage controls, price controls, currency devaluations, capital controls and limits on imports of goods and services. The drilling industry in Brazil is also subject to the regulations of the ANP, which is the regulatory body for the activities within the oil, natural gas and biofuels industries in Brazil. ANP has the ability to suspend operations in Brazil when deviations from regulations or safety procedures are identified as imposing a grave and imminent risk to people, the environment or installations. For the year ended December 31, 2025, 43% of our revenues were derived from our Brazilian operations. These and other developments in political, economic, regulatory and governmental conditions may, directly or indirectly, adversely affect our business, financial condition, and operating results.

The operation of our drilling units will require certain governmental approvals, the number and prerequisites of which cannot be determined until we identify the jurisdictions in which we will operate once contracts for the drilling units are secured. Some foreign governments currently favor or effectively require (or based upon the changes to laws, regulations or interpretations thereof, may in the future favor or effectively require) (i) the awarding of drilling contracts to local contractors or to drilling units owned by their own citizens, (ii) the use of a local agent or (iii) foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may adversely affect our ability to compete in those regions. We cannot predict whether any changes to laws, regulations or interpretations thereof would result in modifications to our operations nor whether any such modifications would have a material impact on our business. Depending on the jurisdiction, these governmental approvals may also involve public hearings and costly undertakings on our part. We may not obtain such approvals, or such approvals may not be obtained in a timely manner. If we fail to secure the necessary approvals or permits in a timely manner, our customers may have the right to terminate or seek to renegotiate their drilling contracts to our detriment.

It is difficult to predict what government regulations may be enacted and their potential adverse effects on the international drilling industry. The actions of foreign governments and other organizations, including initiatives by OPEC, may adversely affect our ability to compete. Failure to comply with applicable laws and regulations, including those relating to sanctions, tariffs and other trade, import or export restrictions, may subject us to criminal or civil proceedings and related liability, including fines and penalties, the denial of export privileges, injunctions or seizures of assets, and may affect the availability of our existing financing arrangements and our ability to secure financing in the future.

In addition, every offshore drilling unit is a registered marine vessel and must be "classed" by a classification society to fly a flag. The classification society certifies that the drilling unit is "in-class," signifying that such drilling unit has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the drilling unit's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned. Our drilling units are certified as being "in class" by the American Bureau of Shipping, Det Norske Veritas and Germanischer Lloyd, and the relevant national authorities in the countries in which our drilling units operate. If any drilling unit loses its flag status, does not maintain its class, fails any periodical survey or special survey or fails to satisfy any laws of the country of operation, the drilling unit will be unable to carry on operations. This will render the drilling unit unemployable and uninsurable, which could cause us to be in violation of certain covenants in the agreements governing our debt. Any such inability to carry on operations or be employed could have a material adverse impact on the operating results.

The offshore drilling industry is a global market requiring flexibility for rigs, depending on their technical capability, to relocate and operate in various environments and jurisdictions, moving from one area to another. The mobilization of rigs is expensive and time-consuming and can be impacted by several factors including, but not limited to, governmental regulation and customs practices, availability of tugs and tow vessels, weather, currents, political instability, civil unrest, and military actions, such as the ongoing conflicts in Ukraine and the Middle East, and rigs may become stranded as a result. Some jurisdictions enforce strict technical requirements that necessitate substantial physical modifications to the rigs before they can be utilized. Such modifications may require significant capital expenditures, and as a result, may limit the use of the rigs in those jurisdictions in the future. In addition, mobilization carries the risk of damage to the rig. Failure to mobilize a rig in accordance with the deadlines set by a specific customer contract could result in a loss of compensation, liquidated damages or the cancellation or termination of the contract. In some cases, we may not be paid for the time that a rig is out of service during mobilization. In addition, in the hope of securing future contracts, we may choose to mobilize a rig to another geographic market without a customer contract in place. If customer contracts were not obtained, we would be required to absorb these costs. Mobilization and relocation activities could therefore potentially have a materially adverse effect on our business, financial condition, and results of operations.

We are subject to complex environmental laws and regulations that can adversely affect us.

Our operations are subject to numerous international, national, state and local laws and regulations, treaties and conventions in force in international waters and the jurisdictions in which our drilling units operate or are registered, which can significantly affect the ownership and operation of our drilling units. Such laws, regulations, treaties and conventions govern a wide range of environmental issues, including:

- physical, chemical and toxic releases, including the release of oil, drilling fluids, natural gas or other materials into the environment;
- climate impact and air emissions from our drilling units or our facilities;
- handling, cleanup and remediation of solid and hazardous wastes and contaminated media at our drilling units or our facilities or at locations to which we have sent wastes for disposal;
- restrictions on chemicals and other hazardous substances; and
- biodiversity and ecosystem impact, including regulations that ensure our activities do not jeopardize endangered or threatened animals, fish or plant species, nor destroy or modify the critical habitat of such species.

Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or implementation of operational changes and may affect the resale value or useful life of our drilling units. These costs could have a material adverse effect on our business, operating results, cash flows and financial condition. A failure to comply with applicable laws and regulations may result in

administrative and civil penalties, criminal sanctions or the suspension or termination of our operations. Because such laws, regulations and standards are often revised, we cannot predict the ultimate cost of complying with them or the impact thereof on the resale prices or useful lives of our rigs. Additional laws, regulations and standards may be adopted which could limit our ability to do business or increase the cost of our, or our customers, doing business and which may materially adversely affect our operations. For example, in April 2024, the U.S. Bureau of Ocean Energy Management ("BOEM") published a final rule, which took effect June 29, 2024, that updates requirements for the posting of bonds and other financial assurance for oil, gas and sulfur lessees and certain other parties operating in the offshore Outer Continental Shelf, which could increase bonding requirements and other financial assurance for some of our customers. BOEM is still in the process of implementing the 2024 rule. However, as announced in May 2025, BOEM is also in the process of a proposed rulemaking that would revise the 2024 rule.

Certain environmental laws impose strict, joint and several liability in relation to the remediation of and damages attributable to spills and releases of oil and hazardous substances. Such laws could subject us to liability without regard to whether we were deemed negligent or otherwise at fault. Under the U.S. Oil Pollution Act of 1990 ("OPA"), for example, owners, operators and bareboat charterers are jointly and severally strictly liable as responsible parties for the discharge of oil within the 200-mile exclusive economic zone around the United States. An oil or chemical spill, for which we are deemed a responsible party, could result in us incurring significant liability, including fines, penalties, criminal liability and remediation or cleanup costs and natural resource damages under applicable international, national, state and local laws, as well as third-party damages, which could have a material adverse effect on our business, financial condition, operating results and cash flows. Future increased regulation of the shipping industry or modifications to statutory liability schemes could expose us to further potential financial risk in the event of any such oil or chemical spill.

Our customers, and in certain circumstances, we, are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to our operations and to satisfy insurance and financial responsibility requirements for potential oil spills (including marine oil) and other pollution incidents. Although we have arranged for insurance to cover certain environmental risks, such insurance is subject to exclusions and other monetary limits. There can be no guarantee that such insurance will be sufficient to cover all potential risks or that any related claims will not have a material adverse effect on our business, operating results, cash flows and financial condition. Moreover, the insurance coverage we currently hold may not be available, or we may elect to forgo certain insurance coverage, in the future. Even if insurance is available and we have obtained the coverage, it may not be adequate to cover our liabilities, may not be available on satisfactory terms or may be subject to high premiums, or our insurance underwriters may be unable to pay compensation if a significant claim should occur. Any of these scenarios could have a material adverse effect on our business, operating results and financial condition.

Although our drilling units are separately owned by our subsidiaries, under certain circumstances the parent company and its affiliates in a group or joint venture could be held liable for damages or debts owed by one of the affiliates, including liabilities for oil spills under OPA or other environmental laws. Therefore, it is possible that we could be subject to liability upon a judgment against us or any one of our subsidiaries.

Our drilling units could cause the release of oil or hazardous substances. Releases may be large in quantity, above our permitted limits or occur in protected or sensitive areas where the public, environmental groups or governmental authorities have heightened or special interests. Any releases of oil or hazardous substances could result in fines and other costs to us, such as costs to upgrade our drilling units, clean up the releases and comply with more stringent requirements in our discharge permits, as well as subject us to third party claims for damages, including natural resource damages. Moreover, these releases may result in our customers or governmental authorities suspending or terminating our operations in the affected area, which could have a material adverse effect on our business, operating results and financial condition.

If we are able to obtain some degree of indemnification against pollution and environmental damages in our contracts, such indemnification may not be enforceable in all instances or the customer may not be financially able to comply with its indemnity obligations in all cases, and we may not be able to obtain such indemnification agreements in the future. In addition, a court may decide that certain indemnities in our current or future contracts are not enforceable.

Failure to adequately protect our sensitive information, operational technology systems and critical data, or our service providers' failure to protect their systems and data, could have a material adverse effect on us.

Our day-to-day operations increasingly depend on information and operational technology systems that we manage, and other systems that certain third parties relevant to our operations manage, including critical systems on our drilling units. Potential unauthorized occurrences on or through our information and operational technology systems, including as a result of cybersecurity incidents, that may result in adverse effects on the confidentiality, integrity and availability of these systems and data residing therein continue to grow. The risks associated with cyberattacks and cyber incidents include, but may not be limited to, human error, power outages, computer and telecommunication failures, natural disasters, fraud or malice, or cybersecurity threats such as social engineering or phishing attacks, viruses or malware, and other cyberattacks, such as denial-of-service or ransomware attacks. Reports indicate that entities or groups, including cybercriminals, competitors, and nation state actors, have mounted cyber-attacks on businesses and other organizations solely to disable or disrupt computer systems, disrupt operations and, in some cases, steal data. In addition, the US government has issued public warnings that indicate energy assets and companies engaging in significant transactions, such as acquisitions, might be specific targets of cybersecurity threats. Geopolitical tensions or conflicts, such as the conflict between Russia and Ukraine, and the advancement of technologies like artificial intelligence, which malicious third parties are using to create new, sophisticated and more frequent attacks, may further heighten the risk of cybersecurity threats.

Also, many of our non-operational employees travel and spend a significant amount of their time working remotely to support our operations, which has created or otherwise heightened certain operational risks, such as an increased risk of security breaches, cyberattacks or other cyber incidents, loss of data, fraud and other disruptions. Remote connectivity outside of Seadrill offices has resulted in an increased demand for technological barriers and training and exposes us to different threat vectors of cyberattacks or other cyber incidents, security breaches, loss of data, fraud and other disruptions as a consequence of more employees accessing sensitive and critical information remotely. Due to the nature of cyber-attacks, breaches to our systems or our service or equipment providers' systems could go undetected for a prolonged period of time.

A breach could also compromise or originate from our customers', vendors', or other third-party systems or networks outside of our control. A security breach may result in legal claims or proceedings against us by our shareholders, employees, customers, vendors and governmental authorities, both in the U.S. and internationally.

While we maintain a cybersecurity program, which includes administrative, technical, and organizational safeguards, a significant cyberattack or other cyber incident (whether involving our systems, those of a critical third-party, or both) could disrupt our operations and result in downtime, loss of revenue, harm to the Company's reputation, or the loss, theft, corruption or unauthorized or unlawful release of critical data of us or those with whom we do business, as well as result in higher costs to correct and remedy the effects of such incidents, including potential extortion payments associated with ransomware or ransom demands. If our, or our service or equipment providers', safeguards maintained for protecting against cyber incidents or attacks prove to be insufficient, and an incident were to occur, it could have a material adverse effect on our business, financial condition, reputation, and results of operations. Additionally, it may be difficult to determine the best way to investigate, mitigate, contain, and remediate the harm caused by a cyber incident. Such efforts may not be successful, and we may make errors or fail to take necessary actions. It may take considerable time for us to investigate and evaluate the full impact of incidents, particularly for sophisticated attacks. These factors may inhibit our ability to provide prompt, full, and reliable information about the incident to our customers, partners, regulators, and the public. Even though we carry cyber insurance that may provide insurance coverage under certain circumstances, we might suffer losses as a result of a security breach or cyber incident that exceeds the coverage available under our policy or for which we do not have coverage, and we cannot be certain that cyber insurance will continue to be available to us on commercially reasonable terms, or at all. See Part I, Item 1C, "Cybersecurity" of this annual report for a description of our cybersecurity policies and procedures.

In addition, a variety of laws and regulations governing, or proposing to govern, cybersecurity, data privacy and protection, and the unauthorized disclosure of confidential or protected information, including the U.K. Data Protection Act, the General Data Protection Regulations (EU) 2016/679, Bermuda Personal Information Protection Act 2016, the California Consumer Privacy Act (as amended by the California Privacy Rights Act), the Cyber Incident Reporting for Critical Infrastructure Act, and other similar legislation in domestic and international jurisdictions poses increasingly complex compliance challenges and potentially elevate costs. Additionally, new regulations or legislation may affect our current uses of protected information and require us to modify how we collect, protect, process or disclose such information. These laws and regulations are continuously evolving and developing, creating significant uncertainty as privacy and data protection laws may be interpreted and applied differently from country to country and may create inconsistent or conflicting requirements. Any failure, or perceived failure, by us or third-party service providers to comply with our privacy or security policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personal data, may result in loss of revenue, reputational harm, and could be subject to legal or regulatory claims or proceedings, including enforcement actions under data privacy or disclosure regulations, which may result in significant expenditures, fines, or liabilities and could have an adverse effect on our results of operations and financial condition.

We are incorporating artificial intelligence technologies into our processes and these technologies may present business, compliance, and reputational risks.

Our business increasingly utilizes artificial intelligence ("AI"), machine learning, and automated decision making to improve our processes. 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. Our third-party service providers may incorporate AI into their services without disclosing such use to us, or fail to disclose risks presented by their use of AI. In addition, 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.

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. Additionally, the complex and rapidly evolving landscape around AI may expose us to claims, inquiries, demands and proceedings by private parties or 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 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 or adversely affect our business, financial condition and results of operations.

Any violation of anti-bribery, anti-corruption, anti-fraud or ethical business practice laws and regulations could have a negative impact on us.

We operate in countries known to have a reputation for corruption. We are subject to the risk that we, our affiliated entities, agents, service providers or their respective officers, directors, employees and agents may take action determined to be in violation of such anti-corruption laws, including the U.S. Foreign Corrupt Practices Act of 1977 (the "US Foreign Corrupt Practices Act"), the United Kingdom Bribery Act 2010 (the "UK Bribery Act"), the Bermuda Bribery Act 2016 or other applicable laws to which we may be subject (collectively, the "Legislation"). Any violation of the Legislation could result in substantial fines, sanctions, civil /or criminal penalties and, curtailment of operations in certain jurisdictions and, in turn, might adversely affect our business, financial condition and results of operations. In addition, actual or alleged violations could damage our reputation and ability to do business. Further, detecting, investigating and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management or Board.

We are also subject to a number of modern slavery, human trafficking and forced labor reporting, training and due diligence laws, such as the U.S. Uyghur Forced Labor Prevention Act and the U.K.'s Modern Slavery Act 2015 and similar legislation, in various jurisdictions and expect additional statutory regimes to combat these crimes to be enacted in the future. If we or our business partners fail to comply with applicable laws, regulations, safety codes, employment practices or human rights standards, our reputation and image could be harmed, and we could be exposed to litigation. Compliance with laws could increase costs of operations and reduce profits.

If our drilling units are located in or connected to countries that are subject to, or targeted by, economic sanctions, export restrictions, or other operating restrictions imposed by the United States, the United Kingdom, the European Union or other governments, our reputation and the market for our debt and our common shares could be adversely affected.

The U.S., the U.K., the EU and other governments may impose economic sanctions against certain countries, persons and other entities that restrict or prohibit transactions involving such countries, persons and entities. U.S. sanctions in particular are targeted against countries or certain economic sectors of such countries (such as Russia, Venezuela, Iran and others) that are heavily involved in the petroleum and petrochemical industries, which includes drilling activities. U.S., U.K., EU and other economic sanctions change frequently and enforcement of economic sanctions worldwide is increasing. For example: (i) in 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act, which expanded the scope of the former Iran Sanctions Act by applying sanctions to non-U.S. companies such as ours and introducing limits on such companies and persons that do business with Iran when such activities relate to the investment, supply or export of refined petroleum or petroleum products; (ii) in 2017, the U.S. passed the "Countering America's Adversaries Through Sanctions Act" (Public Law 115-44), which authorizes imposition of new sanctions on Iran, Russia, and North Korea and created heightened sanctions risks for companies operating in the oil and gas sector, including companies that are based outside of the U.S.; (iii) in recent years, the U.S. Department of the Treasury's Office of Foreign Assets Control acted several times to add Russian and Iranian individuals and entities to its list of Specially Designated Nationals whose assets are blocked and with whom U.S. persons are generally prohibited from dealing; and (iv) in recent years, the U.S. Department of Commerce's Bureau of Industry and Security designated a number of Chinese parties on the Entity List, including parties involved in the offshore drilling and maritime industries.

Certain parties with whom we have entered into contracts may be, or may be affiliated with, persons or entities that could become the subject of sanctions, including, without limitations, sanctions targeting malicious cyber-enabled activities. If we determine that such sanctions require us to terminate existing contracts or if we are found to be in violation of such applicable sanctions, our operating results may be adversely affected, or we may suffer reputational harm. We may also lose business opportunities to companies that are not required to comply with these sanctions.

From time to time, we may enter into drilling contracts with countries or government-controlled entities that are subject to sanctions, export restrictions and embargoes imposed by the U.S. government or identified by the U.S. government as state sponsors of terrorism, provided entering into such contracts would not violate U.S. law. We may also enter into drilling contracts involving operations in countries or with government-controlled entities that are subject to sanctions and embargoes imposed by the U.S. government or identified by the U.S. government as state sponsors of terrorism, provided that entering into such contracts would not violate U.S. law. However, this could negatively affect our ability to obtain investors. In some cases, U.S. investors would be prohibited from investing in an arrangement in which the proceeds could directly or indirectly be transferred to or may benefit a sanctioned entity. Moreover, even in cases where the investment would not violate U.S. law, potential investors could view such drilling contracts negatively, which could adversely affect our reputation and the market for Shares. We do not currently have any drilling contracts involving operations in countries or with government-controlled entities that are subject to sanctions and embargoes imposed by the U.S. government or identified by the U.S. government as state sponsors of terrorism nor do we have any plans to initiate such contracts.

As stated above, we believe that we are in compliance with all applicable economic sanctions and embargo laws and regulations and intend to maintain such compliance. However, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Rapid changes in the scope of global sanctions may also make it more difficult for us to remain in compliance. Any violation of applicable economic sanctions could result in civil or criminal penalties, fines, enforcement actions, legal costs, reputational damage, or other penalties and could result in some investors deciding, or being required, to divest their interest, or not to invest, in Shares or debt. Additionally, some investors may decide to divest their interest, or not to invest, in Shares or debt simply because we may do business with companies that do business in sanctioned countries. Moreover, our drilling contracts may indirectly involve persons subject to sanctions and embargo laws and regulations as a result of actions that do not involve us, or our drilling units, and even if those dealings are lawful, it could in turn negatively affect our reputation. Investor perception of the value of Shares or debt may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

We have suffered, and may continue to suffer, losses through our investments in other companies in the offshore drilling and oilfield services industry, which could have a material adverse effect on us.

From time to time, we may hold investments in other companies in our industry that operate offshore drilling units with similar characteristics to our fleet of rigs or deliver various other oilfield services. As of December 31, 2025, we held equity interests in Sonadrill, where we provide various services, including the provision of operating and technical support and management and administrative services agreements. As of December 31, 2025, the carrying value of this equity method investment was \$58 million.

The market value of such equity interests has been, and may continue to be, volatile and has fluctuated, and may continue to fluctuate, in response to changes in oil and gas prices and activity levels in the offshore oil and gas industry. If we sell our equity interests in an investment at a time when the value of such investment has fallen, we may incur a loss on the sale or an impairment loss being recognized, ultimately leading to a reduction in earnings.

In current market conditions, we may consider entering into further joint venture arrangements.

Investments in joint ventures over which we have partial or joint control are subject to the risk that the other owners or partners in such joint venture, who may have different business or investment strategies compared to ours 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. In addition, such joint venture owners or partners may be unable, or unwilling, to fulfill their obligations under the relevant agreements (for example, by not 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, such joint venture owners 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 business, financial condition, and results of operations.

Labor costs restrictions could increase following collective bargaining negotiations and changes in labor laws and regulations.

Some of our employees are represented by CBAs. The majority of these employees work in Brazil and Norway. In addition, some of our contracted labor works under CBAs. As part of the legal obligations in some of these agreements, we are required to contribute certain amounts to retirement funds and pension plans and are restricted in our ability to dismiss employees. In addition, many of these represented individuals are working under agreements that are subject to salary negotiation. These negotiations could result in higher personnel costs, other increased costs or increased operating restrictions that could adversely affect our financial performance.

The physical effects of, and regulations and disclosure requirements with respect to, greenhouse gas emissions and climate change could have a negative impact on our business.

The physical and regulatory effects of climate change and a global transition to a low carbon economy could have a negative impact on our operations and could require adapting our fleet and business to potential changes in governmental requirements, customer preferences and our customer base, and could also require engaging with existing and potential customers and suppliers to develop or implement solutions designed to reduce or to decarbonize oil and gas operations or to advance renewable and other alternative energy sources. Scientific studies have suggested that emissions of greenhouse gases, including carbon dioxide and methane, may be contributing to warming of the earth's atmosphere and other climatic changes. In response to such studies, the issue of climate change and the effect of greenhouse gas emissions, in particular emissions from fossil fuels, is attracting increasing attention worldwide; and there are a number of political and technological initiatives aimed at reducing the use of hydrocarbons.

We are aware of the increasing focus of local, state, regional, national and international regulatory bodies on greenhouse gas emissions and climate change issues. For example, legislation to regulate greenhouse gas emissions and reporting obligations with respect thereto have periodically been introduced in the U.S. Congress or proposed by the U.S. Securities and Exchange Commission and such legislation and reporting obligations may be proposed or adopted in the future. On March 6, 2024, the U.S. Securities and Exchange Commission adopted final rules that would require a registrant to disclose, among other things: material climate-related risks; activities to mitigate or adapt to such risks; information about the registrant's board of directors' oversight of climate-related risks and management's role in managing material climate-related risks; and information on any climate-related targets or goals that are material to the registrant's business, results of operations, or financial condition. However, on March 27, 2025, the SEC voluntarily stayed implementation of the final rules pending completion of judicial review pending before the Eight Circuit Court of Appeals, and on July 23, 2025, the SEC filed a status report requesting that the Eighth Circuit proceed with the case and issue an opinion on the challenges to the climate disclosure rules. On September 12, 2025, the Eighth Circuit denied the SEC's request to proceed with the case and indicated that the case would be held in abeyance until the SEC either renews its defense of the rules or revises the rules via notice-and-comment rulemaking. We cannot predict the ultimate disposition of the final rules.

The cornerstone international treaty on climate change is the "Paris Agreement", which requires member countries to review and "represent a progression" in their intended nationally determined contributions toward the achievement of the purpose of the Paris Agreement, including greenhouse gas emission reduction goals every five years. In December 2023, the international community, including over 190 governments, gathered in Dubai at COP28 and announced a new climate deal that calls on countries to ratchet up action on climate, including actions towards tripling renewable energy capacity and doubling energy efficiency improvements at a global level, before 2030 and ultimately to reduce carbon emissions and transition away from fossil fuels in energy systems to achieve "net zero" by 2050. The United States was an original party to the Paris Agreement, but withdrew in 2020, rejoined in 2021, and withdrew again effective January 27, 2026 pursuant a January 2025 order issued by President Trump. Although the United States, the second largest emitter of greenhouses gases, has withdrawn, over 190 member countries remain parties to the agreement and it is possible that the United States may rejoin the Paris Agreement in the future.

In addition to withdrawal from the Paris Agreement, the Trump Administration has taken a number of other actions signaling a shift in the United States' energy and climate change policies. On January 20, 2025, the Trump Administration issued an executive order that mandated ending the United States' financial commitments under the UN Framework Convention on Climate Change ("UNFCCC") and revoked the U.S. International Climate Finance Plan. In addition, in early 2025, the Trump Administration issued a series of executive orders that signaling a shift in the United States' energy and climate change policies. Among other directives, such executive orders: (i) direct federal agencies to identify and exercise emergency authorities to facilitate conventional energy production, transportation and refining, and call for the use of emergency regulations to expedite energy infrastructure projects; (ii) promote energy exploration and production on federal lands and waters; (iii) mandate a review of existing regulations that may burden domestic energy development; and (iv) pause the disbursement of funds appropriated through the Inflation Reduction Act of 2022 (the "Inflation Reduction Act") and the Infrastructure Investment and Jobs Act. It is not possible to predict the impact of the Trump Administration on these climate and energy initiatives at this time. On January 7, 2026, President Trump issued a Presidential Memorandum entitled "Withdrawing the United States from International Organizations, Conventions, and Treaties that Are Contrary to the Interests of the United States," which directs executive agencies to take immediate steps to remove the United States from 66 listed treaties or organizations, including the UNFCCC and the Intergovernmental Panel on Climate Change ("IPCC"). While the Trump Administration may seek to reverse some or all of the initiatives advanced by the Biden Administration, it is unknown whether such reversals will ultimately be successful, and these or additional changes in the future could impact our business and operations, and those of our customers.

With respect to the shipping and offshore drilling industries, in particular, governing bodies have, from time to time, put in place regulatory frameworks and measures, and may in the future propose and adopt others, that materially burden, limit or prohibit shipping or offshore drilling operations in certain areas. For example, a number of countries, the EU and the United Nations' International Maritime Organization (the "IMO") have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions in the shipping industry, such as requiring ships (including rigs and drillships) to comply with IMO and EU regulations relating to the collection and reporting of data relating to greenhouse gas emissions. In April 2018, the IMO adopted an initial strategy to, among other things, reduce the

2008 level of greenhouse gas emissions from the shipping industry by 50% by the year 2050. In July 2023, the IMO adopted a revised strategy that (i) includes as a goal attaining net-zero greenhouse gas emissions from international shipping by or around 2050, (ii) promotes the uptake of alternative zero and near-zero greenhouse gas emissions technologies, fuels and/or energy sources by 2030, and (iii) identifies as indicative checkpoints a level of ambition at least a 20% reduction, compared to 2008, in total annual greenhouse gas emissions from international shipping by 2030, and at least a 70% reduction by 2040, striving for reductions of 30% by 2030 and 80% by 2040. In furtherance of the IMO's strategy to reduce greenhouse gas emissions from shipping. In April 2025, the Marine Environmental Protection Committee of the IMO approved draft amendments to MARPOL Annex VI referred to as a Net-Zero Framework. The Net-Zero Framework would establish a new global marine fuel standard providing for a phased reduction of GHG fuel intensity ("GFI") and a new global economic measure/pricing mechanism requiring ships that emit above GFI thresholds to acquire "remedial units" to balance any deficit emissions and allowing ships using zero or near-zero GHG technologies to be eligible to earn "surplus units", which could be banked and used in the future or sold for use by other ships. Remedial units can be secured from surplus units banked by the ship or transferred from other ships or acquired through contributions to a new "IMO Net-Zero Fund". The Net-Zero Framework amendments to MARPOL Annex VI were originally scheduled for adoption in October 2025, with entry into force in 2027, 16 months after adoption, but the schedule for adoption has been delayed until October 2026, with the earliest anticipated entry into force in March 2028.

It is not possible at this time to predict the timing and effect of climate change or the extent and contents of any additional greenhouse gas legislation, regulations or other measures, including with respect to the shipping or offshore drilling industries, specifically, or the oil and gas industry, generally, adopted at the international, national, regional, state or local levels. However, more aggressive efforts by governments and non-governmental organizations to reduce greenhouse gas emissions have occurred and may continue based on long-term trends, the findings set forth in the Intergovernmental Panel on Climate Change's special report and the announcements made at COP28. Any passage of climate control legislation or other regulatory initiatives by the IMO, the EU, the United States or other jurisdictions in which we operate, or any treaty or agreement adopted at the international level, such as the Kyoto Protocol or Glasgow Climate Pact, that restricts or imposes a fee on emissions of greenhouse gases or implements more robust greenhouse gas emission and climate-related reporting and disclosure obligations, could (i) require us to make significant financial expenditures, including the installation of new emission controls, the acquisition of allowances or payment of taxes related to our greenhouse gases, or the implementation and administration of a greenhouse gas emissions program, (ii) increase our costs to operate and maintain our assets, and (iii) negatively affect the demand for our customers' products and, accordingly, our services, none of which we are able to predict with certainty at this time. Any such legislation, regulations, reporting and disclosure obligations or other measures could have a significant adverse financial and operational impact on our business and operations.

Moreover, certain government and regulatory authorities have enacted, and are expected to continue to enact, laws and regulations that mandate or provide economic incentives for the development of technologies and sources of energy other than oil and gas, such as wind and solar. Such legislation incentivizes the development, use and investment in these technologies and alternative energy sources and could accelerate the shift away from traditional oil and gas. The amendment or modification of existing laws and regulations or the adoption of new laws and regulations curtailing or further regulating exploratory or developmental drilling and production of oil and gas could have a material adverse effect on our business, operating results or financial condition if we are unable to recover or pass through a significant level of our costs or are required to change our practices related to complying with climate change regulatory requirements imposed on us. Future earnings may be negatively affected by compliance with any such new legislation or regulations.

Further, to the extent financial markets view climate change and greenhouse gas emissions as a financial risk, this could negatively impact our cost of or access to capital. Parties concerned about the potential effects of climate change have directed, and may in the future direct, their attention at sources of funding for energy companies, which has resulted, and may in the future result, in certain financial institutions, funds and other sources of capital, restricting or eliminating their investment in or lending to oil and gas activities.

Beyond regulatory and financial impacts, the projected severe effects of climate change, including severe weather, such as hurricanes, monsoons, floods and other catastrophic storms, have the potential to directly affect our facilities, drilling units and operations and those of our customers and suppliers, which could result in more frequent and severe disruptions to our business and those of our customers and suppliers, increased costs to repair damaged facilities or drilling units or maintain or resume operations, and increased insurance costs. Additionally, the increasing attention to the risks of climate change has resulted in an increased possibility of litigation or investigations brought by public and private entities against oil and gas companies in connection with their greenhouse gas emissions. As a result, we or our customers may become subject to court orders compelling a reduction of greenhouse gas emissions or requiring mitigation of the effects of climate change.

Our drilling contracts with national oil companies may expose us to greater risks than with non-governmental customers.

We currently own and operate 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 the risk that the contract may be terminated by our customer without cause on short-term notice, contractually or by governmental action, under certain conditions that may not provide us with an early termination payment. 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 rigs contracted to national oil companies with commensurate additional contractual risks.

Control of oil and natural gas reserves by national oil companies may affect the demand for our services and products and create additional risks in our operations.

Much of the world's oil and natural gas reserves are controlled by national oil companies, which may suggest or require their contractors to meet local content requirements or other local standards, such as conducting our operations through joint ventures with local partners that could be difficult or undesirable for us to meet. These difficulties may be compounded by the effects of local law, unpredictable contract interpretation by local courts and the exercise of extra-contractual rights by national oil companies or their affiliates. The failure to meet the local content requirements and other local standards may adversely affect our operations in those countries. In addition, our ability to work with national oil companies is subject to our ability to negotiate and agree upon acceptable contract terms.

There can be no assurance that the use of our drilling units will not infringe the intellectual property rights of others.

The majority of the intellectual property rights relating to our drilling units and related equipment are owned by our suppliers. In the event that one of our suppliers becomes involved in a dispute over an infringement of intellectual property rights relating to equipment owned by us, we may lose access to repair services or replacement parts or could be required to cease using some equipment. In addition, our competitors may assert claims for infringement of intellectual property rights related to certain equipment on our drilling units and we may be required to stop using such equipment or pay damages and royalties for the use of such equipment. Regardless of the merits, any such claims generally result in significant legal and other costs, including reputational harm, and may distract management from running our business. The consequences of these technology disputes involving our suppliers or competitors could adversely affect our financial results and operations. We have indemnity provisions in some of our supply contracts to give us some protection from the supplier against intellectual property lawsuits. However, we cannot make any assurances that these suppliers will have sufficient financial standing to honor their indemnity obligations or guarantee that the indemnities will fully protect us from the adverse consequences of such technology disputes. We also have provisions in some of our customer contracts to require the customer to share some of these risks on a limited basis, but we cannot provide assurance that these provisions will fully protect us from the adverse consequences of such technology disputes.

Imposition of laws, executive actions or regulatory initiatives to restrict, delay or cancel leasing, permitting or drilling activities in deepwaters of the United States or foreign countries may reduce demand for our services and products and have a material adverse effect on our business, financial condition or results of operations.

We are an offshore drilling contractor providing worldwide offshore drilling services to the oil and gas industry. In the United States, President Biden issued an executive order in January 2021 that commits to substantial action on climate change, calling for, among other things, the elimination of subsidies provided to the fossil fuel industry and an increased emphasis on climate-related risks across government agencies and economic sectors. In September 2023, the Biden Administration announced that federal agencies will be directed to consider the social cost of greenhouse gasses in agency budgeting, procurement and other agency decisions, including in environmental reviews conducted pursuant to the National Environmental Policy Act, where appropriate. Additionally, regulatory agencies at the federal, state or local level may issue new or amended laws or rulemakings regarding deepwater leasing, permitting or drilling, including moratoriums on drilling, which could result in more stringent or costly restrictions, delays or cancellations in offshore oil and natural gas exploration and production activities. Additionally, decisions regarding federal offshore leasing have been subject to legal challenges that could delay or suspend offshore lease auctions, adversely affecting our customers' businesses and reducing demand for our services. In September 2023, the Biden Administration announced a new five-year offshore leasing plan for the US Gulf, which the Trump Administration sought to reverse via executive order in January 2025. The Biden Administration's plan, if and to the extent retained under the Trump Administration, calls for a maximum of three offshore lease sales, in 2025, 2027 and 2029, and no lease sales were held in 2024. The five-year lease plan would represent the smallest number of planned sales in the history of the offshore leasing program. On January 6, 2025, President Biden issued a Memorandum of Withdrawal pursuant to the Outer Continental Shelf Lands Act of the entire U.S. East Coast, the eastern US Gulf, the Pacific off the coasts of Washington, Oregon and California, and additional portions of the Northern Bering Sea in Alaska from oil and gas leasing, which the Trump Administration sought to reverse by executive order in January 2025. On January 26, 2024, the Biden Administration implemented a temporary pause on the U.S. Department of Energy's ("DOE") review of pending decisions for authorization to export liquefied natural gas ("LNG") to non-Free Trade Agreement countries while the DOE reviews and updates the underlying analyses for such decisions using more current data to account for considerations like the environmental and climate change impacts of LNG. The temporary pause was then overturned by the U.S. District Court for the Western District of Louisiana in July 2024, and the Trump Administration restarted the review of new LNG export terminals via executive order in January 2025. On April 12, 2024, the U.S. Department of the Interior ("DOI") published a final rule to revise the Bureau of Land Management's oil and gas leasing regulations, which revises fiscal terms of the onshore federal oil and gas leasing program, including for bonding requirements, royalty rates and minimum bids. It is not possible to predict the impact of the Trump Administration on these climate and energy initiatives at this time. While the Trump Administration may seek to reverse some or all of these initiatives, it is unknown whether such reversals will ultimately be successful.

Any new legislation, executive actions or regulatory initiatives, whether in the United States or in other countries, that impose increased costs or more stringent operational standards or result in significant delays, cancellations or disruptions in our customers' operations could increase the risk of losing leasing or permitting opportunities, result in expired leases due to the time required to develop new technology or increased supplemental bonding costs or cause our customers to incur penalties, fines or shut-in production at one or more of their facilities, any or all of which could reduce demand for our services. We cannot predict with any certainty the full impact of any new laws, regulations, executive actions or regulatory initiatives on our customers' drilling operations or the opportunity to pursue such operations, or on the cost or availability of insurance to cover the risks associated with such operations. The matters described above, individually or in the aggregate, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Financial and Tax Risks

We have a significant amount of debt, and we may still be able to incur substantially more debt in the future. Such debt and debt service obligations may adversely affect us.

As of December 31, 2025, we had (i) \$625 million aggregate principal amount of long-term debt and (ii) \$225 million of committed availability for future borrowings under the Revolving Credit Facility (as defined herein), of which approximately \$185 million was available.

Although the terms of the agreements governing our debt restrict our and our restricted subsidiaries' ability to incur additional debt and liens, such restrictions are subject to exceptions and qualifications, and the debt or liens incurred in compliance with such restrictions may be substantial. Also, these restrictions do not prevent us or our restricted subsidiaries from incurring obligations that do not constitute debt.

To meet our debt service obligations, we will require a significant amount of cash, which depends on many factors beyond our control. We may not generate sufficient cash flow from operations, or have future borrowings available under the Revolving Credit Facility, to enable us

to repay our debt or other obligations or to fund our other liquidity needs. Specifically, our level of debt could have negative consequences to us, including:

- limitations on our ability to obtain additional debt or equity financing on favorable terms or at all;
- any instances in which we are unable to comply with the covenants contained in the agreements governing our debt or to generate cash sufficient to make required debt payments, which circumstances have the potential of accelerating the maturity of some or all of our outstanding debt;
- the allocation of a substantial portion of our cash flow from operations to service our debt, thus reducing the amount of our cash flows available for other purposes, including capital expenditures and dividends that would otherwise improve our competitive position or results of operations;
- requiring us to sell debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet payment obligations;
- compromising our flexibility to plan for, or react to, competitive challenges in our business and industry or other general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates, to the extent we draw down on our Revolving Credit Facility, as borrowings thereunder would be subject to variable interest rates ; and
- exposing us to a credit rating downgrade, making it more difficult to raise new capital or refinance on favorable terms.

Any of these factors could have an adverse effect on our business, financial condition, and results of operations and our ability to meet the payment obligations under the agreements governing our debt. In addition, to the extent other new debt is added to our and our subsidiaries' current debt levels, the substantial leverage risks described above would increase.

The agreements governing our debt contain various covenants that impose restrictions on us and certain of our subsidiaries that may affect our ability to operate our business.

The agreements governing our debt contain covenants that, among other things, may limit or otherwise hinder our ability and the ability of certain of our subsidiaries to:

- incur additional debt and issue preferred stock;
- incur or create liens;
- redeem or prepay certain debt;
- pay dividends on our Shares, repurchase Shares or make other types of restricted payments;
- change the management or ownership of the drilling units;
- make changes related to the operation and circumstances of our drilling units that have been pledged as collateral;
- make certain investments or capital expenditures;
- engage in certain asset sales;
- enter into transactions with affiliates; and
- engage in certain consolidations, mergers, acquisitions and similar transactions.

In addition, the Credit Agreement (as defined herein) contains financial covenants requiring us to maintain a quarterly maximum consolidated total net leverage ratio and a quarterly minimum interest coverage ratio. Any future agreements governing debt may also require us to comply with similar or other financial covenants.

The agreements governing our debt also contain change of control provisions. A change of control (as defined in the applicable debt agreement) could result in an event of default or prepayment event under the applicable debt agreement, which could have an adverse effect on our business by limiting our ability to take advantage of financing, merger and acquisition, or other opportunities.

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, amalgamations, acquisitions and other corporate opportunities and affecting our ability to compete effectively with our competitors to the extent that they are subject to less onerous restrictions. The interests of our lenders and other debt holders may be different from the Company's and we may not be able to obtain their consent when beneficial for our business, which may impact our performance or our ability to obtain replacement or additional financing or make certain investments or acquisitions in the future.

Breach of covenants may result in a default under the terms of these agreements, which could accelerate our repayment of funds that we have borrowed and allow lenders to foreclose upon any collateral securing the debt. Moreover, the agreements governing our debt include cross-default or cross-acceleration provisions, whereby, in certain circumstances, a default under one might result in defaults under one or more of the others. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations thereunder. In addition, the limitations imposed by the agreements governing our debt on our ability to incur additional debt and to take other actions might impair our ability to obtain other financing. This could have serious consequences to our financial condition and results of operation and could cause us to become bankrupt or insolvent.

We may be unable to meet our capital allocation framework goal of returning at least 50% of Free Cash Flow to shareholders through dividends and share repurchases, which could decrease expected returns on an investment in our Shares.

Our capital allocation framework includes a goal of returning at least 50% of Free Cash Flow (defined as cash flows from operating activities less additions to drilling units and equipment) to our shareholders in the form of share repurchases or dividends. In connection with our capital allocation framework, in August 2023, the Board of Directors authorized a share repurchase program of \$250 million, which was completed in December 2023. In November 2023 and May 2024, the Board of Directors authorized additional repurchases up to an additional \$250 million and \$500 million, respectively, taking the aggregate authorization to \$1 billion. During 2024, the Company completed authorized additional repurchases of \$527 million. The Company did not repurchase any Shares during 2025. Share repurchases and dividends are authorized and determined by our Board of Directors at its sole discretion and depend upon a number of factors, including market conditions, the Company's financial position and capital requirements, financial conditions, and competing uses for cash, statutory solvency requirements, the restrictions in the Company's debt agreements and other factors. The Company is under no obligation to purchase any Shares in respect of the share repurchase program, and we can provide no assurance that we will make share repurchases or pay dividends in accordance with our share repurchase program, capital allocation framework goal or at all. Any elimination of, or downward revision in, our share repurchase program, dividend payment plans or capital allocation framework could have an adverse effect on the market price of our Shares.

Meeting our capital allocation framework goal requires us to generate consistent Free Cash Flow and have available capital in the years ahead in an amount sufficient to enable us to maintain a conservative capital structure and liquidity position, focus capital investment in our fleet, as well as to return a significant portion of the cash generated to shareholders in the form of share repurchases or dividends. The amount of Free Cash Flow returned in any quarter during the year may vary and may be more or less than 50% or none at all. We may not meet this goal if we use our available cash to satisfy other priorities, if we have insufficient funds available to repurchase Shares or pay dividends, or if our Board of Directors determines to change or discontinue share repurchases or dividend payments.

We are a holding company, and we are dependent upon cash flow from subsidiaries and joint ventures to meet our obligations.

We currently conduct our operations through our subsidiaries and joint ventures, and our operating income and cash flow are generated by such entities. As a result, cash we obtain from our subsidiaries is and, to a lesser extent, our joint ventures are the principal source of funds necessary to meet our debt service obligations. Unless they are guarantors of our debt, such entities do not have any obligation to pay amounts due on our debt or to make funds available for that purpose. Contractual provisions or laws, as well as such entities' financial condition, and operating requirements, may also limit our ability to obtain the cash that we require to pay our debt service obligations. Applicable tax laws may also subject such payments to us by such entities to further taxation.

We may recognize impairments on long-lived assets and intangible assets or recognize impairments on equity method investments.

We regularly evaluate the value of our property and equipment, primarily our drilling units. If we determine that a drilling unit's book value is not recoverable over its remaining asset life, we would be required to record an impairment charge resulting in a loss being recorded in our financial statements. Impairments can have a significant negative impact on our financial statements and our overall financial performance.

We may face financial losses in the future due to a range of factors such as a decline in demand for offshore drilling units. The offshore drilling industry has historically been cyclical, and we have experienced periods where rigs have been idle or underused for long periods where there has been a surplus of available drilling units. Additionally, during such periods, we have been required to reduce dayrates to remain competitive. Future decreases in demand for our drilling units, or other adverse events, could lead to impairment charges.

In addition, the fair market value of our drilling units may decrease further if the offshore drilling industry suffers adverse developments in the future. The fair market value of the drilling units that we currently own, or may acquire in the future, may increase or decrease depending on a number of factors, including:

- the general economic and market conditions affecting the offshore contract drilling industry, including competition from other offshore contract drilling companies;
- the types, sizes and ages of drilling units;
- the supply and demand for drilling units;
- the costs of newbuild drilling units;
- the prevailing level of drilling services contract dayrates;
- governmental or other regulations; and
- technological advances.

If drilling unit values fall significantly, we may have to record an impairment in our Consolidated Financial Statements, which could adversely affect our financial results and condition.

Fluctuations in exchange rates and the non-convertibility of currencies could result in losses to us.

As a result of our international operations, we are exposed to fluctuations in foreign exchange rates due to certain revenues being received and certain operating expenses paid in currencies other than U.S. dollars. Accordingly, we may experience currency exchange losses if we have not adequately hedged our exposure to a foreign currency, or if revenues are received in currencies that are not readily convertible (e.g., Brazilian real, Angola Kwanza). There is no guarantee that our future operating results will not be adversely impacted by fluctuations in currency exchange rates. We may also be unable to repatriate revenues because of a shortage of convertible currency available in the country of operation, controls over currency exchange or controls over the repatriation of income or capital.

A change in tax laws in any country in which we operate could result in higher tax expense.

We conduct our operations through various subsidiaries in countries throughout the world. Consequently, we are subject to changing tax laws, regulations, and treaties in and between the countries in which we operate, including treaties between the United States and other countries. Tax laws, regulations, and treaties are highly complex and subject to interpretation. Our income tax expense is based upon our interpretation of the tax laws in effect in various countries at the time that the expense was incurred. A change in these tax laws, regulations or treaties, including those in and involving the United States, and the Organization for Economic Co-operation and Development's ("OECD") Base Erosion and Profit Shifting 2.0 initiative ("Pillar 2"), and rules introduced by countries in response to Pillar 2 (such as Bermuda corporate income tax), or in the valuation of our deferred tax assets, which is beyond our control, could result in a materially higher tax expense or a higher effective tax rate on our worldwide earnings.

The United States enacted the Inflation Reduction Act on August 16, 2022. This law imposes, among other things, a 15% corporate alternative minimum tax on the adjusted financial statement income of certain corporations, and a 1% excise tax on certain corporate stock repurchases occurring after December 31, 2022. The United States also enacted the legislation commonly referred to as the One Big Beautiful Bill Act ("OBBBA") on July 4, 2025. This law includes a broad range of tax reform provisions affecting corporations, including, among other things, the permanent reinstatement of the "bonus" depreciation provisions that allow for the immediate expensing of 100% of the cost of certain qualified property acquired and placed in service after January 19, 2025, and the modification of certain international tax provisions effective for tax years beginning after December 31, 2025. While we believe the tax law changes under the Inflation Reduction Act and OBBBA have no immediate effect on us and are not expected to have a material adverse effect on our results of operations going forward, it is unclear how they will be implemented by the U.S. Department of Treasury, and what actions, if any, the Trump Administration may take with respect thereto, and what, if any, impact any other tax law changes or actions of the Trump Administration will have on our tax rate. We will continue to evaluate the impact of the Inflation Reduction Act and OBBBA, and actions of the Trump Administration with respect thereto, as further information becomes available.

On December 27, 2023, Bermuda enacted the Corporate Income Tax Act 2023 (the "CIT Act"). Entities subject to tax under the CIT Act are the Bermuda constituent entities of multi-national groups. A multi-national group is defined under the CIT Act as a group with entities in more than one jurisdiction with consolidated revenues of at least EUR750 million for two of the four previous fiscal years. If Bermuda constituent entities of a multi-national group are subject to tax under the CIT Act, such tax is charged at a rate of 15% of the net taxable income of such constituent entities as determined in accordance with and subject to the adjustments set out in the CIT Act. Tax is chargeable under the CIT Act for tax years starting on or after January 1, 2025. The CIT Act provides an elective Economic Transition Adjustment under which a Bermuda Constituent Entity may, as of the commencement of the regime, adjust the tax basis of its assets and liabilities to fair value, and, if such election is not made, permits a carryforward of certain pre-effective-date tax losses into post-effective-date taxable years. Further, the CIT Act includes a foreign tax credit mechanism intended to mitigate potential double taxation. The CIT Act is designed as a covered tax for the purposes of the OECD's Global Base Anti-Erosion Rules ("GloBE model rules"), meaning the CIT Act does not presently apply an income-inclusion rule or under taxed profits rule in the same way as the GloBE model rules do. While we expect that Seadrill and several of its subsidiaries will be treated as Bermuda constituent entities for purposes of the CIT Act and therefore subject to taxation in Bermuda, we do not currently expect the CIT Act to have a material adverse effect on our results of operations going forward. As of December 31, 2025 the Group's Bermuda constituent entities had tax loss carryforwards of \$3.1 billion available to offset future taxable income. We will continue to monitor the impact of the CIT Act as the operations and profitability of the relevant group entities evolve. Future developments and guidance under the GloBE model rules may impact Bermuda's implementation of its corporate tax regime, and any future changes to the Bermuda corporate income tax regime may negatively impact our tax liability, financial condition, and results of operations, and could increase our administrative expenses.

A loss of a major tax dispute or a successful tax challenge to our operating structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries could result in higher taxes on our worldwide earnings, which could result in a significant negative impact on our earnings and cash flows from operations.

Our tax returns and/or tax payments are subject to review and examination. If any tax authority successfully challenges our operational structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries; or if the terms of certain double tax treaties are interpreted in a manner that is adverse to our structure; or if we lose a material tax dispute in any country, our taxes on our worldwide earnings could increase substantially and our earnings and cash flows from operations could be materially adversely affected. For additional information on tax assessments and claims issued, refer to Note 9 - "Taxation" to the Consolidated Financial Statements.

Regulatory and Legal Risks

The issuance of share-based awards may dilute investors' holding of Shares, and substantial sales of or trading in Shares could occur, which could cause the price of Shares to be adversely affected.

The Board and our shareholders have adopted and approved the Management Incentive Plan (as defined herein) under which awards may be made to certain members of Seadrill's Board of Directors, management and other employees. As of December 31, 2025, there were a total of 914,352 non-vested restricted share units subject to service or external market conditions and 173,260 non-vested restricted share units subject to internal performance conditions under the Management Incentive Plan. Vested awards may be settled in cash or Shares at the election of the Joint Nomination and Remuneration Committee. As of February 20, 2026, 2,330,410 Shares remain available for issuance, with respect to awards that have been or may be granted from time to time under the Management Incentive Plan.

In addition, a limited number of shareholders own a substantial portion of Shares. Sales of a substantial number of Shares in the public markets, or even the perception that these sales might occur, could impair our ability to raise capital for our operations through a future sale of, or pay for acquisitions using, our equity securities. We may issue Shares or other securities from time to time as consideration for future acquisitions and investments. If any such acquisition or investment is significant, the number of Shares, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial. We may also grant registration rights covering those Shares or other securities in connection with any such acquisitions and investments. We cannot predict the effect that future sales of Shares will have on the price at which Shares trade or the size of future issuances of Shares or the effect, if any, that future issuances will have

on the market price of Shares. Sales of substantial amounts of Shares, or the perception that such sales could occur, may adversely affect the trading price of the Shares.

Because we are a foreign corporation, you may not have the same rights that a shareholder in a U.S. corporation may have.

We are incorporated under the laws of Bermuda, and substantially all of our assets are located outside of the United States. In addition, the majority of our directors and officers generally are or will be non-residents of the United States, and all or a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for you to effect service of process on these individuals in the United States or to enforce in the United States judgments obtained in U.S. courts against us or our directors and officers based on the civil liability provisions of applicable U.S. securities laws.

In addition, you should not assume that courts in the countries in which we are incorporated or where our assets are located (1) would enforce judgments of U.S. courts obtained in actions against us based upon the civil liability provisions of applicable U.S. securities laws or (2) would enforce, in original actions, liabilities against us based on those laws.

Our Bye-Laws limit shareholders' ability to bring legal action against our officers and directors.

Our Bye-Laws contain a broad waiver by the shareholders of any claim or right of action, both individually and on behalf of the Company, 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.

Legislation enacted in Bermuda as to Economic Substance may affect our operations.

Pursuant to the Economic Substance Act 2018 (as amended) and related regulations (the "ESA"), which came into force on January 1, 2019, a registered entity other than an entity which is resident for tax purposes in certain jurisdictions outside Bermuda ("non-resident entity") that carries on as a business any one or more of the "relevant activities" referred to in the ESA must comply with economic substance requirements. The ESA 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 the following activities: banking, insurance, fund management, financing and leasing, headquarters, shipping, distribution and service center, intellectual property and holding entities (as such terms are defined in the ESA). An in-scope Bermuda entity that carries on a relevant activity is obliged under the ESA to file a declaration with the Bermuda Registrar of Companies on an annual basis containing certain information. The ESA could affect the manner in which we (or any of our Bermuda subsidiaries) operate our business, which could adversely affect our business, financial condition and operating results. If we were required to satisfy economic substance requirements in Bermuda but failed to do so, we could face automatic disclosure to competent authorities in the European Union of the information filed by the entity with the Bermuda Registrar of Companies in connection with the economic substance requirements and may also face financial penalties, restriction or regulation of its business activities and may be struck off as a registered entity in Bermuda.

We may be subject to litigation, arbitration, other proceedings and regulatory investigations that could have an adverse effect on us.

We are currently involved in various litigation and arbitration matters, and we anticipate that we will be involved in dispute matters from time to time in the future. The operating and other hazards inherent in our business expose us to disputes, including claims for personal injury, worker health and safety matters, environmental and climate change litigation, contractual disputes with customers or lessors of rigs that we have leased, or may in the future lease, intellectual property and patent disputes, tax or securities disputes, regulatory investigations and maritime lawsuits, including the possible arrest of our drilling units. We cannot predict, with certainty, the outcome or effect of any claim or other dispute matters, or a combination of these. If we are involved in any future disputes, or if our positions concerning current disputes are found to be incorrect, there may be an adverse effect on our business, financial position, operating results and available cash, because of potential negative outcomes, the costs associated with asserting our claims or defending such lawsuits or proceedings, and the diversion of management's attention to these matters. For additional information on litigation matters that we are currently involved in, please see Part I, Item 3, "Legal Proceedings".

The loss of our status as a "foreign private issuer" could result in additional cost.

Effective January 1, 2025, we no longer qualify as a "foreign private issuer" (as defined in Rule 405 of the Securities Act). As a foreign private issuer, we were exempt from certain rules under the Exchange Act that impose certain disclosure obligations and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, (i) our officers, directors and principal shareholders were exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our Shares, and (ii) we were not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. domestic issuers. We were also permitted to follow certain home country practices in relation to our corporate governance instead of the NYSE corporate governance listing standards. As a result of no longer qualifying as a foreign private issuer, we may incur significant additional costs related to the increased regulatory and compliance requirements of applicable U.S. securities laws and the NYSE corporate governance listing standards as a U.S. domestic issuer.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Seadrill is dedicated to upholding comprehensive cybersecurity policies and procedures to safeguard our assets, data, and stakeholders. We achieve this by continuously assessing, identifying, and managing material risks associated with cybersecurity threats. Our cybersecurity program is built upon the U.S. Department of Commerce's National Institute of Standards and Technology ("NIST") Cybersecurity Framework for Information Technology ("IT") environments, and complemented by the IEC 62443 series of standards for securing Operational Technology ("OT") and industrial control systems. Together, these frameworks provide a structured, risk-based approach to managing cybersecurity across both enterprise and operational domains. Cybersecurity risk is an integral part of our Enterprise Risk Management ("ERM") program, which evaluates potential impacts to our operations, financial stability, and reputation.

The Executive Vice President, Chief Technology and Sustainability Officer serves as the Senior Management sponsor for cybersecurity risk and mitigation plans. Day-to-day management of cybersecurity risks falls under the responsibility of the Director of Information Security and Information Technology ("ISIT"). Our Director of Information Security is a seasoned cybersecurity and risk management leader with over 20 years of experience directing enterprise-wide security programs and IT governance for Fortune 1000 organizations in the energy sector, specializing in the development of global cybersecurity frameworks and the mitigation of digital risks within complex offshore environments.

The governance of Seadrill's cybersecurity program is detailed in Directives and Procedures within our Management System. These documents are regularly reviewed and outline the roles of our Cybersecurity Steering Committee, Security Operations Center, and our comprehensive Cyber Incident Response Plan. This plan specifies procedures for assessing the risk of foreseeable cyber incidents, escalating incidents to Senior Management (including necessary disclosures), and systematically responding to incidents through isolation, containment, analysis, and resolution. A structured de-escalation process follows these actions to ensure resolution and recovery. Our processes also address cybersecurity risks associated with third-party service providers, including those in our supply chain or with access to our systems or data. We evaluate key third-party providers' cybersecurity postures and may recommend specific mitigation controls. The Company works with various assessors, consultants, auditors, and other third parties on a regular basis to ensure the effectiveness of our cybersecurity measures.

To maintain and enhance the strength of our cybersecurity controls while reducing risk exposure, Seadrill conducts vulnerability assessments and penetration testing. As a principal risk, cybersecurity is also included in our rolling Internal Audit & Assurance program and is subject to external ISO 9001 quality management certification, certified by Det Norske Veritas. Oversight of these efforts is provided by the Assurance, Quality & Enterprise Risk Function, which ensures the robustness of key mitigations and controls.

Senior Management oversee the cybersecurity program through weekly and monthly updates, and report on the cybersecurity program to the Audit and Risk Committee for oversight, on a quarterly basis. Additionally, cybersecurity risks are reviewed annually as part of the ERM program. The ISIT Function leads ongoing training and awareness initiatives that apply to all Seadrill personnel, including employees, contractors and contingent workers, emphasizing cybersecurity as a critical organizational priority and mitigating the potential human factor in cyber incidents.

To date, Seadrill's business strategy, operations, and financial condition have not been materially affected by large-scale cybersecurity threats or incidents. For more information on the risks related to Cybersecurity, please refer to Part I, Item 1A, "Risk Factors - Risks Relating to Our Business and Industry - Failure to adequately protect our sensitive information, operational technology systems and critical data, or our service providers' failure to protect their systems and data, could have a material adverse effect on us."

Item 2. Properties**1) Drilling units**

The description of our rig fleet included under Part I, Item 1, "Business" is incorporated by reference herein.

2) Office and Equipment

We lease offices and other properties in several locations including Houston, United States, Rio de Janeiro, Brazil, Stavanger, Norway, Luanda, Angola, and Liverpool, United Kingdom. Our Consolidated Balance Sheet also includes office equipment, IT equipment and leasehold improvements held in these locations.

Item 3. Legal Proceedings

Except as set forth in Note 24 - "Commitments and contingencies" to our consolidated financial statements included in Part II, Item 8, "Financial statements and Supplementary Data" of this annual report, we were involved in a number of lawsuits, regulatory matters, disputes, and claims, asserted and unasserted, all of which have arisen in the ordinary course of our business and for which we do not expect the liability, if any, to have a material adverse effect on our consolidated financial position, results of operations, or cash flows. We cannot predict with certainty the outcome or effect of any of the matters referred to above or of any such other pending or threatened litigation or legal proceedings. We can provide no assurance that our beliefs or expectations as to the outcome or effect of any lawsuit or claim or dispute will prove correct and the eventual outcome of these matters could materially differ from management's current estimates.

Additional information regarding legal proceedings is presented in Note 24 - "Commitments and contingencies" to our consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this annual report.

Item 4. Mine Safety disclosures

Not applicable

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Market for Shares and Related Shareholder Information

Our Shares are listed on the New York Stock Exchange under the ticker symbol "SDRL." On February 20, 2026, we had 833 holders of record of our Shares.

Dividends

Pursuant to the Bye-Laws, the Board of Directors may declare cash dividends or distributions. The payment of any future dividends to shareholders will depend upon decisions that will be at the sole discretion of the Board of Directors and will depend on the then-existing conditions, including the Company's operating results, financial condition, contractual restrictions, corporate law restrictions, capital requirements, the applicable laws of Bermuda and business prospects. Under Bermuda law, a company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of its assets would thereby be less than its liabilities.

Although the Board of Directors may consider the payment of dividends, there can be no assurance that the Company will pay any dividend, or if declared, the amount of such dividend. The agreements governing the Company's secured debt may restrict the Company's ability to declare or pay dividends.

Further, as the Company is a holding company with no material assets other than the shares of its subsidiaries through which it conducts its operations, its ability to pay dividends will also depend on the subsidiaries distributing their respective earnings and cash flow to the Company.

Seadrill Limited was incorporated on October 15, 2021 and has not paid any dividends since its incorporation.

Bermuda and Other Non-U.S. Tax Considerations

As previously noted, the CIT Act was enacted in Bermuda on December 27, 2023 and tax is chargeable under the CIT Act for tax years starting on or after January 1, 2025. Entities subject to tax under the CIT Act are the Bermuda constituent entities of multi-national groups. A multi-national group is defined under the CIT Act as a group with entities in more than one jurisdiction with consolidated revenues of at least EUR750 million for two of the four previous fiscal years. If Bermuda constituent entities of a multi-national group are subject to tax under the CIT Act, such tax is charged at a rate of 15% of the net taxable income of such constituent entities as determined in accordance with and subject to the adjustments set out in the CIT Act (including in respect of foreign tax credits applicable to the Bermuda constituent entities).

The CIT Act does not impose any withholding tax, capital transfer tax, estate duty or inheritance tax and no such taxes are payable by the Company or its shareholders (who are non-residents of Bermuda) in respect a disposition of the Shares or in respect of distributions they receive from the Company with respect to the Shares. This discussion does not, however, apply to the taxation of persons ordinarily resident in Bermuda. Bermuda resident shareholders should consult their own tax advisors regarding possible Bermuda taxes with respect to dispositions of, and distributions received on, the Shares.

Bermuda currently has no tax treaties in place with other countries in relation to double-taxation or for the withholding of tax for foreign tax authorities.

Issuer Repurchases of Equity Securities

On August 14, 2023, the Board of Directors authorized a share repurchase program, which was announced on August 15, 2023 and completed in December 2023, under which the Company purchased \$250 million of its outstanding common shares. On November 27, 2023, the Board of Directors authorized, and the Company announced, an increase in the Company's aggregate share repurchase authorization, allowing the Company to repurchase an additional \$250 million of its outstanding common shares. Under such authorization, the Company purchased an additional \$250 million of its outstanding common shares.

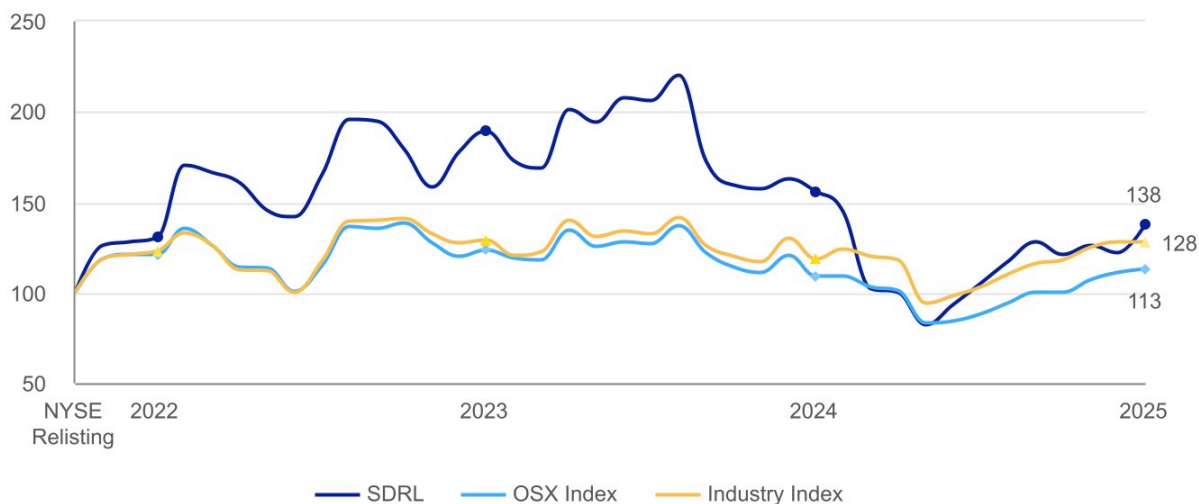
As announced on May 16, 2024, the Company's Board of Directors authorized a new \$500 million share repurchase program that will run for a period of two years from June 25, 2024, the date of completion for the programs initiated in 2023 (the "Current Repurchase Program").

For more information on share repurchases, refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - 2) Capital allocation framework and share repurchase program".

During the fourth quarter of 2025, the Company did not repurchase any Shares, and therefore, as of December 31, 2025, \$208 million of the \$500 million authorized amount remained available under the Current Repurchase Program.

Cumulative Total Shareholder Return

The chart below presents a comparison of the cumulative total shareholder return, assuming \$100 invested on October 14, 2022 (first trading date on the NYSE after our emergence from the Chapter 11) for Seadrill Limited ("SDRL"), the PHLX Oil Service Sector Index (the "OSX Index") and Dow Jones US Select Oil Equipment & Services Index (the "Industry Index").



(Amounts in US\$)

Company/Index	Indexed Returns				
	October 14, 2022	December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025
SDRL	100.0	130.6	189.1	155.7	138.4
OSX Index	100.0	120.9	123.2	108.9	112.7
Industry Index	100.0	122.8	128.8	118.6	128.0

The above graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate it by reference into such filing.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this section, we present management's discussion and analysis of results of operations and financial condition. It should be read in conjunction with our Consolidated Financial Statements and accompanying notes thereto included in this annual report for the year ended December 31, 2025. You should also carefully read the following sections of this annual report entitled "Forward-Looking Statements," Part I, Item 1, "Business" and Part I, Item 1A, "Risk Factors".

The discussion of our results of operations and liquidity in this section includes comparisons for the years ended December 31, 2025 and December 31, 2024. For a similar discussion, including comparisons for the years ended December 31, 2024 and December 31, 2023, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our annual report on [Form 10-K for the year ended December 31, 2024](#), filed with the SEC on February 27, 2025.

Introduction

Seadrill Limited (along with any one or more of its consolidated subsidiaries, or to all such entities, referred to as "Seadrill", "we", "us", "our", and "the Company") is an offshore drilling contractor providing worldwide offshore drilling services to the oil and gas industry. Our primary business is the ownership and operation of drillships and semi-submersible rigs for operations in shallow to ultra-deepwater in both benign and harsh environments. We contract our drilling units to drill wells for our customers on a dayrate basis. Our customers include oil super-majors, state-owned national oil companies, and independent oil and gas companies. In addition, we provide management services to certain affiliated entities.

As of December 31, 2025, we owned a total of 15 drilling units, of which 10 were operating, one was undergoing capital upgrade projects for a contract commencing in the second quarter of 2026, one was undergoing repairs and maintenance projects and three were cold stacked. The 10 operating units include nine benign floaters (comprising six 7th generation drillships, two 6th generation drillships and one benign environment semi-submersible) and one harsh environment jackup. In addition to our owned assets, as of December 31, 2025, we managed two drilling units owned by Sonangol.

For a detailed description of our business, please read Part I, Item 1, "Business".

Significant Developments

U.S. global trade policy changes

Ongoing and recently proposed changes to U.S. global trade policy, along with potential international retaliatory measures, have continued to cause high volatility in global markets and uncertainty around short- and long-term economic impacts in the U.S., including concerns over inflation, recession and slowing growth. We continue to evaluate and monitor the potential impacts of these changes and measures, including the imposition of tariffs and any legal challenges to such tariffs, on our business and operations; however, it is not possible to predict the impact, if any, of any changes or proposed changes to the U.S. global trade policy, or any international retaliatory measures, on our business and operations.

Market Overview and Trends

The below table shows the average annual oil price over the period from 2021 to 2025. The Brent oil price on February 20, 2026 was \$72.23.

	2025	2024	2023	2022	2021
Average Brent oil price (\$/bbl)	68	80	82	101	71

Source: Bloomberg

In recent years, oil prices have generally remained at levels that support offshore exploration and development activity, where global rig demand has been steady. This level of demand was sustained by the combination of commodity prices, heightened focus on energy security, and relative attractiveness of offshore plays with respect to both cost and carbon emissions.

The price of Brent oil averaged \$68 per barrel in 2025, down from \$80 per barrel in 2024. Global growth in oil production and slower growth in demand have put downward pressure on prices.

Uncertainty persists in the market, particularly in light of concerns over global economic conditions, government trade policies and output increases by the OPEC and other major international producers. This has led to the continued deferral of offshore capital expenditures and contracting of offshore drilling services and could have a negative impact on near-term future demand for offshore drilling services. In addition, inflationary pressures may impact the cost base in our industry, including personnel costs and the prices of goods and services required to reactivate or operate rigs. As anticipated, 2025 was a year marked by softer utilization and a corresponding increase in competition, placing downward pressure on near term dayrates; however, as global tendering activity accelerates, we see signs that point towards a market recovery in 2027. In addition, we believe oil majors are calling for renewed focus on large-scale exploration and investment, and there is also growing consensus that U.S. shale production is plateauing. As a result, with projections of growing oil and gas demand and the lagging energy transition, operators are pivoting back towards deepwater exploration in order to replace reserves and sustain production growth.

The below table shows the global number of rigs on contract and marketed utilization for the years ended December 31, 2025 and December 31, 2024:

	December 31, 2025	December 31, 2024
Contracted rigs		
Benign environment floater	108	111
Harsh environment floater	22	22
Harsh environment jackup	27	29
Marketed utilization		
Benign environment floater	86 %	87 %
Harsh environment floater	93 %	95 %
Harsh environment jackup	97 %	99 %

Source: RigLogix

Global benign environment floaters

Marketed utilization decreased in 2025 compared to the prior year, mainly due to fewer contracted floaters, which were primarily benign environment semi-submersibles.

Global harsh environment units

Marketed utilization for harsh environment floaters and jackups declined in 2025 compared to the prior year, primarily reflecting reduced capital spending on drilling activities.

Changes to our fleet

The below table shows the number of owned drilling units included in our fleet for each of the periods covered by this report:

Drilling units owned	December 31, 2025	December 31, 2024	December 31, 2023
Benign environment drillships	10	10	10
Benign environment semi-submersible rigs	2	2	2
Benign environment jackup rigs	—	—	4
Harsh environment semi-submersible rig	2	2	2
Harsh environment jackup rig	1	1	1
Total drilling units	15	15	19

The decrease in benign environment jackup rigs during 2024 was due to the disposal of the *West Castor*, *West Tucana*, *West Telesto* and *West Prospero*.

The below table shows the number of managed drilling units included in our fleet for each of the periods covered by this report:

Drilling units managed	December 31, 2025	December 31, 2024	December 31, 2023
Managed rigs			
Benign environment drillships	2	2	2
Total managed rigs	2	2	2

Contract backlog

Contract backlog includes all firm contracts at the contractual operating dayrate multiplied by the number of days remaining in the firm contract period. For contracts which include a market indexed rate mechanism, we utilize the current applicable dayrate multiplied by the number of days remaining in the firm contract period. Contract backlog includes management contract revenues and leasing revenues from bareboat charter arrangements, denoted as "other" in the tables below. Contract backlog excludes revenues for mobilization, demobilization and contract preparation or other incentive provisions and excludes backlog relating to non-consolidated entities.

The contract backlog for our fleet was as follows as of the dates specified:

(In \$ millions)

Contract backlog	December 31, 2025	December 31, 2024	December 31, 2023
Drilling contracts	2,095	3,034	2,612
Other	285	146	408
Total	2,380	3,180	3,020

Our contract backlog includes only firm commitments represented by signed drilling contracts. The full contractual operating dayrate may differ from the actual dayrate we ultimately receive. For example, an alternative contractual dayrate, such as a waiting-on-weather rate, repair rate, standby rate or force majeure rate, may apply under certain circumstances. The contractual operating dayrate may also differ from the actual dayrate we ultimately receive because of several other factors, including rig downtime or suspension of operations. In certain contracts, the dayrate may be reduced to zero if, for example, repairs extend beyond a stated period.

We estimate the December 31, 2025 contract backlog to be realized over the following periods:

(In \$ millions)

Contract backlog	Total	2026	2027	2028	Thereafter
Drilling units	2,095	962	692	353	88
Other	285	244	41	—	—
Total	2,380	1,206	733	353	88

The actual amounts of revenues earned and the actual periods during which revenues are earned will differ from the amounts and periods shown in the tables above due to various factors, including shipyard and maintenance, survey, upgrade and regulatory projects, unplanned downtime and other factors that result in lower applicable dayrates than the full contractual operating dayrate. Additional factors that could affect the amount and timing of actual revenue to be recognized include customer liquidity issues and contract terminations, which are available to our customers under certain circumstances.

RESULTS OF OPERATIONS

The tables included below set out financial information for the years ended December 31, 2025 and December 31, 2024.

(In \$ millions, except percentages)

	Year ended December 31, 2025	Year ended December 31, 2024	Change	Change %
Operating revenues	1,437	1,385	52	4 %
Operating expenses	(1,369)	(1,223)	(146)	12 %
Other operating items	(21)	250	(271)	(108) %
Operating profit	47	412	(365)	(89) %
Interest expense	(61)	(61)	—	— %
Other financial and non-operating items	(37)	(18)	(19)	106 %
(Loss)/profit before income taxes	(51)	333	(384)	(115) %
Income tax (expense)/benefit	(26)	113	(139)	(123) %
Net (loss)/income	(77)	446	(523)	(117) %

1) Operating revenues

Operating revenues consist of contract revenues, reimbursable revenues, management contract revenues, leasing revenues and other revenues.

<i>(In \$ millions, except percentages)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Change	Change %
Contract revenues ^(a)	1,089	1,009	80	8 %
Reimbursable revenues ^(b)	58	70	(12)	(17) %
Management contract revenues ^(c)	254	247	7	3 %
Leasing revenues ^(d)	33	54	(21)	(39) %
Other revenues	3	5	(2)	(40) %
Total operating revenues	1,437	1,385	52	4 %

a) Contract revenues

Contract revenues represent the revenues we earn from contracting our drilling units to customers, primarily on a dayrate basis, and are predominately driven by the average number of rigs under contract during a period, the average dayrates earned and economic utilization achieved by those rigs under contract. We have set out movements in these key indicators of performance in the sections below.

i. Average number of rigs on contract

We calculate the average number of rigs on contract by dividing the aggregate days our rigs (excluding managed rigs) were on contract during the reporting period by the number of days in that reporting period.

The average number of rigs on contract increased to 10 in the year ended December 31, 2025 from nine in the year ended December 31, 2024, resulting in a \$27 million increase in contract revenues in the year ended December 31, 2025 compared to the year ended December 31, 2024.

The increase was primarily related to the *West Auriga* and *West Polaris* having commenced work in Brazil in December 2024 and February 2025, respectively, and therefore, were operating for more days during the year ended December 31, 2025, compared to the year ended December 31, 2024, along with the *Sevan Louisiana* and *West Neptune* operating for more days during the year ended December 31, 2025 due to special periodic survey activities during the year ended December 31, 2024.

The increase was partially offset by the impact of the *West Phoenix* and *West Capella* being stacked for the majority of the year ended December 31, 2025, compared to operating for most of the year ended December 31, 2024.

ii. Average contractual dayrates

We calculate the average contractual dayrate by dividing the aggregate contractual dayrates during a reporting period by the aggregate number of days for the reporting period.

The average contractual dayrate earned for the year ended December 31, 2025 was \$326 thousand, compared to \$296 thousand for the year ended December 31, 2024, resulting in a \$75 million increase in contract revenues in the year ended December 31, 2025 compared to the year ended December 31, 2024.

The increase was driven by higher-than-average dayrates for the *West Neptune* and *West Vela* operating in the U.S. Gulf, the *West Auriga* and *West Polaris* operating in Brazil, and the *West Elara* operating in Norway during the year ended December 31, 2025, compared to the year ended December 31, 2024. These impacts were partially offset by higher-than-average dayrates for the *West Phoenix* and *West Capella* during the year ended December 31, 2024, in contrast to the year ended December 31, 2025, during which such rigs were predominately not on contract.

iii. Economic utilization for rigs on contract

We define economic utilization as dayrate revenue earned during the period, excluding bonuses, divided by the contractual operating dayrate multiplied by the number of days on contract in the period. If a drilling unit earns its full operating dayrate throughout a reporting period, its economic utilization would be 100%. However, there are many situations that give rise to a dayrate being earned that is less than the contractual operating rate, such as planned downtime for maintenance. In such situations, economic utilization reduces below 100%.

The economic utilization was 90% for the year ended December 31, 2025, compared to 95% for the year ended December 31, 2024, resulting in a \$37 million decrease in contract revenues in the year ended December 31, 2025 compared to the year ended December 31, 2024. The decrease during the year ended December 31, 2025 was primarily due to unplanned downtime related to regulatory matters impacting the *West Tellus* and downtime on the *West Polaris*, *West Auriga*, *West Elara*, *West Carina* and *Sevan Louisiana*, partially offset by improved economic utilization on the *West Neptune*, *West Saturn* and *West Jupiter* compared to the year ended December 31, 2024.

iv. Deferred mobilization revenues

We receive fees for the mobilization of our rigs, where the associated revenue is recognized ratably over the expected term of the related drilling contract. As a result, we record a contract liability for mobilization fees received, which is amortized ratably to contract revenues as services are rendered over the initial term of the related drilling contract.

The amortization of deferred mobilization revenues increased by \$27 million during the year ended December 31, 2025, compared to the year ended December 31, 2024. The increase was primarily attributable to mobilization fees received on the *West Capella*, *West Polaris* and *West Auriga*, which commenced operations within the last 13 months.

v. *Other items*

Contract revenues include add-on services and performance bonuses.

There was a decrease in contract revenues, from add-on services and performance bonuses of \$12 million during the year ended December 31, 2025, compared to the year ended December 31, 2024, primarily attributable to the *West Phoenix* earning revenues from add-on services and a performance bonus during the year ended December 31, 2024, which did not recur during the year ended December 31, 2025.

b) *Reimbursable revenues*

We generally receive reimbursements from our customers for the purchase of supplies, equipment, personnel and other services provided at their request in accordance with a drilling contract. We classify such revenues as reimbursable revenues.

For the years ended December 31, 2025 and December 31, 2024, reimbursable revenues primarily related to rigs managed for the Sonadrill joint venture for long term maintenance projects on the *Libongos* and *Quenguela*, along with some reimbursable revenues related to services provided across various customers.

The \$12 million decrease for the year ended December 31, 2025 compared to the year ended December 31, 2024 was primarily due to reduced reimbursable services provided to the *Libongos* and *Quenguela* for long-term maintenance during the year ended December 31, 2025, compared to the year ended December 31, 2024.

c) *Management contract revenues*

Management contract revenues include revenues related to contracts where we provide management, operational and technical support services and are comprised of revenues from our joint venture, Sonadrill, relating to the *Libongos*, *Quenguela* and *West Gemini*.

Management contract revenues for the year ended December 31, 2025 increased by \$7 million compared to the year ended December 31, 2024, primarily driven by higher management fees and add-on services on the three managed rigs.

Refer to Note 21 - "Related party transactions" for further details.

d) *Leasing revenues*

Leasing revenues relate to the charter of the *West Gemini* to Sonadrill and the *West Castor*, *West Telesto* and *West Tucana* to Gulfdrill prior to their disposal in June 2024.

Leasing revenues decreased by \$21 million for the year ended December 31, 2025 compared to the year ended December 31, 2024, primarily attributable to the disposal of the Gulfdrill rigs in June 2024.

Refer to Note 21 - "Related party transactions" for further details.

2) *Operating expenses*

Total operating expenses include vessel and rig operating expenses, reimbursable expenses, depreciation of drilling units and equipment, amortization of intangibles, management contract expenses, merger and integration related expenses, and selling, general and administrative expenses.

<i>(In \$ millions, except percentages)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Change	Change %
Vessel and rig operating expenses (i)	(736)	(681)	(55)	8 %
Reimbursable expenses	(58)	(68)	10	(15) %
Depreciation and amortization (ii)	(238)	(168)	(70)	42 %
Management contract expenses (iii)	(232)	(175)	(57)	33 %
Merger and integration related expenses (iv)	(2)	(24)	22	(92) %
Selling, general and administrative expenses	(103)	(107)	4	(4) %
Total operating expenses	(1,369)	(1,223)	(146)	12 %

i. *Vessel and rig operating expenses*

Vessel and rig operating expenses represent the costs we incur to operate a drilling unit that is either in operation or stacked. This includes the remuneration of offshore crews, rig supplies, expenses for repair and maintenance, onshore support costs, and the amortization of deferred mobilization costs. Vessel and rig operating expenses are mainly driven by rig activity. On average, we incur higher vessel and rig operating expenses when a rig is operating compared to when it is stacked. For stacked rigs, we incur higher vessel and rig expenses for warm stacked rigs compared to cold stacked rigs. We incur one-time costs for activities such as preservation and severance when we cold stack a rig. We also incur significant costs when re-activating a rig from cold stack, a proportion of which is expensed as incurred. Where a rig is leased to another operator, the majority of vessel and rig expenses are incurred by the operator.

Vessel and rig operating expenses increased by \$55 million during the year ended December 31, 2025 compared to the year ended December 31, 2024. During the year ended December 31, 2025, there was a \$155 million increase in vessel and rig operating expenses compared to the year ended December 31, 2024, primarily related to the *West Auriga* and *West Polaris* commencing operations in Brazil, of which \$43 million related to increased amortization of deferred mobilization costs, along with higher repair and maintenance costs across the fleet. This was partially offset by a \$73 million decrease in vessel and rig operating expenses during the year ended December 31, 2025 primarily related to the *West Phoenix* and *West Capella*, which were stacked for the majority of the year ended December 31, 2025, and lower managed service agreement fees of \$27 million, as the rigs acquired through the Aquadrill transaction are now managed by Seadrill, rather than by third parties.

ii. *Depreciation and amortization*

The \$70 million increase in depreciation and amortization for the year ended December 31, 2025 compared to the year ended December 31, 2024 was mainly attributable to the capital projects on the *West Auriga* and *West Polaris* and unfavorable contracts being fully amortized during 2024.

Depreciation of drilling units and equipment

Depreciation increased by \$60 million in the year ended December 31, 2025 compared to the year ended December 31, 2024, mainly attributable to the capital projects on the *West Auriga* and *West Polaris* related to their respective contracts in Brazil.

Amortization of intangibles

Amortization expense increased by \$10 million during the year ended December 31, 2025 compared to the year ended December 31, 2024 mainly attributable to unfavorable contracts being fully amortized related to the *West Jupiter* and *West Tellus* during the third quarter of 2025, and the *West Auriga* and *West Vela* during the year ended December 31, 2024.

iii. *Management contract expenses*

Management contract expenses include costs related to Sonadrill's rigs, *Quenguela* and *Libongos*, and the Seadrill rig leased to Sonadrill, the *West Gemini*.

Management contract expenses increased by \$57 million during the year ended December 31, 2025, compared to the year ended December 31, 2024, primarily attributable to estimated damages following the unfavorable court judgment related to fees for arranging the Sonadrill joint venture.

iv. *Merger and integration related expenses*

Merger and integration related expenses include costs related to Seadrill's acquisition of Aquadrill, completed during the second quarter of the year ended December 31, 2023.

Merger and integration related expenses decreased by \$22 million during the year ended December 31, 2025, compared to the year ended December 31, 2024, primarily attributable to lower integration costs incurred related to the acquisition of Aquadrill.

3) *Other operating items*

Other operating items include loss on impairment of long-lived assets, gain on the sale of assets and other operating income.

<i>(In \$ millions, except percentages)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Change	Change %
Loss on impairment of long-lived assets (i)	(22)	—	(22)	100 %
Gain on disposals (ii)	1	234	(233)	(100) %
Other operating income (iii)	—	16	(16)	(100) %
Other operating items	(21)	250	(271)	(108) %

i. *Loss on impairment of long-lived assets*

Loss on impairment of long-lived assets of \$22 million for the year ended December 31, 2025 related to an impairment of the *West Eclipse* due to a sustained lack of future utilization plans.

ii. *Gain on disposals*

Gain on disposal of \$234 million during the year ended December 31, 2024 related to the disposal of the *West Castor*, *West Teleso* and *West Tucana* jackup rigs, along with our 50% equity interest in the Gulfdrill joint venture during the second quarter of 2024, and the disposal of the *West Prospero* during the fourth quarter of 2024.

iii. *Other operating income*

Other operating income for the year ended December 31, 2024 related to the recovery of historical import duties in the form of tax credits following the approval by the applicable tax authorities, which did not recur during the year ended December 31, 2025.

4) Interest expense

(In \$ millions, except percentages)

	Year ended December 31, 2025	Year ended December 31, 2024	Change	Change %
Interest on debt facilities (i)	(53)	(54)	1	(2) %
Other	(8)	(7)	(1)	14 %
Interest expense	(61)	(61)	—	— %

i. Interest on debt facilities

We incur interest on our debt facilities as summarized below.

(In \$ millions, except percentages)

	Year ended December 31, 2025	Year ended December 31, 2024	Change	Change %
\$575 million secured bond	(48)	(48)	—	— %
Unsecured senior convertible bond	(5)	(6)	1	(17) %
Interest on debt facilities	(53)	(54)	1	(2) %

5) Other financial and non-operating items

(In \$ millions, except percentages)

	Year ended December 31, 2025	Year ended December 31, 2024	Change	Change %
Interest income (i)	14	25	(11)	(44) %
Equity in losses of equity method investment (net of tax)	(10)	(9)	(1)	11 %
Other financial and non-operating items (ii)	(41)	(34)	(7)	21 %
Other financial and non-operating items	(37)	(18)	(19)	106 %

i. Interest income

Interest income relates to interest earned on bank deposits. The \$11 million decrease in interest income for the year ended December 31, 2025 compared to the year ended December 31, 2024, was primarily attributable to lower cash balances.

ii. Other financial and non-operating items

Other financial and non-operating items increased by \$7 million during the year ended December 31, 2025 compared to the year ended December 31, 2024, primarily related to the recognition of indirect tax liabilities and a provision related to assets sold in 2023. This was partially offset by favorable foreign exchange movements due to the depreciation of the USD against the Brazilian Real and Norwegian Krone.

6) Income tax (expense)/benefit

Income tax expense consists of taxes currently payable and changes in deferred tax assets and liabilities related to our ownership and operation of drilling units and may vary significantly depending on jurisdictions and contractual arrangements. In most cases, the calculation of taxes is based on net income or deemed income, the latter generally being a function of gross revenue.

The \$139 million increase in tax expense during the year ended December 31, 2025 compared to the year December 31, 2024, principally reflects resolution of significant uncertain tax positions in 2024, following settlement with Nigeria's tax authority, partially offset by the resolution in 2025 of uncertain tax positions for Ghana, along with changes in valuation allowances established for Switzerland and Brazil and changes in the Company's mix of pre-tax income and loss among tax jurisdictions.

Refer to Note 9 – "Taxation" for further details.

LIQUIDITY AND CAPITAL RESOURCES

1) Capital allocation framework and share repurchase program

In July 2023, in connection with the issuance of the Notes (as defined herein), Seadrill announced capital allocation principles designed to prioritize a conservative capital structure and liquidity position, focused capital investment in its fleet, and returns to shareholders. Within this framework, Seadrill intends to maintain a net leverage target of less than 1.0x under current market conditions, with a maximum through-cycle net leverage target of less than 2.0x. Seadrill also intends to maintain a strong liquidity position to provide resilience even in a downturn scenario by establishing a target minimum cash-on-hand of \$250 million. Further, Seadrill intends to evaluate the potential for accretive additions in core asset categories.

So long as Seadrill is able to meet its net leverage and liquidity targets on a forward-looking basis, as well as comply with its Revolving Credit Facility covenant requirements, Seadrill would seek to provide a return to our shareholders of at least 50% of Free Cash Flow (defined as cash flows from operating activities minus additions to drilling units and equipment) in the form of share repurchases or dividends. Seadrill will consider additional returns to shareholders from the proceeds of any asset sales in the absence of identified, accretive opportunities.

Dividends and share repurchases will be authorized and determined by the Board of Directors in its sole discretion and depend upon a number of factors, including those described above, its future prospects, market trend evaluation and such other factors as the Board of Directors may deem relevant. Please see Part I, Item 1A, "Risk Factors — Financial and Tax Risks — *We may be unable to meet our capital allocation framework goal of returning at least 50% of Free Cash Flow to shareholders through dividends and share repurchases, which could decrease expected returns on an investment in our Shares*".

On August 14, 2023, the Board of Directors authorized a share repurchase program, which was announced on August 15, 2023, under which the Company completed its repurchase of \$250 million of its outstanding common shares on December 5, 2023. On November 27, 2023, the Board of Directors authorized, and the Company announced, an increase in the Company's aggregate share repurchase authorization, allowing the Company to repurchase an additional \$250 million of its outstanding common shares, taking the aggregate authorization to \$500 million. On June 25, 2024, the Company announced it had completed the additional \$250 million of repurchases, with the cancellation of 5,250,707 treasury shares acquired under the program on June 28, 2024.

During the second quarter of 2024, the Board of Directors authorized a new \$500 million share repurchase program that will run for a period of two years from June 25, 2024, the date of completion for the programs initiated in 2023 (the "Current Repurchase Program"). In furtherance of the Current Repurchase Program, the Board authorized the Company to purchase up to \$200 million of the Company's common shares (the "First Tranche") by September 30, 2024. The Company repurchased an aggregate of 4,213,349 common shares, with a weighted average share price of \$46.77, amounting to \$192 million of the First Tranche. On September 30, 2024, the Company cancelled the 4,213,349 treasury shares repurchased under the First Tranche.

During the fourth quarter of 2024, in furtherance of the Current Repurchase Program, the Board authorized the Company to purchase up to \$100 million of the Company's common shares (the "Second Tranche") by December 31, 2024. The Company repurchased an aggregate of 2,500,903 common shares, with a weighted average share price of \$39.99, amounting to \$100 million. On December 16, 2024, the Company cancelled 2,500,903 treasury shares acquired under the Second Tranche.

In aggregate, during the year ended December 31, 2024, the Company repurchased approximately 11.6 million common shares amounting to \$527 million with a weighted average share price of \$45.31. The Company did not repurchase any common shares during the year ended December 31, 2025.

As of December 31, 2025, \$208 million of the \$500 million authorized amount remained available under the Current Repurchase Program.

While the Current Repurchase Program has a fixed expiration, it may be modified, suspended or discontinued at any time. Shares may be repurchased at any time and from time to time under the program in open market purchases, privately negotiated purchases, block trades, tender offers, accelerated share repurchase transactions or other derivative transactions, through the purchase of call options or the sale of put options, or otherwise, or by any combination of the foregoing. The Company is under no obligation to purchase any Shares in respect of the repurchase program. The manner, timing, pricing and amount of any repurchases may be based upon a number of factors, including market conditions, the Company's financial position and capital requirements, financial conditions, competing uses for cash, statutory solvency requirements, the restrictions in the Company's debt agreements and other factors.

The Company may continue share repurchases pursuant to the Current Repurchase Program at the Board's discretion. While we intend to announce the initiation of any Board approved repurchase programs in the future, as well as periodic information required under U.S. securities laws and regulations, we do not intend to announce any sub-authorizations for share repurchases made pursuant to the Current Repurchase Program or any successor program given that we are no longer required to comply with European regulations requiring onerous disclosure in connection with repurchase programs.

2) Liquidity

Our level of liquidity fluctuates depending on a number of factors. These include, among others, our drilling units being on contract, economic utilization achieved, average contract dayrates, timing of accounts receivable collection, capital expenditures for rig upgrades and reactivation projects, and timing of payments for operating costs and other obligations.

As of December 31, 2025, Seadrill had available liquidity of \$524 million, which consisted of unrestricted cash of \$339 million, and available borrowings under our Revolving Credit Facility of \$185 million. Our cash on hand, available borrowings under the Revolving Credit Facility, and contract and other revenues are expected to generate sufficient cash flow to fund our anticipated debt service and working capital requirements for the next 12 months.

The below table shows unrestricted cash balances and total available liquidity as of each date presented:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Unrestricted cash	339	478
Undrawn Revolving Credit Facility	185	225
Total available liquidity	524	703

We have shown our sources and uses of cash by category of cash flows in the table below:

<i>(In \$ millions, except percentages)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Change	Change %
Net cash (used in)/provided by operating activities (a)	(28)	88	(116)	(132)%
Net cash (used in)/provided by investing activities (b)	(113)	226	(339)	(150)%
Net cash used in financing activities (c)	(3)	(532)	529	(99)%
Effect of exchange rate changes in cash and cash equivalents	4	(5)	9	(180)%
Change in period	(140)	(223)	83	(37)%

a) Net cash (used in)/provided by operating activities

Cash flows from operating activities include cash receipts from customers, cash paid to employees and suppliers (except for additions to drilling units and equipment), interest and dividends received (except for returns of capital), interest paid, income taxes paid and other operating cash payments and receipts.

Net cash used in operating activities during the year ended December 31, 2025 was \$28 million compared to net cash provided by operating activities of \$88 million for the year ended December 31, 2024. The \$116 million decrease was primarily related to decreased operating results and increased disbursements to suppliers and a payment of damages for a legal proceeding, partially offset by reduced mobilization costs incurred in the year ended December 31, 2025 compared to the year ended December 31, 2024, which primarily related to contract preparation costs for the *West Polaris* and *West Auriga*.

b) Net cash (used in)/provided by investing activities

The \$113 million net cash used in investing activities during the year ended December 31, 2025 was primarily related to capital expenditures on the *West Neptune*, *West Elara*, *West Capella*, *West Gemini* and *West Auriga* and the acquisition of capital spares.

The \$226 million net cash provided by investing activities during the year ended December 31, 2024 was primarily related to the proceeds received on the disposal of our three jackup rigs, *West Castor*, *West Teleso* and *West Tucana*, together with our 50% equity interest in the Gulfdrill joint venture of \$338 million during the second quarter, and the proceeds related to the disposal of the *West Prospero* jackup rig of \$45 million during the fourth quarter. This was partially offset by capital expenditures of \$157 million primarily related to capital upgrades on the *West Auriga* and *West Polaris* during their preparations for Petrobras contracts, with the *West Auriga* having started in December 2024 and *West Polaris* starting during the first quarter of 2025.

c) Net cash used in financing activities

The \$3 million net cash used in financing activities during the year ended December 31, 2025 was related to taxes withheld on vested employee share-based compensation awards.

The \$532 million net cash used in financing activities during the year ended December 31, 2024 was related to share repurchases.

3) Borrowing Activities

An overview of our debt as of December 31, 2025, divided into (i) secured debt and (ii) unsecured debt, is presented in the table below:

<i>(In \$ millions)</i>	Principal value	Debt Premium	Debt Issuance Costs	Carrying value	Maturity date
Secured					
\$575 million secured bond	575	1	(13)	563	August 2030
Unsecured					
Unsecured senior convertible bond	50	—	—	50	August 2028
Total debt	625	1	(13)	613	

Collateral package

Revolving Credit Facility

In July 2023, the Company entered into a \$225 million, 5-year Senior Secured Revolving Credit Agreement in respect of the Revolving Credit Facility (the "Credit Agreement"). Seadrill Finance (as defined herein) is the borrower under the Credit Agreement, and the facility is secured by first priority liens on substantially all of the Company's drilling units and related assets, other than non-core assets. The Company, and certain of its subsidiaries that own collateral or are otherwise material, guarantee the obligations under the Credit Agreement. The loans outstanding under the Credit Agreement bear interest at a rate per annum equal to the applicable margin plus, at Seadrill Finance's option, either: (i) the Term SOFR Rate (as defined in the Credit Agreement) plus 0.10%; or (ii) Daily Simple SOFR (as defined in the Credit Agreement) plus 0.10%. For both the Term SOFR Rate loans and Daily Simple SOFR loans, the applicable margin was 2.75% per annum as of December 31, 2025, and may vary based on Seadrill's Credit Ratings (as defined in the Credit Agreement), from 2.50% to 3.50% per annum. A commitment fee is incurred under the Revolving Credit Facility on undrawn amounts, at a rate of 0.5% per annum to and including July 27, 2026, 0.75% per annum from and including July 28, 2026 to and including July 27, 2027, and 1.00% per annum thereafter.

In August 2025, the Company issued a NOK403 million guarantee (approximately \$40 million as of December 31, 2025) under the Revolving Credit Facility related to the SFL Hercules Ltd. claim, which reduced the available borrowings under the Revolving Credit Facility to approximately \$185 million.

For further details, please refer to Note 24 – "Commitments and contingencies".

\$575 million Notes Offerings

In July 2023, Seadrill Finance issued the Notes in a private offering. The Notes mature on August 1, 2030. The Notes are guaranteed by the Company and the same subsidiaries of the Company that guarantee the Credit Agreement. The Notes are secured by a second priority lien on the same assets that secure the Credit Agreement.

Bilateral Facility

Seadrill Rig Holding Company Limited, a subsidiary of Seadrill Limited, has an uncommitted bilateral facility with DNB Bank ASA (the "Bilateral Facility"), which permits the issuance of letters of credit and bank guarantees for our account. Up to \$25 million of reimbursement obligations under the Bilateral Facility are secured on a pari passu basis with the collateral that secures the Credit Agreement, and any additional obligations under the Bilateral Facility would need to be secured by cash or other collateral. We pay a fee of 1% on outstanding letters of credit and bank guarantees issued under the Bilateral Facility. As of December 31, 2025, we had approximately \$19 million of outstanding letters of credit and bank guarantees issued under the Bilateral Facility.

Refer to Note 16 – "Debt" for further details of these facilities.

Financial covenants

The Credit Agreement obligates Seadrill and its restricted subsidiaries to comply with the following financial covenants:

- as of the last day of each fiscal quarter, the Interest Coverage Ratio (as defined in the Credit Agreement) is not permitted to be less than 2.50 to 1.00; and
- as of the last day of each fiscal quarter, the Consolidated Total Net Leverage Ratio (as defined in the Credit Agreement) is not permitted to be greater than 3.00 to 1.00.

As of December 31, 2025, Seadrill was in compliance with these financial covenants.

4) Contractual Obligations

As of December 31, 2025, we have \$22 million of uncertain tax position, inclusive of interest and penalties, included on our Consolidated Balance Sheet. We are unable to specify with certainty whether we would be required to and in which periods we may be obligated to settle such amounts. Refer to Note 9 – "Taxation" for further details.

As of December 31, 2025, we do not have long-term debt due within the next 12 months. Principal payments of \$625 million will be due in subsequent periods to 2026. Refer to Note 16 – "Debt" for further details of these facilities.

For a description for our operating lease obligations, refer to Note 18 - "Leases" for further details.

As of December 31, 2025, we had other commitments that we are contractually obligated to fulfill with cash if the obligations are called. These obligations include guarantees on our performance as it relates to our drilling contracts and as security for a legal matter. We expect to comply with the underlying performance requirements, and we expect obligations under these guarantees will not be called. Refer to Note 24 - "Commitments and contingencies" for further details.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States ("US GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures about contingent assets and liabilities. We base these estimates and assumptions on historical experience and on various other information and assumptions that we believe to be reasonable. Critical accounting estimates are important to the portrayal of both our financial position and results of operations and require us to make subjective or complex assumptions or estimates about matters that are uncertain. Actual results may differ from these estimates.

Critical accounting estimates that are significant for the year ended December 31, 2025 are as follows:

Impairment considerations (drilling units)

The carrying values of our long-lived assets are reviewed for impairment when certain triggering events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. Asset impairment evaluations are, by nature, highly subjective. They involve expectations about future cash flows generated by our assets and reflect management's assumptions and judgments regarding future industry conditions and their effect on future utilization levels, dayrates and costs. The use of different estimates and assumptions could result in significantly different carrying values of our assets and could materially affect our results of operations. An impairment loss is recorded in the period in which it is determined that the aggregate carrying amount is not recoverable.

Income taxes

Seadrill is a Bermuda company that has subsidiaries and affiliates in various jurisdictions. Effective January 1, 2025, Bermuda enacted a 15% corporate income tax applicable to Bermudan members of multinational enterprise groups with annual global revenue of €750 million or more. Beginning in 2025, Seadrill and its Bermuda subsidiaries are subject to Bermuda corporate income tax. Certain subsidiaries operate in or realize income from sources within other jurisdictions that impose income taxes or withholding taxes. Consequently, income taxes for these jurisdictions have been recorded when applicable. Our income tax expense is based on our income and the statutory tax rates of relevant jurisdictions. Refer to Note 9 – "Taxation".

Our income tax expense is based on our interpretation of tax laws in various jurisdictions in which we operate or derive income and requires significant judgment and use of estimates and assumptions regarding significant future events, such as amounts, timing and character of income, deductions, and tax credits. There are certain transactions for which the ultimate tax determination is unclear due to uncertainty concerning interpretation of tax law that arises in the ordinary course of business.

We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit by relevant tax authorities, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more likely than not of being realized upon settlement. While we believe we have appropriate support for the positions taken on our tax returns, in assessing the adequacy of our provision for income taxes we consider developments in tax laws, regulations, administrative practices and relevant case law; the progress and findings of ongoing tax audits; and our experience with relevant taxation principles.

Income tax expense consists of taxes currently payable and changes in deferred tax assets and liabilities calculated according to local tax rules. We recognize the income tax effects of intercompany sales or transfers of assets, other than inventory, in the Consolidated Statement of Operations as income tax expense (or benefit) in the period of sale or transfer occurs.

Current income tax expense reflects an estimate of our income tax liability for the current year, withholding taxes, and changes in prior year tax estimates as tax returns are filed or adjusted upon tax audits.

Deferred tax assets and liabilities are based on temporary differences that arise between carrying values used for financial reporting purposes and their values for taxation purposes and on the future tax benefits of tax attributes. Our deferred tax expense or benefit represents the change in the balance of deferred tax assets or liabilities as reflected on the balance sheet. Valuation allowances are determined to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. To determine the amount of deferred tax assets and liabilities, as well as the valuation allowances, we must make estimates and certain assumptions regarding future taxable income, including where our drilling units are expected to be deployed, as well as other assumptions related to our future tax position. A change in such estimates and assumptions, along with any changes in tax laws, could require us to adjust the deferred tax assets, liabilities, or valuation allowances. The amount of deferred tax provided is based upon the expected manner of settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. The impact of tax law changes is recognized in periods when the change is enacted.

Business combinations

We apply the acquisition method of accounting for business combinations. Assets acquired and liabilities assumed are recorded at their estimated acquisition date fair value. The acquisition method of accounting requires us to make significant estimates and assumptions regarding the fair values of the elements of a business combination as of the date of acquisition, including the fair values of drilling units, identifiable intangible assets and liabilities, deferred tax asset valuation allowances, and liabilities related to uncertain tax positions, among others. Significant estimates and assumptions are used in determining the fair value of drilling units and intangible assets and liabilities, and include off-contract revenue estimates, off-contract operating expense assumptions, contract probabilities, the weighted average cost of capital ("WACC") rate used to discount free cash flow projections and drilling unit market valuations. This method also requires us to refine these estimates over a measurement period not to exceed one year to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. If we are required to retroactively adjust provisional amounts that we have recorded for the fair values of assets and liabilities in connection with acquisitions, these adjustments could have a material impact on our financial condition and results of operations.

In addition, we have estimated the economic lives of certain acquired assets and assumed liabilities and these lives are used to calculate depreciation and amortization expense. If our estimates of the economic lives change, depreciation or amortization expenses could increase or decrease. Furthermore, if the subsequent actual results and updated projections of the underlying business activity change compared with the assumptions and projections used to develop these values, we could record impairment charges.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

We are exposed to market risks, including foreign exchange risk and interest rate risk. Our policy is to reduce our exposure to these risks, where possible, within boundaries deemed appropriate by our management team. This may include the use of derivative instruments.

Foreign exchange risk

It is customary in the oil and gas industry that a majority of our revenues and expenses are denominated in U.S. dollars, which is the functional currency of our subsidiaries and equity method investee. However, a portion of the revenues and expenses of certain of our subsidiaries and equity method investee are denominated in other currencies. We are therefore exposed to foreign exchange gains and losses that may arise on the revaluation or settlement of monetary balances denominated in foreign currencies.

Our foreign exchange exposures primarily relate to cash and working capital balances denominated in foreign currencies. We do not expect these exposures to cause a significant amount of fluctuation in net income and do not currently hedge them. The effect of fluctuations in currency exchange rates arising from our international operations has not had a material impact on our overall operating results.

Interest rate risk

The majority of our debt portfolio is on a fixed interest rate. Please refer to Note 16 – "Debt " for further details.

Item 8. Financial Statements and Supplementary Data

The following financial statements are filed in this Item 8:

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Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting.

Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are being made only in accordance with authorizations of Company's management and directors; and
- Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting pursuant to Rules 13a-15 and 15d-15 of the Exchange Act as of December 31, 2025. In making our assessment, our management used the criteria established in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. On the basis of this evaluation, management concluded that, as of December 31, 2025, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

February 26, 2026

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Seadrill Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of Seadrill Limited and its subsidiaries (the "Company") as of December 31, 2025, and the related consolidated statements of operations, of comprehensive loss, of changes in shareholders' equity and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audit of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Liabilities for Certain Uncertain Tax Positions

As described in Notes 2 and 9 to the consolidated financial statements, the Company has recorded net liabilities for uncertain tax positions of \$22 million as of December 31, 2025. Liabilities for certain uncertain tax positions represent a portion of the consolidated balance. The Company's income tax expense is based on the interpretation of tax laws in the various jurisdictions in which the Company operates. There are certain transactions for which the ultimate tax consequence is unclear due to uncertainty in relation to the interpretation of tax law that arises in the ordinary course of business. Management recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit by relevant tax authorities, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more likely than not of being realized upon settlement. Management considers the developments in tax law, regulations, administrative practices and relevant case law, and the progress and findings of ongoing tax audits in assessing the adequacy of the provision for income taxes.

The principal considerations for our determination that performing procedures relating to liabilities for certain uncertain tax positions is a critical audit matter are (i) the significant judgment by management when determining and measuring liabilities for certain uncertain tax positions and (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's determination and measurement of liabilities for certain uncertain tax positions.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the determination and measurement of liabilities for uncertain tax positions. These procedures also included, among others (i) testing the information used in the determination of liabilities for certain uncertain tax positions; (ii) testing the calculation of liabilities for certain uncertain tax positions, by jurisdiction; (iii) evaluating management's assessment of the technical merits of the tax positions and estimates of the amount of tax benefits expected to be sustained, as well as the likelihood of the possible estimated outcome, for certain uncertain tax positions; and (iv) evaluating the status and results of income tax audits with the relevant tax authorities.

/s/ PricewaterhouseCoopers LLP
Houston, Texas
February 26, 2026

We have served as the Company's auditor since 2025.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Seadrill Limited

Opinion on the Financial Statements

We have audited the consolidated balance sheet of Seadrill Limited and its subsidiaries (the "Company") as of December 31, 2024, and the related consolidated statements of operations, comprehensive income, cash flows and changes in shareholders' equity for each of the two years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Watford, United Kingdom
February 27, 2025

We served as the Company's or its predecessors' auditor from 2013 to 2025.

Seadrill Limited
CONSOLIDATED STATEMENTS OF OPERATIONS

(In \$ millions, except per share data)

	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Operating revenues			
Contract revenues	1,089	1,009	1,154
Reimbursable revenues ⁽¹⁾	58	70	58
Management contract revenues ⁽¹⁾	254	247	245
Leasing revenues ⁽¹⁾	33	54	33
Other revenues ⁽¹⁾	3	5	12
Total operating revenues	1,437	1,385	1,502
Operating expenses			
Vessel and rig operating expenses	(736)	(681)	(705)
Reimbursable expenses	(58)	(68)	(55)
Depreciation and amortization	(238)	(168)	(155)
Management contract expenses	(232)	(175)	(174)
Merger and integration related expenses	(2)	(24)	(24)
Selling, general and administrative expenses	(103)	(107)	(74)
Total operating expenses	(1,369)	(1,223)	(1,187)
Other operating items			
Loss on impairment of long-lived assets	(22)	—	—
Gain on disposals	1	234	14
Other operating income	—	16	—
Total other operating items	(21)	250	14
Operating profit	47	412	329
Financial and other non-operating items			
Interest income	14	25	35
Interest expense	(61)	(61)	(59)
Equity in (losses)/earnings of equity method investment (net of tax)	(10)	(9)	37
Other financial and non-operating items	(41)	(34)	(25)
Total financial and other non-operating items, net	(98)	(79)	(12)
(Loss)/profit before income taxes	(51)	333	317
Income tax (expense)/benefit	(26)	113	(17)
Net (loss)/income	(77)	446	300
Basic (LPS)/EPS (\$)	(1.24)	6.56	4.23
Diluted (LPS)/EPS (\$)	(1.24)	6.37	4.12

⁽¹⁾ Includes revenue received from related parties of \$317 million, \$319 million, and \$298 million for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively. Refer to Note 21 – "Related party transactions" for further details.

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Seadrill Limited
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS)/INCOME
(In \$ millions)

	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Net (loss)/income	(77)	446	300
<i>Other comprehensive loss, net of tax</i>			
Actuarial loss relating to pensions	—	—	(1)
Total other comprehensive loss	—	—	(1)
Total comprehensive (loss)/income for the period	(77)	446	299

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Seadrill Limited
CONSOLIDATED BALANCE SHEETS
(In \$ millions, except share data)

	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	339	478
Restricted cash	26	27
Accounts receivable, net	162	193
Other current assets	231	230
Total current assets	758	928
Non-current assets		
Equity method investment	58	68
Drilling units	2,969	2,946
Deferred tax assets	44	63
Equipment	8	5
Other non-current assets	110	146
Total non-current assets	3,189	3,228
Total assets	3,947	4,156
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	61	118
Other current liabilities	313	383
Total current liabilities	374	501
Non-current liabilities		
Long-term debt	613	610
Deferred tax liabilities	14	11
Other non-current liabilities	88	116
Total non-current liabilities	715	737
Commitments and contingencies (Note 24)		
SHAREHOLDERS' EQUITY		
Common shares of par value \$0.01 per share: 375,000,000 shares authorized at December 31, 2025 (December 31, 2024: 375,000,000) and 62,374,171 issued at December 31, 2025 (December 31, 2024: 62,154,422)	1	1
Additional paid-in capital	1,986	1,969
Accumulated other comprehensive income	1	1
Retained earnings	870	947
Total shareholders' equity	2,858	2,918
Total liabilities and shareholders' equity	3,947	4,156

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Seadrill Limited
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In \$ millions)

	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Cash Flows from Operating Activities			
Net (loss)/income	(77)	446	300
<i>Adjustments to reconcile net (loss)/income to net cash (used in)/provided by operating activities:</i>			
Depreciation and amortization	238	168	155
Gain on disposals of assets	(1)	(234)	(14)
Equity in losses/(earnings) of equity investments (net of tax)	10	9	(37)
Loss on impairment of long-lived assets	22	—	—
Deferred tax expense/(benefit)	22	(13)	(13)
Amortization of debt bond issuance costs	3	4	2
Share based compensation expense	20	17	8
Change in allowance for credit losses	—	—	(1)
Other	23	5	1
<i>Other cash movements in operating activities:</i>			
Additions to long-term maintenance	(213)	(261)	(108)
<i>Changes in operating assets and liabilities, net of effect of acquisition:</i>			
Accounts receivable, net	23	29	(25)
Trade accounts payable	(47)	65	(34)
Prepaid expenses	7	(24)	(1)
Deferred revenue	(8)	22	1
Deferred contract costs	45	(92)	25
Related party receivables	—	9	19
Other assets	(9)	2	(22)
Other liabilities	(86)	(64)	31
Net cash (used in)/provided by operating activities	(28)	88	287
Cash Flows from Investing Activities			
Additions to drilling units and equipment	(110)	(157)	(101)
Proceeds from disposal of assets	1	383	14
Proceeds from sales of tender-assist units	—	—	84
Net proceeds on disposal of business and cash impact from deconsolidation	—	—	21
Other	(4)	—	24
Net cash (used in)/provided by investing activities	(113)	226	42
Cash Flows from Financing Activities			
Taxes withheld on employee stock transactions	(3)	—	—
Shares repurchased	—	(532)	(263)
Proceeds from debt	—	—	576
Repayments of secured credit facilities	—	—	(478)
Share issuance costs	—	—	(4)
Debt issuance costs	—	—	(31)
Net cash used in financing activities	(3)	(532)	(200)
Effect of exchange rate changes on cash and cash equivalents	4	(5)	1
Net (decrease)/increase in cash and cash equivalents, including restricted cash	(140)	(223)	130
Cash and cash equivalents, including restricted cash, at beginning of the year	505	728	598
Cash and cash equivalents, including restricted cash, at the end of year	365	505	728
Supplementary disclosure of cash flow information			
Interest paid	(53)	(54)	(36)
Net taxes paid	(12)	(17)	(24)

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Sadrill Limited
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In \$ millions)

	Common shares	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity
Balance as of January 1, 2023	—	1,499	2	201	1,702
Net income	—	—	—	300	300
Shares issued on closing of Aquadrill acquisition	1	1,243	—	—	1,244
Share issuance cost	—	(4)	—	—	(4)
Shares repurchased and cancelled	—	(267)	—	—	(267)
Other comprehensive loss	—	—	(1)	—	(1)
Share base compensation	—	9	—	—	9
Balance as of December 31, 2023	1	2,480	1	501	2,983
Net income	—	—	—	446	446
Share repurchased and cancelled	—	(528)	—	—	(528)
Share based compensation	—	17	—	—	17
Balance as of December 31, 2024	1	1,969	1	947	2,918
Net loss	—	—	—	(77)	(77)
Share based compensation	—	20	—	—	20
Shares withheld for taxes on equity transactions	—	(3)	—	—	(3)
Balance as of December 31, 2025	1	1,986	1	870	2,858

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Seadrill Limited
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 -General Information

Seadrill Limited is incorporated in Bermuda. We are an offshore drilling contractor providing worldwide offshore drilling services to the oil and gas industry. Our primary business is the ownership and operation of drilling units for operations in shallow to ultra-deepwater in both benign and harsh environments. We contract our drilling units to drill wells for our customers on a dayrate basis. Our customers include oil super-majors, state-owned national oil companies and independent oil and gas companies. In addition, we provide management services to certain affiliated entities. As of December 31, 2025, we owned a total of 15 drilling units, of which 10 were operating, one was undergoing capital upgrade projects for a contract commencing in the second quarter of 2026, one was undergoing repairs and maintenance projects and three were cold stacked. The 10 operating units include nine benign floaters (comprising six 7th generation drillships, two 6th generation drillships and one benign environment semi-submersible) and one harsh environment jackup. In addition to our owned assets, as of December 31, 2025, we managed two drilling units owned by Sonangol EP ("Sonangol").

The use herein of such terms as "Group", "Company", "organization", "we", "us", "our" and "its", or references to specific entities, is not intended to be a precise description of corporate relationships.

Basis of presentation

The Consolidated Financial Statements comply with US GAAP and are presented in U.S. dollars ("US dollar", "\$" or "US\$") rounded to the nearest million, unless stated otherwise. They include the financial statements of Seadrill Limited and its consolidated subsidiaries.

The financial information in this report has been prepared on the basis we will continue as a going concern, which presumes we will be able to realize our assets and discharge liabilities in the normal course of business as they come due.

Certain reclassifications have been made to previously reported amounts to conform to the current period presentation. These reclassifications did not have a material effect on our Consolidated Financial Statements.

Use of estimates

The preparation of the Consolidated Financial Statements in accordance US GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, and related disclosures about contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base these estimates and assumptions on historical experience and on various other information and assumptions that we believe to be reasonable. Critical accounting estimates are important to the portrayal of both our financial position and results of operations and require us to make subjective or complex assumptions or estimates about matters that are uncertain. Actual results may differ from these estimates.

Basis of consolidation

We consolidate companies where we have a controlling financial interest, and entities where we hold a variable interest and are the primary beneficiary. A variable interest entity ("VIE") is a legal entity where equity at risk is not enough to finance its activities, or equity interest holders lack power to direct activities or receive expected returns. We are the primary beneficiary of a VIE when we have the power to direct activities that impact economic performance and the right to receive benefits or absorb losses. We exclude subsidiaries, even if fully owned, if we are not the primary beneficiary under the variable interest model. All intercompany balances and transactions have been eliminated.

Acquisition of Aquadrill LLC

On April 3, 2023 (the "Closing Date"), Seadrill completed the acquisition of Aquadrill LLC ("Aquadrill"), an offshore drilling unit owner. Pursuant to the Agreement and Plan of Merger (the "Merger Agreement") dated December 22, 2022, by and among Seadrill, Aquadrill (formerly Seadrill Partners LLC) and Seadrill Merger Sub, LLC, a Marshall Islands limited liability company ("Merger Sub"), Merger Sub merged with and into Aquadrill, with Aquadrill surviving the merger as a wholly owned subsidiary of Seadrill (the "Merger"). In connection with the Merger, and pursuant to the Merger Agreement, Seadrill exchanged consideration consisting of (i) 29.9 million Seadrill common shares, (ii) \$30 million settled by tax withholding in lieu of common shares, and (iii) cash consideration of \$1 million.

Through the acquisition of Aquadrill in April 2023, we added four drillships, one semi-submersible, and three tender-assist units to our fleet. Refer to Note 25 – "Business combinations" for further detail. The three tender-assist units were sold on July 28, 2023.

Emergence from Chapter 11 proceedings

On February 22, 2022, Seadrill Limited and certain of its subsidiaries which filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the Bankruptcy Court, completed its comprehensive restructuring and emerged from Chapter 11 proceedings.

Note 2 – Accounting policies

Revenue from contracts with customers

The activities that primarily drive the revenue earned from our drilling contracts include (i) providing a drilling unit and the crew and supplies necessary to operate the rig, (ii) mobilizing and demobilizing the rig to and from the drill site and (iii) performing rig preparation activities or modifications required for the contract with a customer. Consideration received for performing these activities may consist of dayrate drilling revenue, mobilization and demobilization revenue, contract preparation revenue and reimbursement revenue. We account for these integrated services as a single performance obligation that is (i) satisfied over time and (ii) comprised of a series of distinct time increments of service.

We recognize revenues for activities that correspond to a distinct time increment of service within the contract term in the period when the services are performed. We recognize consideration for activities that are (i) not distinct within the context of our contracts and (ii) do not correspond to a distinct time increment of service, ratably over the estimated contract term.

We determine the total transaction price for each individual contract by estimating both fixed and variable consideration expected to be earned over the term of the contract. The amount estimated for variable consideration may be constrained and is only included in the transaction price to the extent that it is probable that a significant reversal of previously recognized revenue will not occur throughout the term of the contract. When determining if variable consideration should be constrained, we consider whether there are factors outside of our control that could result in a significant reversal of revenue as well as the likelihood and magnitude of a potential reversal of revenue. We re-assess these estimates each reporting period as required. For further information please refer to Note 5 – "Revenue from contracts with customers".

Our drilling contracts generally provide for payment on a dayrate basis, with higher rates for periods when the drilling unit is operating and lower rates or zero rates for periods when drilling operations are interrupted or restricted. The dayrate invoices billed to the customer are typically determined based on the varying rates applicable to the specific activities performed on an hourly basis. Such dayrate consideration is allocated to the distinct hourly incremental service it relates to. Revenue is recognized in line with the contractual rate billed for the services provided for any given hour.

We may receive fees (on either a fixed lump-sum or variable dayrate basis) for the mobilization of our rigs. These activities are not considered to be distinct within the context of the contract. The associated revenue is allocated to the overall performance obligation and recognized ratably over the expected term of the related drilling contract. We record a contract liability for mobilization fees received, which is amortized ratably to contract drilling revenue as services are rendered over the initial term of the related drilling contract.

We may receive fees (on either a fixed lump-sum or variable dayrate basis) for the demobilization of our rigs. Demobilization revenue expected to be received upon contract completion is estimated as part of the overall transaction price at contract inception and recognized over the term of the contract. In most of our contracts, there is uncertainty as to the likelihood and amount of expected demobilization revenue to be received. For example, the amount may vary dependent upon whether or not the rig has additional contracted work following the contract. Therefore, the estimate for such revenue may be constrained, as described above, depending on the facts and circumstances pertaining to the specific contract. We assess the likelihood of receiving such revenue based on past experience and knowledge of the market conditions.

We generally receive reimbursements from our customers for the purchase of supplies, equipment, personnel services and other services provided at their request in accordance with a drilling contract or other agreement. Such reimbursable revenue is variable and subject to uncertainty, as the amounts received and timing thereof are highly dependent on factors outside of our influence. Accordingly, reimbursable revenue is fully constrained and not included in the total transaction price until the uncertainty is resolved, which typically occurs when the related costs are incurred on behalf of a customer. We are generally considered a principal in such transactions and record the associated revenue at the gross amount billed to the customer, at a point in time, as "Reimbursable revenues" in our Consolidated Statements of Operations.

In some countries, the local government or taxing authority may assess taxes on our revenues. Such taxes may include sales taxes, use taxes, value-added taxes, gross receipts taxes and excise taxes. We generally record tax-assessed revenue transactions on a net basis.

Arrangements with MSA managers

On completion of the Aquadrill acquisition on the Closing Date, Seadrill assumed arrangements related to the management of the former Aquadrill rigs. These arrangements were with offshore drilling contractors including affiliates of Diamond Offshore Drilling, Inc., Vantage Drilling International, and Energy Drilling Management Pte Ltd. (collectively, the "MSA Managers"), governed by master service or similar agreements ("MSAs"). During 2024, all remaining MSAs expired, and therefore, Seadrill currently manages all its rigs.

Under the MSAs, certain former Aquadrill rigs were chartered to an MSA Manager who then contracted with a third-party customer to provide drilling services, providing all necessary crew and other required services and supplies needed to provide those services. The charter arrangements were structured such that all revenues from the end customer and all contract expenses were passed through to Seadrill. The MSA Manager also charged a fee for the services provided. While this fee was variable to align contract objectives between us and the Manager, the majority of economic risk and reward over the arrangement resided with Seadrill.

For accounting purposes, we considered each arrangement as a single unified contract between Seadrill and the end customer with the MSA Manager acting as both a lease broker and subcontractor in providing services to the end customer. Similar to arrangements where Seadrill provides drilling services directly to an end-customer using its owned rigs, the arrangement had both lease and non-lease components. We applied the practical expedient per Accounting Standards Codification ("ASC") 842-10-15-42 which permitted us to account for the arrangement based on the predominant component in the arrangement, which we considered to be the non-lease component.

Accordingly, we accounted for these arrangements under the guidance of ASC 606 – Revenue from Contracts with Customers. We recognized all revenues from the end-customers and all operating expenditures incurred by the MSA Manager and passed back to us, together with all MSA Manager fees, as operating expenses. In addition, where the MSA Manager incurred capital or long-term-maintenance expenditures on the units, these costs were also passed to us and accounted for as drilling unit additions. More generally, the accounting for revenue and expenses related to these arrangements followed our accounting policies.

Management contract revenues

Seadrill has provided management and operational support services to Sonadrill and during the year ended December 31, 2023, SeaMex Holdings Ltd ("SeaMex"). These services are typically charged on either a cost-plus or dayrate basis. In addition, Seadrill has recorded reimbursable revenues on certain project work conducted on behalf of such parties.

Other revenues

Other revenues comprise the sale of supplies and termination fees earned when drilling contracts are terminated before the contract end date. Termination fees are recognized as any contingencies or uncertainties are resolved.

Vessel and Rig Operating Expenses

Vessel and rig operating expenses are costs associated with operating a drilling unit that is either in operation or stacked and include the remuneration of offshore crews and related costs, rig supplies, insurance costs, expenses for repairs and maintenance and costs for onshore support personnel. We expense such costs as incurred.

Mobilization and demobilization expenses

We incur costs to prepare a drilling unit for a new customer contract and to move the rig to a new contract location. We capitalize the mobilization and preparation costs for a rig's first contract as a part of the rig value and recognize these costs as depreciation expense over the expected useful life of the rig (i.e. 30 years). For subsequent contracts, we defer these costs over the expected contract term, unless we do not expect the costs to be recoverable, in which case we expense them as incurred.

We incur costs to transfer a drilling unit to a safe harbor or different geographic area at the end of a contract. We expense such demobilization costs as incurred. We also expense any costs incurred to relocate drilling units that are not under contract.

Repairs, maintenance and periodic surveys

Costs related to periodic overhauls of drilling units are capitalized and amortized over the anticipated period between overhauls, which is generally five years. Related costs are primarily shipyard costs and the cost of employees directly involved in the work. We include amortization costs for periodic overhauls in depreciation expense. Costs for other repair and maintenance activities are included in vessel and rig operating expenses and are expensed as incurred. Repairs, maintenance and periodic surveys are classified as operating activities within our Consolidated Statements of Cash Flows.

Income taxes

Seadrill is a Bermuda company that has subsidiaries and affiliates in various jurisdictions. For taxable years beginning on or after January 1, 2025, Seadrill and our Bermudan subsidiaries are subject to Bermuda's corporate income tax on ordinary income or capital gains. Certain subsidiaries operate or realize income from sources within other jurisdictions that impose income tax or withholding taxes. Consequently, income taxes have been recorded in these jurisdictions when applicable. Our income tax expense is based on our income and statutory tax rates in relevant jurisdictions. Refer to Note 9 – "Taxation".

Our income tax expense is based on our interpretation of tax laws in various jurisdictions in which we operate and requires significant judgment and use of estimates and assumptions regarding significant future events, such as amounts, timing and character of income, deductions, and tax credits. There are certain transactions for which the ultimate tax consequence is unclear due to uncertainty in relation to the interpretation of tax law that arises in the ordinary course of business.

We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit by relevant tax authorities, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more likely than not of being realized upon settlement. While we believe we have the required support for the positions taken on our tax returns, in assessing the adequacy of our provision for income taxes we consider developments in tax laws, regulations, administrative practices and relevant case law; the progress and findings of ongoing tax audits; and our experience with relevant taxation principles.

Income tax expense consists of taxes currently payable and changes in deferred tax assets and liabilities calculated according to local tax rules. We recognize the income tax effects of intercompany sales or transfers of assets, other than inventory, in the Consolidated Statement of Operations as income tax expense (or benefit) in the period that a sale or transfer occurs.

Current income tax expense reflects an estimate of our income tax liability for the current year, withholding taxes, and changes in prior year tax estimates as tax returns are filed or adjusted upon tax audits.

Deferred tax assets and liabilities are based on temporary differences that arise between carrying values used for financial reporting purposes and their values for taxation purposes and on the future tax benefits of tax attributes.

Our deferred tax expense or benefit represents the change in the balance of deferred tax assets or liabilities as reflected on the balance sheet. Valuation allowances are determined to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. To determine the amount of deferred tax assets and liabilities, as well as the valuation allowances, we must make estimates and certain assumptions regarding future taxable income, including where our drilling units are expected to be deployed, as well as other assumptions related to our future tax position. A change in such estimates and assumptions, along with any changes in tax laws, could require us to adjust the deferred tax assets, liabilities, or valuation allowances. The amount of deferred tax provided is based upon the expected manner of settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. The impact of tax law changes is recognized in periods when the change is enacted.

Foreign currencies

The majority of our revenues and expenses are denominated in U.S. dollars and therefore all of our subsidiaries use U.S. dollars as their functional currency. Our reporting currency is also U.S. dollars.

Transactions in foreign currencies are translated into U.S. dollars at the rates of exchange in effect at the date of the transaction. Foreign currency denominated monetary assets and liabilities are remeasured using rates of exchange at the balance sheet date. Gains and losses on foreign currency transactions are included within "Other financial and non-operating items, net" in the Consolidated Statements of Operations.

(Loss)/earnings per share

Basic (loss)/earnings per share ("LPS/EPS") is calculated based on the loss or income for the period available to common shareholders divided by the weighted average number of Shares outstanding. Diluted loss or income per share includes the effect of the assumed conversion of potentially dilutive instruments such as our restricted stock units, performance-based stock units and convertible bond. The determination of dilutive loss or income per share may require us to make adjustments to net loss or income and the weighted average Shares outstanding. Refer to Note 10 – "(Loss)/earnings per share".

Fair value measurements

We estimate fair value at a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market for the asset or liability. Hierarchy Levels 1, 2 and 3 are terms for the priority of inputs to valuation techniques used to measure fair value. Hierarchy Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets. Hierarchy Level 2 inputs are significant other observable inputs, including direct or indirect market data for similar assets or liabilities in active markets or identical assets or liabilities in less active markets. Hierarchy Level 3 inputs are significant unobservable inputs, including those that require considerable judgment for which there is little or no market data. When a valuation requires multiple input levels, we categorize the entire fair value measurement according to the lowest level of input that is significant to the measurement even though we may have also utilized inputs that are more readily observable.

Cash and cash equivalents and restricted cash

Cash and cash equivalents consist of cash, bank deposits and highly liquid financial instruments with maturities of three months or less. Amounts are presented net of allowances for credit losses.

Restricted cash consists of bank deposits which are subject to restrictions due to legislation, regulation or contractual arrangements. Restricted cash amounts that are expected to be used after one year from the balance sheet date are classified as non-current assets. Amounts are presented net of allowances for credit losses, which are assessed based on consideration of maturity date and the counterparty's credit rating. Refer to Note 11 – "Restricted cash".

Receivables

Receivables, including accounts receivable, are recorded in the balance sheet at their nominal amount net of expected credit losses and write-offs. Interest income on receivables is recognized as earned.

Contract assets and liabilities

Accounts receivable are recognized when the right to consideration becomes unconditional based upon contractual billing schedules. If we recognize revenue ahead of this point, we also recognize a contract asset. Contract assets balances relate primarily to demobilization revenues recognized during the period associated with probable future demobilization activities.

Contract liabilities include payments received for mobilization, rig preparation and upgrade activities which are allocated to the overall performance obligation and recognized ratably over the initial term of the contract.

Equity method investments

Investments in common stock are accounted for using the equity method if we have the ability to significantly influence, but not control, the investee. Significant influence is presumed to exist if our ownership interest in the voting stock of the investee is between 20% and 50%. We also consider other factors such as representation on the investee's board of directors and the nature of commercial arrangements. We classify our equity investee as "Equity method investment" on the Consolidated Balance Sheets. We recognize our share of earnings or losses from our equity method investments in the Consolidated Statements of Operations as "Equity in (losses)/earnings of equity method investments (net of tax)". Refer to Note 13 – "Equity method investment".

We assess our equity method investment for impairment at each reporting period when events or circumstances suggest that the carrying amount of the investments may be impaired. We record an impairment charge for other-than-temporary declines in value when the value is not anticipated to recover above the cost within a reasonable period after the measurement date. We consider (1) the length of time and extent to which fair value is below carrying value, (2) the financial condition and near-term prospects of the investee, and (3) our intent and ability to hold the investment until any anticipated recovery. If an impairment loss is recognized, subsequent recoveries in value are not reflected in earnings until sale of the equity method investee occurs.

Drilling units

Rigs, vessels and related equipment are recorded at historical cost less accumulated depreciation. The cost of these assets, less estimated residual value is depreciated on a straight-line basis over their estimated remaining economic useful lives. Rig upgrade costs incurred that increase the marketability of the rig beyond the current contract are depreciated over the remaining lives of the rigs. The estimated economic useful life of our floaters and jackup rigs, when new, is 30 years.

Drilling units acquired in a business combination are measured at fair value at the date of acquisition. Cost of property and equipment sold or retired, with the related accumulated depreciation and impairment, are removed from the Consolidated Balance Sheet, and resulting gains or losses are included in the Consolidated Statement of Operations.

We re-assess the remaining useful lives of our drilling units when events occur which may impact our assessment of their remaining useful lives. These include changes in the operating condition or functional capability of our rigs, technological advances, changes in market and economic conditions as well as changes in laws or regulations affecting the drilling industry.

Equipment

Equipment is recorded at historical cost less accumulated depreciation and impairment and is depreciated over its estimated remaining useful life. The estimated economic useful life of equipment, when new, is generally between three and five years depending on the type of asset. Refer to Note 15 – "Equipment".

Rig reactivation and mobilization project costs

Most reactivation costs are capitalized. The incremental cost of equipment de-preservation activities and one-time major equipment overhaul or replacement of systems and equipment, certain directly identifiable personnel costs and costs to move rigs from stacking locations to the shipyards are capitalized and depreciated over the remaining lives of the rigs. General and administrative and overhead costs related to reactivation projects are accounted for as operating expenses.

Rig upgrade costs incurred as part of reactivation projects that increase the marketability of the rig beyond the current contract are depreciated over the remaining lives of the rig. Costs incurred as part of reactivation projects to install equipment or modify to current rig specifications that will not increase the marketability of the rig beyond the current contract and rig mobilization costs are deferred and amortized over the contract period.

The cost of reactivation project related long-term maintenance activities such as major classification surveys and other major certifications are capitalized and depreciated over a period of generally between two and five years (depending on the period covered by the re-certification).

Certain direct and incremental costs incurred for upfront preparation, initial mobilization and modifications of contracted rigs represent costs of fulfilling a contract as they relate directly to a contract, enhance resources that will be used in satisfying our performance obligations in the future and are expected to be recovered. Such costs are deferred and amortized ratably to contract drilling expense as services are rendered over the initial term of the related drilling contract.

Leases

Lessee - When we enter into a new contract, or modify an existing contract, we identify whether that contract has a finance or operating lease component. We do not have any leases classified as finance leases. We determine the lease commencement date by reference to the date the leased asset is available for use and transfer of control has occurred from the lessor. At the lease commencement date, we measure and recognize a lease liability and a right of use ("ROU") asset in the financial statements. The lease liability is measured at the present value of the lease payments not yet paid, discounted using the estimated incremental borrowing rate at lease commencement. The ROU asset is measured at the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date, minus any lease incentives received, plus any initial direct costs incurred by us. ROU assets are recorded within "Other non-current assets", and lease liabilities are recorded within "Other current liabilities" and "Other non-current liabilities" in our Consolidated Balance Sheets.

After the commencement date, we adjust the carrying amount of the lease liability by the amount of payments made in the period as well as the unwinding of the discount over the lease term using the effective interest method. After commencement date, we amortize the ROU asset by the amount required to keep total lease expense including interest constant (straight-line over the lease term).

Seadrill assesses ROU assets for impairment and recognizes any impairment loss in accordance with the accounting policy on impairment of long-lived assets.

Lessor - When we enter into a new contract, or modify an existing contract, we identify whether that contract has a sales-type, direct financing or operating lease. We do not have any leases classified as sales-type or direct financing. For our operating leases, the underlying asset remains on the balance sheet and we record periodic depreciation expense and lease revenues.

Impairment of long-lived assets

We review the carrying value of our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be appropriate. We first assess recoverability of the carrying value of the asset by estimating the undiscounted future net cash flows expected to be generated from the asset, including eventual disposal. If the undiscounted future net cash flows are less than the carrying value of the asset, then we compare the carrying value of the asset to its fair value as determined using the discounted future net cash flows, using a relevant weighted-average cost of capital. The impairment loss to be recognized during the period, is the amount by which the carrying value of the asset exceeds its fair value.

Other intangible assets and liabilities

Intangible assets and liabilities were recorded at fair value on the date of Seadrill's emergence from Chapter 11 in February 2022 and on acquisition of Aquadrill in April 2023. The amounts of these assets and liabilities less any estimated residual value are amortized on a straight-line basis over the estimated remaining economic useful life or contractual period. We classify amortization of these intangible assets and liabilities within operating expenses. Our intangible assets include favorable and unfavorable drilling contracts, management services contracts and management incentive fees. In accordance with ASC 360, our intangible assets are reviewed for impairment when indicators of impairment are present, which include events or changes in circumstances that indicate that the carrying amount of an asset may not be recoverable. In the event an impairment loss is recognized, the adjusted carrying amount of the intangible asset is its new accounting basis. Refer to Note 12 – "Other current and non-current assets". Our intangible liabilities include unfavorable drilling contracts. Refer to Note 17 – "Other current and non-current liabilities".

Debt

At the inception of a term debt arrangement, or whenever we make the initial drawdown on a revolving debt arrangement, we incur a liability for the principal to be repaid. Debt issuance costs and lender fees related to the term loan are netted against the liability and amortized over the term of the loan. Issuance costs and lender fees related to the revolving debt arrangement are amortized straight-line over the term of the revolver. Refer to Note 16 – "Debt" for more information on our debt instruments.

Pension benefits

We make contributions to personal defined contribution plans. These are charged as operational expenses as they become payable. Some of our Norwegian employees are covered by defined benefit plans. The ongoing liability for these schemes is not material and therefore disclosures related to these schemes have not been presented.

Loss contingencies

We recognize a loss contingency in the Consolidated Balance Sheets where we have a present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount is reasonably estimable.

We review developments in our contingencies that could affect the amount of liabilities recorded and disclosures of loss contingencies. We adjust our liabilities and disclosures to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. Significant judgment is required to determine both the probability and the estimated amount. Refer to Note 24 – "Commitments and contingencies" for further information.

Share repurchases

Repurchased Shares are recognized at cost as a component of shareholders' equity. If our Shares are acquired for purposes other than retirement, or if ultimate disposition has not yet been decided, the cost of the Shares is recognized as a direct reduction in shareholders' equity as treasury stock. At the point where it is deemed reasonably certain that the acquired Shares will be cancelled/retired, the nominal value of the Shares is recorded as a reduction in share capital with the excess paid over the nominal value recorded as a reduction in additional paid in capital ("APIC").

Share-based compensation

We made awards of restricted stock units ("RSUs") and performance stock units ("PSUs") under the Management Incentive Plan (as defined herein) (see Note 20 – "Share based compensation"). We account for our share based compensation in accordance with ASC 718, which utilizes a "modified grant-date" approach, where the fair value of an equity award is estimated on the grant date without regard to service or performance conditions. The subsequent accounting then depends on whether the award is classified as equity settled or liability settled, based on the conditions provided in ASC 718. If any of the conditions set out in ASC 718 are met, we classify the award as liability settled, otherwise the award is classified as equity settled. The fair value of equity settled awards is fixed on the grant date and not remeasured unless the award is modified. The fair value of liability settled awards is remeasured at the end of each reporting period until settlement. The change in fair value is recorded as operating expense or capitalized based on the nature of the employee's activities over the service period of the award. No cost is recorded for awards that do not vest because service conditions are not satisfied. We account for forfeitures on an actual basis.

Guarantees

Guarantees issued by us, excluding those that are guaranteeing our own performance, are recognized at fair value at the time that the guarantees are issued and reported in "Other current liabilities" and "Other non-current liabilities", where applicable. If it becomes probable that we will have to perform under a guarantee, we remeasure the liability if the amount of the loss can be reasonably estimated. Financial guarantees written are assessed for credit losses and any allowance is presented as a liability for off-balance sheet credit exposures where the balance exceeds the collateral provided over the remaining instrument life. The allowance is assessed at the individual guarantee level, calculated by multiplying the balance exposed on default by the probability of default and loss given default over the term of the guarantee.

Business combinations

We account for acquisitions in accordance with ASC 805 - Business Combinations. When a transaction qualifies as a business combination under ASC 805 because (i) the acquiree meets the definition of a business and (ii) Seadrill as the acquirer obtains control of an acquiree, the acquisition method is used and the identifiable assets acquired and liabilities assumed are recognized at fair value on the acquisition date. Under ASC 805, the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed is recognized as an asset referred to as goodwill. If the fair value of the net assets acquired and liabilities assumed is greater than the purchase price, a bargain purchase gain is recognized in the Consolidated Statement of Operations at the acquisition date.

Note 3 -Recent accounting standards

Recently adopted accounting standards

In December 2023, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation and information on income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The guidance has been applied on a prospective basis with the required income tax disclosures included in Note 9 – "Taxation". This standard update did not affect the recognition or measurement of income taxes within our Consolidated Financial Statements.

New accounting standards to be adopted

In November 2024, the FASB issued ASU 2024-03, "Disaggregation of Income Statement Expenses", which requires additional disclosure of the nature of expenses included in the income statement. The guidance is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. ASU 2024-03 will be applied prospectively with the option for retrospective application. Early adoption is permitted. The Company continues to evaluate the potential impact of this pronouncement.

Note 4 - Segment information

Operating segments

The information provided to our Chief Operating Decision Maker ("CODM"), which is the Board of Directors, to assess performance and allocate resources is on a consolidated basis, reflecting our operational structure. We view our operations and manage our business as one operating segment, using Operating Profit as presented in our Consolidated Statements of Operations.

Geographic data

Revenues

Revenues are attributed to geographical locations based on the country of operations for drilling activities, *i.e.*, the country where the revenues are generated. The following table presents our revenues by geographic area:

<i>(In \$ millions)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Brazil	611	343	343
United States	368	366	446
Angola	331	335	271
Norway	97	188	213
Others ⁽¹⁾	30	153	229
Total operating revenues	1,437	1,385	1,502

⁽¹⁾ "Other" represents countries in which we operate that individually had revenues representing less than 10% of total operating revenues earned for any of the periods presented.

Fixed assets – drilling units ⁽¹⁾

Drilling unit fixed assets by geographic area based on location as of the end of the year are as follows:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Brazil	1,401	1,427
United States	727	678
Norway	406	420
Others ⁽²⁾	435	421
Total	2,969	2,946

⁽¹⁾ Asset locations at the end of the period are not necessarily indicative of the geographic distribution of the revenues or operating profits generated by such assets during such period.

⁽²⁾ Others represent countries in which we operate that individually had drilling unit fixed assets representing less than 10% of total drilling unit fixed assets for any of the periods presented.

Major customers

During the years ended December 31, 2025, December 31, 2024, and December 31, 2023, we had the following customers with total revenues greater than 10% of total operating revenues in any of the periods presented:

	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Petrobras	36 %	18 %	16 %
Sonadrill	22 %	22 %	17 %
Talos	11 %	2 %	7 %
LLOG	10 %	9 %	9 %
Others	21 %	49 %	51 %
Total	100 %	100 %	100 %

Significant expenses

The significant expense category regularly provided to our CODM to manage operations is Total Operating Expenses, which is presented in the Consolidated Statements of Operations.

Note 5 – Revenue from contracts with customers

The following table provides information about receivables and contract liabilities from our contracts with customers, as of the dates presented:

(In \$ millions)	December 31, 2025	December 31, 2024
Accounts receivable, net	162	193
Current contract liabilities (classified within other current liabilities)	(58)	(63)
Non-current contract liabilities (classified within other non-current liabilities)	(36)	(48)

Changes to contract liabilities balances during the years ended December 31, 2024 and December 31, 2025 were as follows:

(In \$ millions)	Contract Liabilities
Net contract liability as of January 1, 2024	(64)
Amortization of revenue that was included in the beginning contract liability balance	29
Additional contract liabilities recognized, excluding amounts recognized as revenue	(76)
Net contract liability as of December 31, 2024	(111)
Amortization of revenue that was included in the beginning contract liability balance	65
Additional contract liabilities recognized, excluding amounts recognized as revenue	(48)
Net contract liability as of December 31, 2025	(94)

Note 6 – Other revenues

(In \$ millions)	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Other revenues	3	5	12

On July 1, 2022, Seadrill novated its drilling contract for the *West Gemini* in Angola to the Sonadrill joint venture and leased the *West Gemini* to Sonadrill for the duration of that contract and the follow-on contract, entered into directly by Sonadrill, at a nominal charter rate, based on a commitment made under the terms of the joint venture agreement. At the commencement of the lease, we recorded a liability representing the fair value of the lease commitment which we amortize as other revenue, on a straight-line basis, over the lease term. This lease is considered to form part of Seadrill's investment in the joint venture, Sonadrill. Accordingly, we recorded a \$21 million increase to our investment in Sonadrill at the commencement of the *West Gemini* lease to Sonadrill on July 1, 2022.

In May 2024, the *West Gemini* bareboat lease was amended retroactively to January 1, 2024 to reflect the fair market value of the rig lease, resulting in the derecognition of the lease commitment liability and cessation of amortization.

Note 7 – Other operating items

Other operating items consist of the following:

<i>(In \$ millions)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Loss on impairment of long-lived assets ⁽ⁱ⁾	(22)	—	—
Gain on disposals ⁽ⁱⁱ⁾	1	234	14
Other operating income ⁽ⁱⁱⁱ⁾	—	16	—
Total other operating items	(21)	250	14

i. Loss on on impairment of long-lived assets

During the year ended December 31, 2025, indicators of impairment were present for the *West Eclipse* primarily related to a sustained lack of future utilization plans. We tested the recoverability of the drilling unit and determined the asset was impaired by \$22 million. The remaining carrying amount of the drilling unit is not material.

ii. Gain on disposals

The gain on disposals of \$234 million for the year ended December 31, 2024 relates to the disposal of the *West Castor*, *West Telesto* and *West Tucana* jackup rigs, along with our 50% equity interest in the Gulfdrill joint venture during the second quarter of 2024, and the disposal of the *West Prospero* during the fourth quarter of 2024, compared to the gain on disposal during the year ended December 31, 2023 comprised of sales of capital spares.

iii. Other operating income

The \$16 million gain in 2024 relates to the recovery of historical import duties in the form of tax credits following the approval by the applicable tax authorities.

Note 8 – Interest expense

Interest expense consists of the following:

<i>(In \$ millions)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Interest on debt facilities ^(a)	(53)	(54)	(54)
Other	(8)	(7)	(5)
Interest expense	(61)	(61)	(59)

(a) Interest on debt facilities

Interest on our debt facilities is summarized below. Please refer to Note 16 – "Debt" for more information on these debt facilities.

<i>(In \$ millions)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
\$575 million secured bond	(48)	(48)	(21)
First lien senior secured	—	—	(12)
Second lien senior secured	—	—	(16)
Unsecured senior convertible bond	(5)	(6)	(5)
Interest on debt facilities	(53)	(54)	(54)

Note 9 – Taxation

(Loss)/profit before income taxes in Bermuda and foreign jurisdictions were as follows:

<i>(In \$ millions)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Bermuda	(127)	123	(104)
Foreign	76	210	421
(Loss)/profit before income taxes	(51)	333	317

Income taxes consisted of the following:

<i>(In \$ millions, except percentages)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Current tax expense/(benefit):			
Bermuda	—	—	—
Foreign	4	(95)	30
Deferred tax expense/(benefit):			
Bermuda	—	—	—
Foreign	22	(18)	(13)
Total income tax expense/(benefit)	26	(113)	17
Effective tax rate	(51.0)%	(33.9)%	5.4 %

A reconciliation of the Bermuda statutory income tax rate of 15% to the consolidated effective tax rate for the year ended December 31, 2025 is as follows:

(In \$ millions, except percentages)

	Year ended December 31, 2025	
Expected income tax benefit at Bermuda statutory rate	(8)	15.0 %
Foreign tax effects		
<i>Brazil</i>		
Statutory income tax rate differential	5	(9.6) %
Nondeductible expenses	3	(5.1) %
Changes in valuation allowance	(4)	7.1 %
<i>Luxembourg</i>		
Adjustment to prior year deferred taxes	20	(38.4) %
Changes in valuation allowance	(3)	5.9 %
<i>Mexico</i>		
Statutory income tax rate differential	(2)	4.7 %
Nondeductible taxes	8	(15.9) %
<i>Norway</i>		
Return to provision adjustments	(11)	21.6 %
Adjustment to prior year deferred taxes	19	(37.3) %
Foreign exchange effects	(3)	6.6 %
Statutory accounting adjustments	(7)	13.2 %
Other	(2)	4.4 %
<i>Switzerland</i>		
Statutory income tax rate differential	(8)	15.6 %
Adjustment to prior year deferred taxes	(2)	4.2 %
Subnational taxes	4	(8.6) %
<i>United Kingdom</i>		
Statutory income tax rate differential	2	(4.4) %
Adjustment to prior year deferred taxes	2	(4.8) %
Other	(2)	3.2 %
<i>United States</i>		
Nondeductible share based compensation	6	(11.9) %
Effect of foreign earnings not permanently reinvested	3	(6.8) %
Other	4	(8.2) %
<i>Other jurisdictions</i>	7	(12.5) %
Changes in valuation allowance	12	(24.1) %
Nontaxable or nondeductible items		
Nontaxable equity in losses of equity method investment (net of tax)	2	(3.1) %
Changes in deferred taxes due to intragroup transfer	6	(11.0) %
Changes in unrecognized tax benefits	(25)	49.2 %
Income tax expense	26	(51.0) %

A reconciliation of the Bermuda statutory income tax rate of 0% to the consolidated effective tax rate for the years ended December 31, 2024 and December 31, 2023 is as follows:

(In \$ millions, except percentages)

	Year ended December 31, 2024		Year ended December 31, 2023	
Effect of change in unrecognized tax benefits	(115)	(34.5) %	4	1.3 %
Effect of foreign earnings not permanently reinvested	1	0.3 %	1	0.3 %
Effect of taxable income in various countries	1	0.3 %	12	3.8 %
Income tax (benefit)/expense	(113)	(33.9) %	17	5.4 %

Deferred income taxes

Net deferred tax assets are comprised of the following components:

Deferred tax assets:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Tax losses carried forward	1,083	1,025
Property, plant and equipment	199	245
Provisions	34	29
Intangibles	—	3
Pensions and stock options	3	5
Other	10	13
Gross deferred tax assets	1,329	1,320
Valuation allowance	(1,285)	(1,257)
Deferred tax assets, net of valuation allowance	44	63

Deferred tax liabilities:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Unremitted earnings of subsidiaries	14	11
Gross deferred tax liabilities	14	11
Net deferred tax assets	30	52

In December 2023, legislation implementing a corporate income tax in Bermuda received Governor's Assent. The Bermuda income tax is effective beginning on January 1, 2025, with tax imposed at the statutory tax rate of 15%. The CIT Act provides an elective Economic Transition Adjustment under which a Bermuda Constituent Entity may, as of the commencement of the regime, adjust the tax basis of its assets and liabilities to fair value, and, if such election is not made, permits a carryforward of certain pre-effective-date tax losses into post-effective-date taxable years. As of December 31, 2025 the Group's Bermuda constituent entities had tax loss carryforwards of \$3.1 billion available to offset future taxable income.

As of December 31, 2025, deferred tax assets related to tax loss carryforwards was \$1,083 million (December 31, 2024: \$1,025 million). Subject to limitations under relevant tax law, the tax loss carryforwards can be used to offset future taxable income. Tax loss carryforwards which were generated in various jurisdictions, include \$691 million (December 31, 2024: \$627 million) that will not expire and \$392 million (December 31, 2024: \$398 million) that will expire between 2026 and 2045 if not utilized (December 31, 2024: between 2025 and 2044).

We establish a valuation allowance for deferred tax assets when it is more likely than not that the benefit from the deferred tax asset will not be realized. The amount of deferred tax assets considered realizable could increase or decrease in the near term if our estimates of future taxable income change. Our valuation allowance consists primarily of \$1,046 million on tax loss carryforwards as of December 31, 2025 (December 31, 2024: \$968 million).

Uncertain tax positions

As of December 31, 2025, we had a total amount of unrecognized tax benefits of \$37 million excluding interest and penalties. The changes related to unrecognized tax benefits were as follows:

<i>(In \$ millions)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Balance at the beginning of the period	42	150	82
Increases as a result of acquisition of Aquadrill	—	—	71
Increases as a result of positions taken in prior periods	23	—	5
Increases as a result of positions taken during the current period	—	—	1
Decreases as a result of positions taken in prior periods	(24)	(3)	(8)
Decreases due to settlements	—	(105)	—
Decreases as a result of a lapse of the applicable statute of limitations	(4)	—	(1)
Balance at the end of the period	37	42	150

The uncertain tax positions are included in "Other non-current liabilities" on our Consolidated Balance Sheets and are comprised as follows:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Gross unrecognized tax benefits excluding interest and penalties	37	42
Interest and penalties	8	28
Offset against deferred tax assets	(23)	(15)
Total unrecognized tax benefits included as "Other non-current liabilities"	22	55

The decrease in gross unrecognized tax benefits excluding interest and penalties compared to December 31, 2024 was principally attributable to resolution of uncertain tax positions in respect to Ghana, following a decision of Ghana's Supreme Court in an unrelated taxpayer's litigation, and Norway, partially offset by an unrecognized tax benefit recorded upon notification of an assessment decision by the Norwegian Tax Administration.

Accrued interest and penalties in respect of unrecognized tax benefits totaled \$8 million at December 31, 2025 (December 31, 2024: \$28 million) and are included in "Other non-current liabilities" on our Consolidated Balance Sheets. During the year ended December 31, 2025, we recognized a benefit of \$20 million (December 31, 2024: \$10 million) related to interest and penalties for unrecognized tax benefits on the income tax (expense)/benefit line in the Consolidated Statement of Operations.

As of December 31, 2025, \$22 million (December 31, 2024: \$55 million) of our unrecognized tax benefits, including penalties and interest, would have a favorable impact on the Company's effective tax rate if recognized.

Tax returns and open years

We are subject to taxation in various jurisdictions. Tax authorities in certain jurisdictions examine our tax returns and some have issued assessments. We are defending our tax positions in those jurisdictions.

Brazil's tax authorities have issued a series of income tax assessments with respect to our returns for certain years up to 2017 for an aggregate amount equivalent to \$144 million, including interest and penalties accruing through December 31, 2025. The assessment for the 2009 and 2010 years is being litigated in Brazil's courts. Please refer to Note 24 - "Commitments and contingencies" for further details.

The Mexican tax authorities have issued a series of assessments with respect to our returns for certain years up to 2014 for an aggregate amount equivalent to \$125 million. We are robustly contesting these assessments including filing relevant appeals.

An adverse outcome in our appeals against these proposed assessments could result in a material adverse impact on our Consolidated Balance Sheets, Statements of Operations and Cash Flows.

The following table summarizes the tax years that remain subject to examination by major taxable jurisdictions in which we operate:

Jurisdiction	Years open to examination
Brazil	2021-2025
Norway	2021-2025
Switzerland	2019-2025
United Kingdom	2023-2025
United States	2022-2025

Net taxes paid

Income taxes paid (net of refunds) by jurisdiction were as follows:

<i>(In \$ millions)</i>	Year ended December 31, 2025
United States	11
Other	1
Total net taxes paid	12

Other

On July 4, 2025, the U.S. enacted the OBBBA. OBBBA's tax provisions include, among other tax law changes, the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act and provisions allowing accelerated cost recovery deductions for qualified property. We do not expect the legislation to have a material impact on our tax liability, financial condition, or results of operations.

On December 20, 2021, the OECD released the Pillar Two Model Rules, establishing a global minimum tax regime that provides for the taxation of large multinational corporations at a minimum rate of 15%. Following the OECD's December 2021 agreement on Pillar Two, several countries in which the Company operates have enacted domestic legislation implementing certain aspects of the global minimum tax rules, some of which are effective or became effective in 2024 and 2025. For the year ended December 31, 2025, Pillar Two did not have a material impact on the Company's tax liability or results of operations.

Note 10 - (Loss)/earnings per share

The computation of basic (loss)/earnings per share ("LPS)/EPS") is based on the weighted average number of Shares outstanding during the period. Diluted (LPS)/EPS includes the effect of the assumed conversion of potentially dilutive instruments related to the effect of the unsecured senior convertible bond and share based compensation. Refer to Note 16 – "Debt", for details.

The components of the numerator for the calculation of basic and diluted (LPS)/EPS were as follows:

<i>(In \$ millions)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Net (loss)/income	(77)	446	300
Effect of dilution - interest on unsecured senior convertible bond (Note 8)	5	6	5
Diluted net (loss)/income	(72)	452	305

The components of the denominator for the calculation of basic and diluted (LPS)/EPS were as follows:

<i>(In millions)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
<i>Basic (loss)/earnings per share:</i>			
Weighted average number of common shares outstanding ⁽¹⁾	62	68	71
<i>Diluted (loss)/earnings per share:</i>			
Effect of dilution	3	3	3
Weighted average number of common shares outstanding adjusted for the effects of dilution	65	71	74

⁽¹⁾ Weighted average number of common shares outstanding in the years ended December 31, 2024 and December 31, 2023, excludes Shares repurchased during the period. Please refer to Note 19 – "Common shares" for details on Shares repurchased.

The basic and diluted (LPS)/EPS were as follows:

<i>(In \$ per share)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Basic (loss)/earnings per share	(1.24)	6.56	4.23
Diluted (loss)/earnings per share ⁽¹⁾	(1.24)	6.37	4.12

⁽¹⁾ For the year ended December 31, 2025, the effect of including all potentially dilutive instruments in the calculation resulted in a decrease to loss per share, which is anti-dilutive. As a result, the basic and diluted loss per share were equal.

Note 11 – Restricted cash

Restricted cash as of December 31, 2025 and December 31, 2024 consisted of the following:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Cash held in escrow	23	23
Other	3	4
Total restricted cash	26	27

Note 12 – Other current and non-current assets**Other current assets**

As of December 31, 2025 and December 31, 2024, other current assets included the following:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Taxes receivable	52	55
Prepaid expenses	61	57
Deferred contract costs ⁽¹⁾	80	83
Other	38	35
Total other current assets	231	230

Other non-current assets

As of December 31, 2025 and December 31, 2024, other non-current assets included the following:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Deferred contract costs ⁽¹⁾	52	94
Taxes receivable	6	25
Right-of-use asset	18	11
Deferred software costs	34	16
Total other non-current assets	110	146

⁽¹⁾ During the years ended December 31, 2025, December 31, 2024, and December 31, 2023 amortization of deferred contract costs amounted to \$87 million, \$43 million, and \$43 million, respectively. The amortization was recorded in the Consolidated Statements of Operations as "Vessel and rig operating expenses".

Note 13 – Equity method investment

We had the following equity method investment as of December 31, 2025 and December 31, 2024:

<i>Ownership percentage</i>	December 31, 2025	December 31, 2024
Sonadrill	50 %	50 %

We account for our equity method investments under the equity method. For transactions with related parties refer to Note 21 – "Related party transactions".

Sonadrill is a joint venture that presently operates three drillships focusing on opportunities in Angolan waters. Seadrill owns a 50% stake in Sonadrill, with the remaining 50% interest owned by Sonangol EP ("Sonangol"). Both companies initially committed to charter two units each into the joint venture. As of December 31, 2025, Sonadrill leased three drillships, including the *Libongos* and *Quenguela* from Sonangol, and the *West Gemini* from Seadrill. Seadrill manages all three units for the joint venture.

The *Libongos* has been operating within the joint venture since 2019, and the *Quenguela* commenced operations on its maiden contract in March 2022. On July 1, 2022, Seadrill novated its drilling contract for the *West Gemini* in Angola to the Sonadrill joint venture and leased the *West Gemini* to Sonadrill for the duration of that contract and the follow-on contract. The *West Gemini* was leased to Sonadrill at a nominal charter rate based on a commitment made under the terms of the joint venture agreement. In May 2024, the charter rate was amended retroactively to January 1, 2024 to reflect the fair market value of the rig.

Seadrill's investment in the Sonadrill joint venture includes initial equity capital and certain other contingent commitments, including the commitment to charter up to two drillships to the joint venture at a nominal charter rate, contingent on Sonadrill obtaining drilling contracts for the units. The lease of the *West Gemini* to Sonadrill for the duration of the contracts for a nominal charter rate is considered part of Seadrill's investment in the joint venture. As such, the Company recorded a liability equal to the fair value of the lease at the commencement of the *West Gemini* lease to Sonadrill, with the offsetting entry being a basis difference against the investment in Sonadrill. In May 2024, the Company derecognized the liability when the charter rate was amended retroactively stated to January 1, 2024 to reflect the fair market value of the rig lease.

The remaining committed Seadrill rig will be leased to the joint venture once Sonadrill secures a drilling contract.

Equity method investment results

Our equity method investment results were as follows:

<i>(In \$ millions)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Sonadrill	(10)	(9)	31
Gulfdrill ⁽ⁱ⁾	—	—	6
Total equity method investment	(10)	(9)	37

i. Gulfdrill

As of December 31, 2023, Seadrill owned a 50% stake in Gulfdrill, a joint venture that operates jackup rigs in Qatar. On May 16, 2024, Seadrill entered into a definitive agreement to sell three jackup rigs, the *West Castor*, *West Telesto*, and *West Tucana*, and its 50% equity interest in the joint venture that operated these rigs offshore Qatar, to Seadrill's joint venture partner, Gulf Drilling International, for cash proceeds of \$338 million. The closing of the sale occurred in June 2024, and a gain of \$203 million, net of transaction costs, was recognized in the second quarter of 2024 associated with the disposal of these assets.

Summary of Consolidated Statements of Operations for our equity method investments

Our equity method investment results in Sonadrill are summarized below:

<i>(In \$ millions)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Operating revenues	382	380	357
Net operating income	1	19	101
Net (loss)/income	(20)	(8)	79
Seadrill ownership percentage	50 %	50 %	50 %
Investment results from Sonadrill (net of tax)	(10)	(4)	39
Basis difference amortization	—	(5)	(8)
Net investment results from Sonadrill	(10)	(9)	31

Our equity method investment results in Gulfdrill are summarized below:

<i>(In \$ millions)</i>	Year ended December 31, 2024	Year ended December 31, 2023
Operating revenues	51	199
Net operating income	2	16
Net income	—	12
Seadrill ownership percentage	50 %	50 %
Investment results from Gulfdrill (net of tax)	—	6

Carrying value of our equity method investment

The carrying value of our equity method investment as of December 31, 2025 and December 31, 2024 was as follows:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Sonadrill	58	68
Total	58	68

Summarized balance sheets for our equity method investment

The summarized balance sheets of the Sonadrill company and our recorded equity method investment balance were as follows:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Current assets	186	160
Current liabilities	(71)	(24)
Net assets	115	136
Seadrill ownership percentage	50 %	50 %
Net book value of Seadrill investment	58	68

Note 14 – Drilling units

The following table summarizes the movement for the years ended December 31, 2025 and December 31, 2024:

<i>(In \$ millions)</i>	Cost	Accumulated depreciation	Net book value
As of January 1, 2024	3,133	(275)	2,858
Additions	418	—	418
Depreciation	—	(193)	(193)
Disposals ⁽¹⁾	(175)	38	(137)
As of December 31, 2024	3,376	(430)	2,946
Additions	300	—	300
Depreciation	—	(255)	(255)
Impairment ⁽²⁾	(22)	—	(22)
Disposals	(3)	3	—
As of December 31, 2025	3,651	(682)	2,969

⁽¹⁾ Relates to the disposal of the *West Castor, West Tucana, West Telesto and West Prospero*.

⁽²⁾ Impairment of \$22 million reported within "Loss on impairment of long-lived assets" on our Consolidated Statement of Operations. Refer to Note 23 – "Fair value measurements" for further details.

Note 15 – Equipment

Equipment consists of office equipment, software, furniture and fittings. The following table summarizes the movement for the year ended December 31, 2025 and December 31, 2024:

<i>(In \$ millions)</i>	Cost	Accumulated depreciation	Net book value
As of January 1, 2024	17	(7)	10
Depreciation	—	(5)	(5)
As of December 31, 2024	17	(12)	5
Additions	5	—	5
Depreciation	—	(2)	(2)
As of December 31, 2025	22	(14)	8

Note 16 – Debt

The table below sets forth our debt agreements as of December 31, 2025 and December 31, 2024:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Secured debt:		
\$575 million secured bond	575	575
Total secured debt	575	575
Unsecured debt:		
Unsecured senior convertible bond	50	50
Total unsecured bond	50	50
Total principal debt	625	625
Debt premium:		
Premium on bond issuance	1	1
Total debt premium	1	1
Less: bond issuance costs	(13)	(16)
Total debt	613	610

\$575 million secured bond

In July 2023, Seadrill issued \$500 million in aggregate principal amount of 8.375% Senior Secured Second Lien Notes due 2030 in an offering conducted pursuant to Rule 144A and Regulation S under the Securities Act. In August 2023, Seadrill issued an additional

\$75 million in aggregate principal amount of 8.375% Senior Secured Second Lien Notes due 2030 (the "Incremental Notes"), maturing on August 1, 2030 (together the "Notes"). The Incremental Notes were issued at 100.75% of par.

The net proceeds from the issuance of the Notes were used to: (i) prepay in full the outstanding amounts under our then-existing secured debt facilities and (ii) pay fees associated with exiting such secured debt facilities. A total of \$187 million was paid to satisfy a first lien facility, including principal, interest, and exit fees, along with an additional make-whole payment of \$10 million. A second lien facility was also completely repaid with a total payment of \$123 million, which covered principal, interest, and exit fees.

Revolving credit facility

On July 27, 2023, Seadrill Limited, along with its subsidiary, Seadrill Finance Limited ("Seadrill Finance"), established a Senior Secured Revolving Credit Facility (the "Revolving Credit Facility"). The commitments under the Revolving Credit Facility, which carries a five-year term, became available for drawdown on July 27, 2023. The Revolving Credit Facility permits borrowings of up to \$225 million in revolving credit for working capital and other corporate purposes and includes an "accordion feature" allowing Seadrill to increase this limit by up to an additional \$100 million, subject to agreement from the lenders. It also includes a provision for issuing letters of credit up to \$50 million. The Revolving Credit Facility incurs interest at a rate equal to a specified margin plus, at Seadrill Finance's option, either: (i) the Term SOFR Rate (as defined in the Credit Agreement) plus 0.10%; or (ii) the Daily Simple SOFR (as defined in the Credit Agreement) plus 0.10%. For both the Term SOFR Rate loans and Daily Simple SOFR loans, the applicable margin was 2.75% per annum as of December 31, 2025, and may vary based on Seadrill's Credit Ratings (as defined in the Credit Agreement), from 2.50% to 3.50% per annum. A commitment fee is incurred under the Revolving Credit Facility on undrawn amounts, at a rate of 0.5% per annum to and including July 27, 2026, 0.75% per annum from and including July 28, 2026 to and including July 27, 2027, and 1.00% per annum thereafter. This facility has not been drawn to date.

During the third quarter of 2025, the Company issued a NOK403 million guarantee (approximately \$40 million as of December 31, 2025) under the Revolving Credit Facility related to SFL Hercules Ltd. claim, which reduced the available borrowings under the Revolving Credit Facility to approximately \$185 million.

Refer to Note 24 – "Commitments and contingencies" for further details.

Unsecured senior convertible bond

The \$50 million unsecured senior convertible bond (the "unsecured senior convertible bond"), issued on emergence from Chapter 11, has a maturity of August 2028 and bears interest, payable quarterly in cash, at the Term SOFR (as defined in the Note Purchase Agreement dated as of February 22, 2022, as amended (the "Note Purchase Agreement")), plus 6% on the aggregate principal amount of \$50 million. The bond is convertible (in full and not in part) into Shares at a conversion rate of 52.6316 Shares per \$1,000 principal amount of the bond, subject to certain adjustments set forth in the Note Purchase Agreement relating to the unsecured senior convertible bond. If not converted, a bullet repayment will become due on the maturity date.

Financial covenants

The Credit Agreement obligates Seadrill and its restricted subsidiaries to comply with the following financial covenants:

- as of the last day of each fiscal quarter, the Interest Coverage Ratio (as defined in the Credit Agreement) is not permitted to be less than 2.50 to 1.00; and
- as of the last day of each fiscal quarter, the Consolidated Total Net Leverage Ratio (as defined in the Credit Agreement) is not permitted to be greater than 3.00 to 1.00.

As of December 31, 2025, Seadrill was in compliance with these financial covenants.

Note 17 – Other current and non-current liabilities

Other current liabilities

As of December 31, 2025 and December 31, 2024, other current liabilities included the following:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Accrued expenses	137	183
Contract liabilities ⁽¹⁾	58	63
Employee withheld taxes, social security and vacation payments	47	64
Taxes payable	35	20
Accrued interest expense	21	21
Unfavorable drilling contracts	3	19
Other liabilities	12	13
Total other current liabilities	313	383

⁽¹⁾ Contract liabilities include \$3 million and \$7 million of deferred revenue associated with our related party, Sonadrill, as of December 31, 2025 and December 31, 2024, respectively.

Other non-current liabilities

As of December 31, 2025 and December 31, 2024, other non-current liabilities included the following:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Uncertain tax positions	22	55
Contract liabilities	36	48
Lease liabilities	18	8
Unfavorable drilling contracts	—	3
Other liabilities	12	2
Total other non-current liabilities	88	116

Unfavorable drilling contracts and management services contracts

The following table summarizes the movement in unfavorable drilling contracts and management services contracts for the years ended December 31, 2025, and December 31, 2024:

<i>(In \$ millions)</i>	Net carrying amount
As of January 1, 2024	52
Amortization	(30)
As of December 31, 2024	22
Amortization	(19)
As of December 31, 2025	3

Upon emergence from Chapter 11 proceedings and the application of Fresh Start accounting in 2022, and in connection with the acquisition of Aquadrill in 2023, unfavorable drilling contracts and management service contracts intangible liabilities were recognized. The amortization is recognized in the Consolidated Statements of Operations as "Depreciation and amortization". The weighted average remaining amortization period for unfavorable contracts is six months. Unfavorable drilling contracts of \$3 million are expected to be amortized during the year ending December 31, 2026.

Note 18 – Leases

Lessee arrangements

We have operating leases relating to our premises, for which we are the lessee. The most significant leases are for offices in Houston, USA, Liverpool, United Kingdom, Stavanger, Norway and Rio de Janeiro, Brazil.

Lessor arrangements

We also leased three benign environment jackup rigs, namely the *West Castor*, *West Telesto*, and *West Tucana*, to Gulfdrill, a joint venture, for a contract with Gulf Drilling International in Qatar. In June 2024, the Company sold these rigs, along with our 50% equity interest in the Gulfdrill joint venture.

On July 1, 2022, we commenced a lease for our 6th generation drillship, *West Gemini*, to our Sonadrill joint venture at a nominal charter rate. In May 2024, the charter rate was amended retroactively to January 1, 2024 to reflect the fair market value of the rig.

Undiscounted cashflows of operating leases

For operating leases where we are the lessee, our future undiscounted cash flows as of December 31, 2025, were as follows:

<i>(In \$ millions)</i>	December 31, 2025
2026	3
2027	3
2028	5
2029	4
2030 and thereafter	20
Total	35

Reconciliation between undiscounted cashflows and operating lease liabilities

The following table gives a reconciliation between the undiscounted cash flows and the related operating lease liabilities recognized within "Other current liabilities" and "Other non-current liabilities" in our Consolidated Balance Sheets:

<i>(In \$ millions)</i>	December 31, 2025	December 31, 2024
Total undiscounted cash flows	35	12
Less discount	(10)	(1)
Less accrued lease incentive	(5)	—
Operating lease liability	20	11
Of which:		
Current	2	3
Non-current	18	8
Total	20	11

Other supplementary information

<i>(In \$ millions, unless otherwise noted)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Operating lease cost	3	3	4
Total lease cost	3	3	4

Other information:

Cash paid for lease liabilities- operating cash flows	3	3	4
Right-of-use assets obtained in exchange for lease liabilities	12	7	1
Weighted-average remaining lease term in months	100	50	47
Weighted-average discount rate	7 %	6 %	10 %

Undiscounted cashflows under lessor arrangement

For our operating lease where we are the lessor, which represents charter revenue from the *West Gemini*, our estimated future undiscounted cashflows as of December 31, 2025, was as follows:

<i>(In \$ millions)</i>	
2026	33
Total	33

Refer to Note 21 – "Related party transactions" for details of the revenues recorded related to the *West Gemini*.

Note 19 – Common shares

Share capital as of December 31, 2025 and December 31, 2024 was as follows:

	Issued and fully paid share capital		
	Shares	Par value each	\$ thousands
As of January 1, 2024 ⁽¹⁾	74,048,962	\$ 0.01	741
Shares repurchased and cancelled	(11,966,515)	\$ 0.01	(120)
Vesting of restricted stock units	71,975	\$ 0.01	1
As of December 31, 2024	62,154,422	\$ 0.01	622
Vesting of restricted stock units ⁽²⁾	219,749	\$ 0.01	2
As of December 31, 2025 ⁽²⁾	62,374,171	\$ 0.01	624

⁽¹⁾ As of December 31, 2023 there were 74,048,962 total common shares issued, which included 343,619 common shares repurchased, pending cancellation. These shares were considered retired for accounting purposes.

⁽²⁾ Excludes 67,629 common shares, vested as of December 31, 2025, pending approval before issuance.

Common share transactions for periods presented

Shares repurchased and cancelled

On August 14, 2023, the Board of Directors authorized a share repurchase program, which was announced on August 15, 2023, under which the Company repurchased \$250 million of its outstanding common shares. The Company completed this share repurchase program on December 5, 2023, with a weighted average share price of \$42.97, and cancelled the associated 5,817,579 treasury shares on December 20, 2023.

On November 27, 2023, the Board of Directors authorized, and the Company announced, an increase in the Company's aggregate share repurchase authorization, allowing the Company to repurchase an additional \$250 million of its outstanding common shares, taking the aggregate authorization to \$500 million. On June 25, 2024, the Company announced it had completed the additional \$250 million of repurchases, with a weighted average share price of \$47.61, with the cancellation of 5,250,707 treasury shares acquired under the program on June 28, 2024. An additional 1,556 treasury shares were also cancelled on this date, which in aggregate, constituted fractional shares not permitted to be distributed in connection with past share issuances.

During the second quarter of 2024, the Company's Board of Directors authorized a new \$500 million share repurchase program that will run for a period of two years from June 25, 2024, the date of completion for the programs initiated in 2023.

Under the new \$500 million share repurchase program initiated during the second quarter of 2024, the Company repurchased an aggregate of 6,714,252 Shares, with a weighted average share price of \$43.52, amounting to \$292 million. On September 30, 2024 and December 16, 2024, the Company cancelled 4,213,349 and 2,500,903 treasury shares, respectively, repurchased under this program.

In aggregate, during the year ended December 31, 2024, the Company repurchased approximately 11.6 million common shares amounting to \$527 million with a weighted average share price of \$45.31. No common shares were repurchased during the year ended December 31, 2025.

Vesting of restricted stock units

During the year ended December 31, 2025, 219,749 common shares were issued relating to the vesting of restricted units under the Company's share based compensation plan (December 31, 2024: 71,975).

Refer to Note 20 – "Share based compensation" for further details.

Note 20 – Share based compensation

On August 6, 2022, the Board of Directors adopted the Seadrill Limited 2022 Management Incentive Plan, which was amended and restated on September 25, 2023 and approved by the shareholders at Seadrill's annual general meeting held on November 17, 2023 (the "Management Incentive Plan") and reserved 2,910,053 common shares of the Company for issuance thereunder. As of February 20, 2026, 2,330,410 Shares remain available for issuance with respect to awards that have been or may be granted from time to time under the Management Incentive Plan.

During the year ended December 31, 2022, members of management were granted 125,553 time-based restricted stock units ("MIP 2022 RSUs") and 292,955 performance-based restricted stock units ("MIP 2022 PSUs"), and during the year ended December 31, 2023, the Company granted an additional 6,412 MIP 2022 RSUs and 14,960 MIP 2022 PSUs.

On February 1, 2023, the Company granted 65,492 restricted stock units ("LTIP 2023 RSUs") and 58,481 performance stock units ("LTIP 2023 PSUs") with similar terms to the 2022 grants. On September 25, 2023, under the same Management Incentive Plan, the Company granted 125,841 time-based restricted stock units ("MIP 2023 TRSUs") and 293,629 performance-based restricted stock units ("MIP 2023 PRSUs") to employees, 60% of which are subject to the achievement of a total shareholder return ("TSR") market condition and 40% of which are subject to the achievement of a performance condition based on free cash flow metrics ("FCF"). The time-based restricted stock units vest in three equal installments over a period of three years. The performance-based restricted stock units cliff vest over an explicit service period of two to three years.

These awards were to be settled only in cash until November 17, 2023 (the "Modification Date"), when a shareholder approval of the Management Incentive Plan was obtained. From and after the Modification Date, these awards may be settled in cash or common shares of the Company at the election of the Joint Nomination and Remuneration Committee (the "Committee").

Since the liability-classified awards were modified to equity-classified awards without changing any other terms of the awards, the fair value of the units at the Modification Date became the measurement basis from that point forward. For the MIP 2022 RSU, LTIP 2023 RSU, MIP 2023 TRSU and MIP 2023 PRSU – FCF, the Company used the market price of the underlying share listed on the NYSE on the Modification Date of \$41.83. For the MIP 2022 PSU, LTIP 2023 PSU and MIP 2023 PRSU – TSR, the Modification Date fair values were \$32.48, \$16.96 and \$51.24 respectively.

On April 17, 2024, the Company granted 22,283 time-based restricted stock units ("Board LTIP 2024 TRSUs") to the Board of Directors, vesting over a period of one year. The Company also granted 176,340 time-based restricted stock units ("LTIP 2024 TRSUs") and 220,454 performance-based restricted stock units ("LTIP 2024 PSUs") to employees, 60% of which are subject to the achievement of a total shareholder return ("TSR") market condition and 40% of which are subject to the achievement of a performance condition based on free cash flow metrics ("FCF"). The time-based restricted stock units vest in three equal installments over a period of three years, and the performance-based restricted stock units cliff vest over an explicit service period of three years. For the Board LTIP 2024 TRSU, LTIP 2024 TRSU and LTIP 2024 PRSU – FCF, the grant date fair value was \$49.81. For the LTIP 2024 PRSU - TSR, the grant date fair value was \$63.18.

On April 25, 2025, the Company also granted 343,433 time-based restricted stock units ("LTIP 2025 TRSUs") and 431,708 performance-based restricted stock units ("LTIP 2025 PRSUs") to employees, 60% of which are subject to the achievement of a total shareholder return ("TSR") market condition and 40% of which are subject to the achievement of a performance condition based on free cash flow metrics ("FCF"). The time-based restricted stock units vest in three equal installments over a period of three years, and the performance-based restricted stock units cliff vest over an explicit service period of three years. For the LTIP 2025 TRSU and LTIP 2025 PRSU – FCF, the grant date fair value was \$20.62. For the LTIP 2025 PRSU - TSR, the grant date fair value was \$14.97.

On May 14, 2025, the Company granted 44,955 time-based restricted stock units ("Board LTIP 2025 TRSUs") to the Board of Directors, vesting over a period of one year. For the Board LTIP 2025 TRSU, the grant date fair value was \$25.15.

The fair value of performance-based restricted stock units subject to the achievement of a total shareholder return is estimated using a Monte Carlo simulation to model future share prices of the Company and a peer group of companies. The volatility assumption is based on historical experience, and the risk-free interest rate is based on a U.S. Constant Maturity Yield Curve, with a maturity similar to the remaining term of the restricted stock units. The assumptions for volatility, dividend yield and risk-free interest rate are presented in the table below:

	Expected volatility	Expected dividend yield	Risk-free interest rate
Year ended December 31, 2023			
LTIP 2023 PSU	45.0 %	— %	4.8 %
MIP 2023 PRSU - TSR	45.0 %	— %	4.8 %
Year ended December 31, 2024			
LTIP 2024 PRSU - TSR	45.0 %	— %	4.8 %
Year ended December 31, 2025			
LTIP 2025 PRSU - TSR	51.0 %	— %	3.7 %

A summary of the time-based restricted stock units and performance-based restricted stock units granted and vested, is presented below:

	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Awards subject to service or external market conditions			
Weighted-average grant date/modification date fair value (\$ per share)	18.67	55.15	38.74
Total fair value of share awards vested during the period (in \$ millions) ⁽¹⁾	12	4	2
Awards subject to internal performance conditions			
Weighted-average grant date/modification date fair value (\$ per share)	20.62	49.81	41.83
Total fair value of share awards vested during the period (in \$ millions)	4	—	—

⁽¹⁾During 2023, 43,988 awards vested prior to the Modification Date and were cash-settled at the settlement date fair value.

The following table summarizes time-based share awards activity for the year ended December 31, 2025:

	Awards subject to service or external market conditions			Awards subject to internal performance conditions		
	Shares	Weighted average grant date fair value (in \$)	Weighted average remaining contractual term (in years)	Shares	Weighted average grant date fair value (in \$)	Weighted average remaining contractual term (in years)
Non-vested restricted share units at January 1, 2025	857,350	44.86	1.31	224,840	44.96	1.51
Granted during the year	647,413	18.67	—	172,683	20.62	—
Vested during the year	(324,003)	39.57	—	(105,067)	41.83	—
Forfeited during the year	(22,476)	34.02	—	(3,766)	35.20	—
Change in units based on performance	(243,932)	44.07	—	(115,430)	33.25	—
Non-vested restricted share units at December 31, 2025	914,352	28.68	1.72	173,260	30.66	1.66

The Company accounts for forfeitures as they occur. Using the straight-line method of expensing the restricted stock grants, the weighted average estimated value of the Shares calculated at the Modification Date or grant date are recognized as compensation cost in the Consolidated Statements of Operations over the period (ranging from one to three years) to the vesting date.

A summary of share based compensation expense is presented below:

<i>(In \$ millions)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Selling, general and administration expense	18	16	11
Vessel and rig operating expense	2	1	1
Income tax benefit	2	2	2

As of December 31, 2025, there was \$18 million of total estimated unrecognized share based compensation expense, which will be recognized over a remaining weighted average period of 1.7 years.

Note 21 – Related party transactions

As of December 31, 2025, our major related party is the Sonadrill joint venture, over which we hold significant influence. Previously, our related parties included a 50% interest in the Gulfdriill joint venture, which was sold in June 2024, and a 35% interest in Paratus Energy Services Ltd ("PES"), including its wholly-owned subsidiary, SeaMex, which was sold in February 2023.

In the following sections, we provide an analysis of transactions with related parties and balances outstanding with related parties.

Related party revenue

<i>(In \$ millions)</i>	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Management fee revenues ^(a)	242	235	222
Add-on services	12	12	13
Reimbursable revenues ^(b)	30	13	18
Leasing revenues ^(c)	33	54	33
Other ^(d)	—	5	12
Total related party operating revenues	317	319	298

(a) Seadrill has provided management and administrative services to Sonadrill, SeaMex, and PES, and operational and technical support services to SeaMex and Sonadrill. These services were charged to our affiliates on a cost-plus mark-up or dayrate basis. Following the disposal of our remaining 35% equity interest in PES on February 24, 2023, PES and SeaMex are no longer related parties of Seadrill and any revenue subsequent to that date has been excluded from the above results. "Management fee revenues" and "Add-on services" are recognized within "Management contract revenues" in our Consolidated Statements of Operations.

(b) Reimbursable revenues primarily relate to Sonadrill project work on the *Libongos*, *Quenguela*, and *West Gemini* rigs.

(c) Leasing revenues earned on the charter of the *West Gemini* to Sonadrill, as well as the *West Castor*, *West Telesto* and *West Tucana* to Gulfdriill, up to the disposal of these rigs in June 2024.

(d) On July 1, 2022, Seadrill novated its drilling contract for the *West Gemini* in Angola to the Sonadrill joint venture and leased the *West Gemini* to Sonadrill for the duration of that contract and the follow-on contract, entered into directly by Sonadrill, at a nominal charter rate, based on a commitment made under the terms of the joint venture agreement. At the commencement of the lease, we recorded a liability representing the fair value of the lease commitment which we amortized as other revenue, on a straight-line basis, over the lease term. In May 2024, the *West Gemini* bareboat lease was amended to reflect the fair market value of the rig lease, resulting in the derecognition of the lease commitment liability and cessation of amortization.

Related party balances

As of December 31, 2025 and December 31, 2024, Sonadrill prepaid management fees to Seadrill of \$3 million and \$7 million, respectively. These balances were recorded in "Other current liabilities" within our Consolidated Balance Sheets.

Note 22 – Financial instruments and risk management

We are exposed to several market risks, including credit risk, foreign currency risk and interest rate risk. Our policy is to reduce our exposure to these risks, where possible, within boundaries deemed appropriate by our management team. This may include the use of derivative instruments.

Credit risk

We have financial assets, including cash and cash equivalents, trade receivables, and other receivables. These assets expose us to credit risk arising from possible default by the counterparty. Most of the counterparties are creditworthy financial institutions or large oil and gas companies. We do not expect any significant loss to result from non-performance by such counterparties. We do not typically demand collateral in the normal course of business. Credit risk is considered as part of our expected credit loss provision.

Concentration of risk

There is a concentration of credit risk with respect to cash and cash equivalents to the extent that most of the amounts are carried with Citibank, Deutsche Bank, JP Morgan and DNB. We consider these risks to be remote, but may utilize instruments such as money market deposits to manage concentration of risk with respect to cash and cash equivalents. We also have a concentration of risk with respect to customers, including affiliated companies. For details on the customers with greater than 10% of contract revenues, refer to Note 4 – "Segment information".

Foreign exchange risk

It is customary in the oil and gas industry that a majority of our revenues and expenses are denominated in U.S. dollars, which is the functional currency of our subsidiaries and equity method investees. However, a portion of the revenues and expenses of certain of our subsidiaries and equity method investees are denominated in other currencies. We are therefore exposed to foreign exchange gains and losses that may arise on the revaluation or settlement of monetary balances denominated in foreign currencies.

Our foreign exchange exposures primarily relate to cash and working capital balances denominated in foreign currencies. We do not expect these exposures to cause a significant amount of fluctuation in net income and do not currently hedge them. The effect of fluctuations in currency exchange rates arising from our international operations has not had a material impact on our overall operating results.

Interest rate risk

The majority of our debt portfolio is on a fixed interest rate. Please refer to Note 16 – "Debt" for further details.

Note 23 – Fair value measurements

Fair value of financial instruments measured at amortized cost

The carrying values and estimated fair values of certain of our financial instruments as of December 31, 2025 and December 31, 2024 were as follows:

(In \$ millions)	December 31, 2025		December 31, 2024	
	Fair value	Carrying value	Fair value	Carrying value
Liabilities				
\$575 million secured bond (Level 1)	598	563	587	560
Unsecured senior convertible bond - debt component (Level 3)	56	50	56	50

Financial instruments categorized as level 1

The fair value of the \$575 million bond is based on market traded value.

Financial instruments categorized as level 3

The fair value attributed to the unsecured senior convertible bond was bifurcated into two elements: the straight debt component was derived through a discounted cash flow approach, and the conversion option was derived through an option pricing model. The conversion option was recorded in equity at the point the bond was issued and, therefore, has not been included in the table above.

Our cash and cash equivalents, restricted cash, accounts receivable, and accounts payable are by their nature short-term. As a result, the carrying values included in our Consolidated Balance Sheets approximate fair value.

Fair value of non-financial instruments

We review our long-lived assets for impairment whenever events or changes in circumstances indicate indicators of impairment exist. In these evaluations, we compare estimated undiscounted future net cash flows expected to be generated from the asset (or asset group), including eventual disposal. If the undiscounted future net cash flows are less than the carrying value of the asset (or asset group), we estimate the fair value of the asset (or asset group) to determine the impairment.

During the year ended December 31, 2025, indicators of impairment were present for the *West Eclipse* primarily related to a sustained lack of future utilization plans. We tested the recoverability of the drilling unit and determined the asset was impaired by \$22 million. The remaining carrying amount of the drilling unit is not material.

Note 24– Commitments and contingencies

We recognize loss contingencies in the Consolidated Financial Statements where it is probable that an outflow of economic benefits will be required to settle an obligation and the amount is reasonably estimable. An adverse outcome in a matter described below could have an adverse effect on Seadrill's operating results, cash flows and financial position. Accruals for contingencies and uncertain tax positions related to matters described below, if any, are recorded in "Accrued expenses" within "Other current liabilities" and "Uncertain tax positions" within "Other non-current liabilities", respectively, in the Consolidated Balance Sheets.

Legal Proceedings

SFL Hercules Ltd.

On March 5, 2023, Seadrill was served with a claim from SFL Hercules Ltd., filed in the Oslo District Court in Norway, relating to our redelivery of the rig *West Hercules* to SFL Corporation Ltd. ("SFL") in December 2022. In February 2025, the Oslo District Court delivered a judgment in favor of SFL Hercules Ltd. ordering Seadrill to pay SFL approximately \$37 million, plus interest and legal costs of approximately \$11 million, based on foreign exchange rates at the time of the judgment. Seadrill intends to vigorously contest the judgment and filed an appeal in March 2025. The appeal proceedings are scheduled to commence on April 7, 2026. The ultimate amount due, if any, cannot be predicted at this time.

As is customary in Norway, Seadrill issued a guarantee in the amount of NOK574 million in August 2025 (approximately \$57 million as of December 31, 2025) to the Norwegian Enforcement Authorities as security for the judgment. The issued guarantee consists of NOK403 million (approximately \$40 million as of December 31, 2025) from our Revolving Credit Facility and NOK171 million (approximately \$17 million as of December 31, 2025) from our Bilateral Facility.

Sonadrill fees claim

In March 2023, Seadrill was served with a claim from an individual (the "Claimant") filed in the High Court of Justice, Business and Property Courts of England and Wales, King's Bench Division, Commercial Court (the "High Court"). The Claimant alleged breach of contract and unjust enrichment damages of approximately \$72 million related to an alleged failure by the Company to pay the Claimant a fee for services in arranging the Sonadrill joint venture dating back to 2018. The case concluded on March 18, 2025.

On July 11, 2025, the High Court rendered judgment in favor of the Claimant. In October 2025, the High Court ruled on the first tranche of damages for the period prior to October 2024, including interest and legal fees. The parties are continuing to make submissions to the High Court on the issue of the quantum of damages to be paid for the second tranche of damages incurred subsequent to October 2024; however, Seadrill presently estimates that its aggregate liability following the High Court's judgment, including all interest and legal fees, is unlikely to exceed \$61 million, subject to finalization of calculations relating to second tranche interest. Seadrill's request for permission for an appeal to the Court of Appeal was not granted. In October 2025, Seadrill paid the first tranche of damages of approximately \$43 million.

Nigerian Cabotage Act litigation

In November 2015, the Nigerian Maritime Administration and Safety Agency ("NIMASA") issued a detention in respect of the rig *West Capella* for failure to comply with requirements of the Coastal and Inland Shipping (Cabotage) Act 2003 (the "Cabotage Act"), specifically, failure to pay a Cabotage fee of 2% on contract revenue. While the named party is Seadrill Mobile Units Nigeria Ltd (previously an Aquadrill entity, acquired by Seadrill upon the merger of Seadrill and Aquadrill) ("SMUNL"), the matter relates to three rigs: the *West Capella*, *West Saturn* and *West Jupiter*. SMUNL commenced proceedings in May 2016 against the Honourable Minister for Transportation, the Attorney General of the Federation and NIMASA with respect to interpretation of the Cabotage Act. On June 14, 2019, the Federal High Court of Nigeria delivered a judgment (1) finding that: (a) Drilling operations fall within the definition of "Coastal Trade" or "Cabotage" under the Cabotage Act and (b) Drilling Rigs fall within the definition of "Vessels" under the Cabotage Act, and (2) directing SMUNL to deduct 2%, or approximately \$69 million, of their contract value and remit the same to NIMASA. On June 24, 2019, the Court of Appeals sitting in Lagos ("COA") issued a conflicting judgment in *Transocean Support Services Nigeria & Ors v NIMASA & Anor.* finding drilling units cannot be deemed vessels under the Cabotage Act pending appeal. SMUNL filed an appeal to the COA on July 22, 2019, and applied to the Federal High Court for an injunction pending appeal to prevent enforcement. Due to the volume of cases currently being handled by the COA, the Registry of the COA is yet to schedule the hearing date for the appeal. Although we intend to strongly pursue this appeal, we cannot predict the outcome of this case.

Sete Brazil claim

In or around 2010, Petroleo Brasileiro S.A. ("Petrobras") initiated a project in Brazil to construct a fleet of 28 offshore drilling units to support Petrobras (the "Sete Brazil Project"). A Brazilian company ("Sete Brazil") was formed in Brazil as a vehicle for the Sete Brazil Project. The Sete Brazil Project was unable to obtain financing and none of the 28 offshore drilling units was ever constructed. Sete Brazil was eventually declared bankrupt by the Brazilian courts in December 2024 although that bankruptcy is presently suspended.

In January 2025, Seadrill Brazil received notices from Petrobras asserting "delay penalties" against Seadrill Brazil relating to three drillships to be constructed under the Sete Brazil Project and operated in Brazil by Seadrill Brazil under contracts awarded in 2012. The aggregate amount of the delay penalties claimed by Petrobras as of the date of receipt of the notices was approximately \$213 million, with the potential for further delay penalties, which could be significant, to be assessed ratably over the remaining term of the drilling contracts for the three drillships. Petrobras indicated it may exercise set-off rights against certain amounts payable to Seadrill Brazil under its contracts with Petrobras for our five drillships (unrelated to the Sete Brazil Project) that are currently operating in Brazil, revenues related to which are included in our backlog as of December 31, 2025. No set-off right has been exercised to date. The contracts limit aggregate delay penalties to 10% of the total "estimated contract value", as defined in the contracts.

The Sete Brazil Project contracts also provide an alternative remedy to Petrobras of "compensatory damages" based upon termination of the contracts for which we would have joint and several liability if such damages were awarded to Petrobras. Petrobras could seek delay penalties or compensatory damages but could not seek both under the contracts. We were copied on correspondence between Petrobras and Sete Brazil (and certain of its related companies) in which Petrobras alleged that it is entitled to collect compensatory damages of approximately \$825 million from these companies. Petrobras has not indicated to us that they intend to pursue these claims against us or set off these claims against our current drilling contracts. We dispute liability and do not believe any damages are due to Petrobras from us, Sete Brazil or any of its related companies in connection with the Sete Brazil Project as either delay penalties or compensatory damages.

Petrobras and Seadrill have agreed to participate in voluntary mediation, and Petrobras has committed to not exercise any set-off rights pending the outcome of the mediation. Petrobras has indicated that the mediation could commence in the third quarter of 2026. We cannot

predict when the mediation will be completed, or what the outcome may be. Dialogue between the parties is ongoing. We are evaluating our legal options, which may include, among other things, seeking injunctive relief, seeking remedies against Petrobras under Seadrill's prior U.S. Chapter 11 bankruptcy proceedings, and asserting counterclaims for substantial damages against Petrobras in Brazilian courts. This matter is in its early stages, and we are not able to predict its timing or outcome. In addition, the nature, timing, calculation and ultimate amount of the purported penalties are subject to principles of contract interpretation before Brazilian courts. Seadrill intends to vigorously defend its position and pursue available remedies.

Because we do not believe that it is probable that a loss with respect to the claims alleged by Petrobras has been incurred, and we cannot reasonably estimate the amount of any such loss, were it to be incurred, we have not accrued any amounts in respect thereof in our financial statements.

Brazil tax assessments

Seadrill Serviços de Petróleo Ltda ("Seadrill Brazil") has a long-standing dispute with Brazil's tax authority relating to assessment of income tax, penalties, and interest for years 2009 and 2010 and is litigating the matter in Brazil's courts. The trial court ruled in favor of Seadrill Brazil, but the Federal Regional Court reversed the lower court decision in September 2023 and upheld the tax authority's assessment. In the first quarter of 2024, Seadrill Brazil filed an appeal in Brazil's Superior Court of Justice, and we continue to vigorously defend our position. The ultimate timing and outcome of this litigation cannot be determined. At December 31, 2025, the assessed income tax, penalties, interest accruing on the asserted tax underpayment, and other amounts the courts potentially may award Brazil's government, together, totaled approximately \$78 million.

In connection with its judicial appeal against the tax authority's assessment for years 2009 and 2010, Seadrill Brazil has entered into an agreement for an insurance bond of BRL435 million (\$79 million as of December 31, 2025).

Additionally, Seadrill Brazil has brought administrative appeals against assessments of additional income tax, indirect taxes, penalties, and interest for years 2012, 2016, and 2017. The assessments for these subsequent years raise issues similar to those that are the subject of the disputed assessments for 2009 and 2010, but the 2012 assessment involves other factual and legal issues as well. The timing and outcome of these administrative appeals and of any subsequent judicial review cannot be determined. As of December 31, 2025, the assessed taxes, penalties, and interest for 2012, 2016, and 2017 totaled, in aggregate, approximately \$84 million.

Other tax matters

Other tax audits and disputed assessments of income and other taxes, including applicable penalties and interest, remain outstanding as of December 31, 2025 and continue to be monitored and evaluated by the Company. These tax audit and assessment claims are attributable principally to Ghana, Mexico, Norway, and the United States. We continue to vigorously defend our tax positions and currently consider the ultimate resolution of tax audit and assessment claims will not have a material adverse effect on our financial position, operating results and cash flows.

We operate in various countries in the world. We recognize uncertain tax positions if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit by relevant tax authorities, including resolution of related appeals or litigation processes, if any. While we believe we have the required support for the positions taken on our tax returns, we cannot predict with certainty as to the ultimate outcome of any existing or future assessments.

Other material disputes or litigation

In addition to the foregoing, from time to time we are a named defendant or party in certain other lawsuits, claims or proceedings arising in the ordinary course of business or in connection with our acquisition and disposal activities. Although the outcome of such lawsuits or other proceedings cannot be predicted with certainty, and the amount of any liability that could arise with respect to such lawsuits or other proceedings cannot be predicted accurately, we currently do not expect these other matters to have a material adverse effect on our financial position, operating results and cash flows.

Guarantees

We have issued performance guarantees for potential liabilities that may result from drilling activities under current or previous managed rig arrangements with Sonadrill. As of December 31, 2025, we had not recognized any liabilities for these guarantees as we do not consider it probable that the guarantees will be called. The guarantees provided on behalf of Sonadrill have been capped at \$1.1 billion, in the aggregate, across the three rigs operating in the joint venture on two active and two historic contracts.

Note 25 – Business combinations

Aquadrill acquisition

On the Closing Date, Seadrill completed the acquisition of Aquadrill, an offshore drilling unit owner. Pursuant to the Merger Agreement, Merger Sub merged with and into Aquadrill, with Aquadrill surviving the Merger as a wholly owned subsidiary of Seadrill. In connection with the Merger, and pursuant to the Merger Agreement, Seadrill exchanged consideration consisting of (i) 29.9 million Seadrill common shares, (ii) \$30 million settled by tax withholding in lieu of common shares, and (iii) cash consideration of \$1 million. At the Closing Date, Aquadrill unitholders represented approximately 37% of Seadrill's post-Merger issued and outstanding Shares.

As previously disclosed, the Board of Directors viewed the following factors, among others, as generally favorable in its determination and approval of the Merger: (A) the combined company is expected to (i) be in a position to serve a broader range of customers, (ii) have a more substantial presence in the offshore drilling market, (iii) take on Aquadrill drilling units without taking on a substantial cost structure, (iv) have a diversified portfolio of contract coverage and (v) given the extensive history between Aquadrill and Seadrill, be positioned to rapidly integrate the two businesses, and (B) the Seadrill management team's familiarity with the business, assets and competitive position of Aquadrill.

As a result of the Merger, Seadrill acquired Aquadrill's four drillships, one semi-submersible and three tender-assist units. On May 19, 2023, Seadrill entered into definitive sale and purchase agreements to sell the three tender-assist units (*T-15*, *T-16*, and *West Vencedor*), acquired in the Merger, with an agreed aggregate sale price of approximately \$84 million. The sale completed on July 28, 2023.

In connection with this acquisition, the Company incurred \$2 million, \$24 million, and \$24 million of acquisition and integration related expenses during the years ended December 31, 2025, December 31, 2024, and December 31, 2023, respectively. These expenses are included in "Merger and integration related expenses" on the Consolidated Statements of Operations. In addition, the Company incurred \$4 million of issuance costs which have been reflected against the fair value of the Shares as a reduction to Additional paid-in capital in the Consolidated Statements of Changes in Shareholders' Equity.

Merger and integration related expenses primarily consist of legal and advisory costs incurred to facilitate the closure of the Aquadrill acquisition, as well as expenses associated with integrating Aquadrill into Seadrill's existing operating structure and closing out the MSA agreements.

We used a convenience date of April 1, 2023 (the "Convenience Date") to account for this acquisition and have recorded activity from the Convenience Date in Seadrill's results.

Purchase price allocation

The Merger was accounted for as a business combination under the acquisition method of accounting in accordance with ASC Topic 805, Business Combinations, with Seadrill being treated as the accounting acquirer. Under this method, the purchase consideration in the Merger reflects (i) the Shares issued in connection with the Merger, (ii) tax withholding liability, and (iii) cash consideration, as described above. The issued Shares were recorded at \$41.62 per share, the fair value on the Closing Date. Concurrently, the assets acquired and liabilities assumed were recorded on Seadrill's Consolidated Balance Sheets at their respective fair values. During the first quarter of 2024, we completed the analysis to assign fair value to all tangible and intangible assets acquired and liabilities assumed. We estimated the fair value of the net assets and liabilities acquired to be equal to the purchase price, and therefore, no goodwill or bargain purchase gain was recognized in the financial statements.

Determining the fair values of the assets and liabilities of Aquadrill required judgment and certain assumptions to be made, the most significant of these being related to the valuation of Aquadrill's drilling units and other related tangible assets. Further details regarding the valuation process are described below.

i. Drilling units

To estimate the fair value of the drilling units, management primarily relied upon the income approach. The market approach was considered to substantiate a floor value for rigs where the income approach indicated a value lower than a value in-exchange. In the application of the income approach, we utilized the discounted cash flow ("DCF") method. The DCF method involves estimating the future free cash flows of an asset and discounting these cash flows to present value. Free cash flows are generally defined as debt-free operating cash flows adjusted to reflect capital expenditure requirements.

Assumptions used in our assessment included, but were not limited to, future marketability of each drilling unit in light of the current market conditions and its current technical specifications, timing of existing and future contract awards and expected operating dayrates, operating costs, utilization rates, tax rates, discount rates, capital expenditures, market values, reactivation costs, and estimated economic useful lives. We included an allocation for corporate overhead when calculating the discounted cash flows expected to be generated from our drilling units over their remaining useful lives. The cash flows were discounted at a market participant WACC, which was derived from a blend of market participant after-tax costs of debt and market participant costs of equity, weighted by the respective percentage of debt and equity to total capital, and computed using public share price information for similar publicly traded guideline companies, certain U.S. Treasury rates, and certain risk premiums specific to the Company. The inputs and assumptions related to these assets are categorized as Level 3 in the fair value hierarchy.

ii. Drilling and management services contracts

The Company recognized intangible assets and liabilities related to drilling and management service contracts that had favorable and unfavorable terms compared to the current market at the Closing Date. The Company recorded the fair value adjustment for the off-market contract liabilities and assets to "Other current liabilities", "Other current assets", and "Other non-current assets" in the amounts of \$49 million, \$6 million, and \$1 million respectively.

The table below summarizes the total consideration transferred at the Closing Date:

<i>(In \$ millions, except share data and ratios)</i>	Aquadrill Shares	Final Exchange Ratio⁽⁴⁾	As of Acquisition
Aquadrill outstanding shares as of April 3, 2023	20,000,000	1.41	28,258,965
Aquadrill restricted stock units	122,104	1.41	172,527
Aquadrill phantom award units	105,700	1.41	149,349
Aquadrill phantom appreciation rights	570,000	0.70	399,576
Total Aquadrill shares converted to Seadrill shares	20,797,804		28,980,416
Company Sale Bonus ⁽¹⁾			1,664,743
Total Seadrill shares eligible for purchase of Aquadrill			30,645,159
Less: Tax withholding in lieu of common shares ⁽²⁾			(744,150)
Less: Seadrill shares settled in cash ⁽³⁾			(34,505)
Seadrill shares issued for purchase of Aquadrill			29,866,505
Seadrill share price at April 3, 2023 market close			41.62
Consideration issued in Seadrill shares			1,243
Consideration settled by tax withholding ⁽²⁾			30
Consideration settled in cash ⁽³⁾			1
Total consideration transferred			1,274

⁽¹⁾ Immediately prior to the Closing Date, the Sale Bonus Award Agreement, dated as of May 24, 2021, by and between Aquadrill and Steven Newman, the Chief Executive Officer and a director of Aquadrill, was terminated and in connection with such termination at the Effective Time and in accordance with the Merger Agreement, Mr. Newman received 1,013,405 Seadrill common shares and \$26 million tax withholding, paid on his behalf, in lieu of Seadrill common shares.

⁽²⁾ Pursuant to the Merger Agreement, in lieu of issuing Seadrill common shares, the Company elected to pay \$30 million of tax withholding. These Shares were settled at a per share value agreed upon between the Company and the Aquadrill board of directors.

⁽³⁾ Pursuant to the Merger Agreement, in lieu of issuing Seadrill common shares, certain non-employee board members elected to receive \$1 million cash in lieu of Seadrill common shares. These Shares were settled at a per share value agreed upon between the Company and the Aquadrill board of directors.

⁽⁴⁾ Final exchange ratios calculated pursuant to the Merger Agreement.

The table below represents the final purchase price allocation to the identifiable assets acquired and liabilities assumed at the Closing Date and subsequent adjustments made during the measurement period:

<i>(In \$ millions)</i>	As of Acquisition	Measurement Period Adjustments	Updated As of Acquisition
Assets acquired:			
Cash and cash equivalents	51	—	51
Restricted cash	5	—	5
Accounts receivable	60	—	60
Other current assets	36	7	43
Total current assets	152	7	159
Drilling units	1,255	(3)	1,252
Deferred tax assets	19	—	19
Equipment	1	—	1
Other non-current assets	5	—	5
Total non-current assets	1,280	(3)	1,277
Total assets acquired	1,432	4	1,436
Liabilities assumed:			
Trade accounts payable	11	—	11
Other current liabilities	69	4	73
Total current liabilities	80	4	84
Other non-current liabilities	78	—	78
Total non-current liabilities	78	—	78
Total liabilities assumed	158	4	162
Net asset acquired	1,274	—	1,274

Post-merger operating results

The following table reflects Aquadrill's operating revenue and net income from continuing operations included in Seadrill's consolidated statement of operations subsequent to the Convenience Date.

<i>(In \$ millions)</i>	Year ended December 31, 2023
Operating revenue	383
Net income	145

Pro forma financial information

The pro forma summary uses estimates and assumptions based on information available at the time. We believe the estimates and assumptions are reasonable; however, actual results may have differed significantly from this pro forma financial information. The pro forma information does not purport to be indicative of results of operations that would have occurred had the Merger occurred on the basis assumed above, nor is such information indicative of our expected future results. The pro forma results of operations do not reflect any cost savings or other synergies that might have been achieved from combining the operations or any estimated costs that have not yet been incurred to integrate Aquadrill assets.

These pro forma amounts have been calculated after adjusting the results to reflect (i) the additional depreciation and amortization that would have been charged assuming the fair value adjustments to drilling units and off-market contract liabilities had been applied from February 23, 2022, (ii) certain acquisition related expenses incurred directly in connection with the Merger as if it had occurred on February 23, 2022, and (iii) removal of any pre-acquisition revenues and expenses between Seadrill and Aquadrill.

<i>(In \$ millions, except per share data)</i>	Year ended December 31, 2023
Operating revenue	1,580
Net income	262
Basic EPS	3.34
Diluted EPS	3.29

Seadrill and Aquadrill incurred total acquisition related expenses of \$11 million and \$5 million, respectively, of which \$8 million and \$3 million, respectively, were incurred during the year ended December 31, 2023. Seadrill's acquisition related expenses are included in "Merger and integration related expenses" on the Consolidated Statements of Operations.

On July 28, 2023, the Company completed the sale of the tender-assist units. The table below summarizes the results of operations related to the tender-assist units included in the pro forma results of operations:

<i>(in \$ millions)</i>	Year ended December 31, 2023
<i>Tender-assist units</i>	
Operating revenue	13
Net loss	(8)

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, with participation from the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of disclosure controls and procedures pursuant to Rule 13a-15 and Rule 15d-15 of the Exchange Act as of December 31, 2025. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of December 31, 2025.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

See Part II, Item 8, "Financial Statements and Supplementary Data" for Management's Report on Internal Control over Financial Reporting.

Item 9B. Other Information

Rule 10b5-1 Trading Arrangements

During the three months ended December 31, 2025, no director or officer (as defined in Rule 16a-1(f) of the Exchange Act) of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information in response to this item, to the extent not set forth in Part I, Item 1, “Business – Information About Our Executive Officers”, is incorporated by reference to our Proxy Statement relating to our 2026 Annual Meeting of Shareholders. The Proxy Statement will be filed with the SEC pursuant to Regulation 14A under the Exchange Act within 120 days of December 31, 2025.

Item 11. Executive Compensation

Information in response to this item is incorporated by reference to our Proxy Statement relating to our 2026 Annual Meeting of Shareholders. The Proxy Statement will be filed with the SEC pursuant to Regulation 14A under the Exchange Act within 120 days of December 31, 2025.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information in response to this item is incorporated by reference to our Proxy Statement relating to our 2026 Annual Meeting of Shareholders. The Proxy Statement will be filed with the SEC pursuant to Regulation 14A under the Exchange Act within 120 days of December 31, 2025.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information in response to this item is incorporated by reference to our Proxy Statement relating to our 2026 Annual Meeting of Shareholders. The Proxy Statement will be filed with the SEC pursuant to Regulation 14A under the Exchange Act within 120 days of December 31, 2025.

Item 14. Principal Accountant Fees and Services

Information in response to this item is incorporated by reference to our Proxy Statement relating to our 2026 Annual Meeting of Shareholders. The Proxy Statement will be filed with the SEC pursuant to Regulation 14A under the Exchange Act within 120 days of December 31, 2025.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. A list of the financial statements filed as a part of this report is set forth in [Part II, Item 8, “Financial Statements and Supplementary Data”](#) of this annual report and is incorporated herein by reference.
2. Financial Statement Schedules:
All schedules are omitted because they are either not applicable or required information is shown in the financial statements or notes thereto.
3. Exhibits

Exhibit Number	Description
2.1	Second Amended Joint Chapter 11 Plan (as modified) of Reorganization, as confirmed by the Bankruptcy Court on October 26, 2021 (incorporated by reference to Exhibit 2.1 to Seadrill Limited’s Annual Report on Form 20-F filed with the SEC on April 29, 2022).
2.2†	Agreement and Plan of Merger, by and among Seadrill Limited, Aquadrill LLC and Seadrill Merger Sub, LLC, dated as of December 22, 2022 (incorporated by reference to Exhibit 4.1 to Seadrill Limited’s Report on Form 6-K furnished to the SEC on December 23, 2022).
2.3	Share and Asset Purchase Agreement, dated 16 May 2024, by and among Seadrill RIG Holding Company Limited, Seadrill Castor PTE, LTD., Seadrill Telesto LTD., Seadrill Tucana LTD., Seadrill Jack Up Holding Ltd., (the “Seadrill Parties”) and Gulf Drilling International Limited and Gulf Jackup SPC LLC (the “GDI Parties”) (incorporated by reference to Exhibit 4.1 to Seadrill Limited’s Report on Form 6-K furnished to the SEC on August 5, 2024).
2.4	Share and Asset Purchase Agreement Amendment, dated 14 June 2024 between the Seadrill Parties and the GDI Parties (incorporated by reference to Exhibit 4.2 to Seadrill Limited’s Report on Form 6-K furnished to the SEC on August 5, 2024).
3.1	Certificate of Incorporation of Seadrill 2021 Limited delivered October 21, 2021 (incorporated by reference to Exhibit 1.1 to Seadrill Limited’s Annual Report on Form 20-F filed with the SEC on April 29, 2022).
3.2	Memorandum of Association of Seadrill 2021 Limited (incorporated by reference to Exhibit 1.2 to Seadrill Limited’s Annual Report on Form 20-F filed with the SEC on April 29, 2022).
3.3	Certificate of Deposit of Memorandum of Increase of Share Capital of Seadrill Limited (incorporated by reference to Exhibit 1.3 to Seadrill Limited’s Annual Report on Form 20-F filed with the SEC on April 29, 2022).
3.4	Certificate of Change of Name from Seadrill 2021 Limited to Seadrill Limited delivered February 22, 2022 (incorporated by reference to Exhibit 1.5 to Seadrill Limited’s Annual Report on Form 20-F filed with the SEC on April 29, 2022).
3.5	Bye-Laws of Seadrill Limited (incorporated by reference to Exhibit 1.4 to Seadrill Limited’s Annual Report on Form 20-F filed with the SEC on April 29, 2022).
4.1	Description of Securities Registered Under Section 12 of the Securities Exchange Act of 1934, as Amended (incorporated by reference to Exhibit 4.1 to Seadrill Limited’s Annual Report on Form 10-K filed with the SEC on February 27, 2025).

- 4.2 [Convertible Note Purchase Agreement, dated as of February 22, 2022, by and among Seadrill Limited and Hemen Holding Limited \(incorporated by reference to Exhibit 4.3 to Seadrill Limited's Annual Report on Form 20-F filed with the SEC on April 29, 2022\).](#)
- 4.3 [Indenture, dated as of July 27, 2023, by and among Seadrill Finance Limited, as issuer, Seadrill Limited and the other guarantors party thereto, as guarantors, and GLAS Trust Company LLC, as trustee and collateral trustee \(incorporated by reference to Exhibit 4.1 to Seadrill Limited's Report on Form 6-K furnished to the SEC on July 27, 2023\).](#)
- 4.4 [Form of 8.375% Senior Secured Second Lien Note due 2030 \(incorporated by reference to Exhibit A of Exhibit 4.1 to Seadrill Limited's Report on Form 6-K furnished to the SEC on July 27, 2023\).](#)
- 4.5 [First Supplemental Indenture, dated as of August 8, 2023, by and among Seadrill Finance Limited, as issuer, Seadrill Limited and the other guarantors party thereto, as guarantors, and GLAS Trust Company LLC, as trustee and collateral trustee \(incorporated by reference to Exhibit 4.1 to Seadrill Limited's Report on Form 6-K furnished to the SEC on August 8, 2023\).](#)
- 4.6 [Second Supplemental Indenture, dated as of September 20, 2023, by and among Seadrill Finance Limited, as issuer, Seadrill Servicio de Petroleo Ltda., and GLAS Trust Company LLC, as trustee and collateral trustee \(incorporated by reference to Exhibit 4.6 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025\).](#)
- 4.7 [Third Supplemental Indenture, dated as of October 15, 2024, by and among Seadrill Finance Limited, as issuer, Seadrill Mobile Units \(Nigeria\) Limited, and GLAS Trust Company LLC, as trustee and collateral trustee. \(incorporated by reference to Exhibit 4.1 to Seadrill Limited's Report on Form 6-K furnished to the SEC on November 13, 2024\).](#)
- 4.8 [Fourth Supplemental Indenture, dated as of December 12, 2024, by and among Seadrill Finance Limited, as issuer, Seadrill T-16 Ltd., and GLAS Trust Company LLC, as trustee and collateral trustee \(incorporated by reference to Exhibit 4.8 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025\).](#)
- 4.9 [Fifth Supplemental Indenture, dated as of December 12, 2024, by and among Seadrill Finance Limited, as issuer, Seadrill Switzerland GmbH, Seadrill Rig Holdco Kft., Seadrill Hungary Kft., and GLAS Trust Company LLC, as trustee and collateral trustee \(incorporated by reference to Exhibit 4.9 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025\).](#)
- 4.10* [Sixth Supplemental Indenture, dated as of December 23, 2025, by and among Seadrill Finance Limited, as issuer, Seadrill Aquarius Ltd., and GLAS Trust Company LLC, as trustee and collateral trustee.](#)
- 10.1† [Registration Rights Agreement, dated as of February 22, 2022, by and among Seadrill Limited and the holders party thereto \(incorporated by reference to Exhibit 2.2 to Seadrill Limited's Annual Report on Form 20-F filed with the SEC on April 29, 2022\).](#)
- 10.2†‡ [Registration Rights Agreement, dated as of April 3, 2023, by and among Seadrill Limited and the holders party thereto \(incorporated by reference to Exhibit 10.1 to Seadrill Limited's Report on Form 6-K furnished to the SEC on April 3, 2023\).](#)
- 10.3† [Senior Secured Revolving Credit Agreement, dated as of July 11, 2023, by and among Seadrill Finance Limited, as borrower, Seadrill Limited, the lenders party thereto, J.P Morgan SE, as administrative agent, GLAS Trust Company LLC, as common security agent, and the issuing banks party thereto \(incorporated by reference to Exhibit 10.1 to Seadrill Limited's Report on Form 6-K furnished to the SEC on July 11, 2023\).](#)
- 10.4 [Collateral Trust Agreement, dated as of July 27, 2023, by and among Seadrill Limited, Seadrill Finance Limited, the other grantors party thereto, J.P. Morgan SE, as administrative agent under the Senior Secured Revolving Credit Agreement, GLAS Trust Company LLC, as trustee and collateral trustee under the Indenture \(incorporated by reference to Exhibit 10.1 to Seadrill Limited's Report on Form 6-K furnished to the SEC on July 27, 2023\).](#)
- 10.5+ [Seadrill Limited 2022 Management Incentive Plan \(incorporated by reference to Exhibit 10.4 to Seadrill Limited's Registration Statement on Form F-4, filed with the SEC on February 27, 2023\).](#)
- 10.6+ [Amended and Restated Seadrill Limited 2022 Management Incentive Plan \(incorporated by reference to Exhibit 99.2 to Seadrill Limited's Report on Form 6-K furnished to the SEC on November 20, 2023\).](#)
- 10.7+ [2023 Form of TRSU Award Agreement \(Non-Executive Officers\) under the Seadrill Limited 2022 Management Incentive Plan \(incorporated by reference to Exhibit 10.9 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025\).](#)
- 10.8+ [2023 Form of PRSU Award Agreement \(Non-Executive Officers\) under the Seadrill Limited 2022 Management Incentive Plan \(incorporated by reference to Exhibit 10.10 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025\).](#)
- 10.9+ [2023 Form of PRSU Award Agreement \(Executive Officers\) under the Seadrill Limited 2022 Management Incentive Plan \(incorporated by reference to Exhibit 10.12 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025\).](#)
- 10.10+ [2024 Form of TRSU Award Agreement \(Executive Officers\) under the Amended and Restated Seadrill Limited 2022 Management Incentive Plan \(incorporated by reference to Exhibit 10.13 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025\).](#)
- 10.11+ [2024 Form of PRSU Award Agreement \(Executive Officers\) under the Amended and Restated Seadrill Limited 2022 Management Incentive Plan \(incorporated by reference to Exhibit 10.14 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025\).](#)

10.12+	<u>2025 Short Term Incentive Plan Summary (incorporated by reference to Exhibit 10.1 to Seadrill Limited's Quarterly Report on Form 10-Q filed with the SEC on May 12, 2025).</u>
10.13+	<u>Form of PRSU Award Agreement (Executive Officers) under the Amended and Restated Seadrill Limited 2022 Management Incentive Plan (incorporated by reference to Exhibit 10.1 to Seadrill Limited's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2025).</u>
10.14+	<u>Form of TRSU Award Agreement (Executive Officers) under the Amended and Restated Seadrill Limited 2022 Management Incentive Plan (incorporated by reference to Exhibit 10.2 to Seadrill Limited's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2025).</u>
10.15+	<u>Form of TRSU Award Agreement (Director) under the Amended and Restated Seadrill Limited 2022 Management Incentive Plan (incorporated by reference to Exhibit 10.3 to Seadrill Limited's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2025).</u>
10.16+	<u>Form of TRSU Award Agreement (Director Deferred) under the Amended and Restated Seadrill Limited 2022 Management Incentive Plan (incorporated by reference to Exhibit 10.4 to Seadrill Limited's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2025).</u>
10.17+^	<u>Employment Agreement, dated as of November 21, 2023, by and among Seadrill Americas, Inc., Seadrill Management Limited, and Simon Johnson (incorporated by reference to Exhibit 10.17 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.18+^	<u>Employment Agreement, dated as of November 21, 2023, by and among Seadrill Americas, Inc., Seadrill Management Limited, and Grant Creed (incorporated by reference to Exhibit 10.18 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.19+^	<u>Employment Agreement, dated as of November 21, 2023, by and between Seadrill Americas, Inc. and Samir Ali (incorporated by reference to Exhibit 10.19 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.20+^	<u>Employment Agreement, dated as of November 21, 2023, by and among Seadrill Americas, Inc., Seadrill Management Limited, and Torsten Sauer-Petersen (incorporated by reference to Exhibit 10.20 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.21+^	<u>Employment Agreement, dated as of November 21, 2023, by and between Seadrill Americas, Inc. and Todd Strickler (incorporated by reference to Exhibit 10.21 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.22+^	<u>Employment Agreement, dated as of December 14, 2023, by and between Seadrill Americas, Inc. and Marcel Wieggers (incorporated by reference to Exhibit 10.22 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.23+	<u>Amendment No. 1 to Employment Agreement, dated as of September 30, 2024, by and between Seadrill Americas, Inc. and Simon Johnson (incorporated by reference to Exhibit 10.23 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.24+	<u>Amendment No. 1 to Employment Agreement, dated as of October 8, 2024, by and between Seadrill Americas, Inc. and Grant Creed (incorporated by reference to Exhibit 10.24 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.25+	<u>Amendment No. 1 to Employment Agreement, dated as of October 2, 2024, by and between Seadrill Americas, Inc. and Samir Ali (incorporated by reference to Exhibit 10.25 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.26+	<u>Amendment No. 1 to Employment Agreement, dated as of September 30, 2024, by and between Seadrill Americas, Inc. and Torsten Sauer-Petersen (incorporated by reference to Exhibit 10.26 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.27+	<u>Amendment No. 1 to Employment Agreement, dated as of September 30, 2024, by and between Seadrill Americas, Inc. and Todd Strickler (incorporated by reference to Exhibit 10.27 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.28+	<u>Amendment No. 1 to Employment Agreement, dated as of October 1, 2024, by and between Seadrill Americas, Inc. and Marcel Wieggers (incorporated by reference to Exhibit 10.28 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.29+	<u>Form of Deed of Indemnity, by and between Seadrill Limited and its directors (incorporated by reference to Exhibit 10.29 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.30+	<u>Form of Deed of Indemnity (Employee), by and between Seadrill Limited and certain of its executive officers (incorporated by reference to Exhibit 10.30 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
10.31+	<u>Form of Deed of Indemnity (Senior Employee), by and between Seadrill Limited and certain of its executive officers (incorporated by reference to Exhibit 10.31 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
16.1	<u>Letter to the Securities and Exchange Commission from PwC UK, dated March 5, 2025 (incorporated by reference to Exhibit 16.1 to Seadrill Limited's Current Report on Form 8-K filed with the SEC on March 5, 2025).</u>

19.1	<u>Insider trading policy (incorporated by reference to Exhibit 19.1 to Seadrill Limited's Annual Report on Form 10-K filed with the SEC on February 27, 2025).</u>
21.1*	<u>List of subsidiaries of Seadrill Limited.</u>
23.1*	<u>Consent of PricewaterhouseCoopers LLP (United States), independent registered public accounting firm (Seadrill Limited).</u>
23.2*	<u>Consent of PricewaterhouseCoopers LLP (Watford, United Kingdom), independent registered public accounting firm (Seadrill Limited).</u>
31.1*	<u>Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.</u>
31.2*	<u>Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.</u>
32.1**	<u>Certification of the Principal Executive Officer pursuant to 18 USC Section 1350, as adopted, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2**	<u>Certification of the Principal Financial Officer pursuant to 18 USC Section 1350, as adopted, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
97.1	<u>Seadrill Limited Policy for the Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 to Seadrill Limited's Report on Form 20-F filed with the SEC on March 27, 2024).</u>
101.INS *	Inline XBRL Instance Document
101.SCH *	Inline XBRL Taxonomy Extension Schema
101.CAL *	Inline XBRL Taxonomy Extension Schema Calculation Linkbase
101.DEF *	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB *	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE *	Inline XBRL Taxonomy Extension Presentation Linkbase
104 *	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)

- † Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K and will be provided to the SEC upon request.
- ‡ Certain portions of this Exhibit have been redacted in accordance with Item 601(b)(10)(iv) of Regulation S-K. The registrant agrees to furnish supplementally an unredacted copy of this Exhibit to the SEC upon request.
- ^ Certain personally identifiable information contained in this Exhibit has been redacted pursuant to Item 601(a)(6) of Regulation S-K.
- + Management contract or compensatory plan or arrangement.
- * Filed herewith.
- ** Furnished herewith

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 26, 2026.

Seadrill Limited
(Registrant)

By: /s/ Simon Johnson
Name: Simon Johnson
Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Simon Johnson</u> Simon Johnson	President and Chief Executive Officer (principal executive officer)	February 26, 2026
<u>/s/ Grant Creed</u> Grant Creed	Executive Vice President and Chief Financial Officer (principal financial officer, principal accounting officer)	February 26, 2026
<u>/s/ Julie Johnson Robertson</u> Julie Johnson Robertson	Chairman of the Board	February 26, 2026
<u>/s/ Mark A. McCollum</u> Mark A. McCollum	Director	February 26, 2026
<u>/s/ Jean Cahuzac</u> Jean Cahuzac	Director	February 26, 2026
<u>/s/ Jan B. Kjærvi</u> Jan B. Kjærvi	Director	February 26, 2026
<u>/s/ Andrew Schultz</u> Andrew Schultz	Director	February 26, 2026
<u>/s/ Paul Smith</u> Paul Smith	Director	February 26, 2026
<u>/s/ Ana Zambelli</u> Ana Zambelli	Director	February 26, 2026
<u>/s/ Harry Quarls</u> Harry Quarls	Director	February 26, 2026
<u>/s/ Jonathan Swinney</u> Jonathan Swinney	Director	February 26, 2026

SIXTH SUPPLEMENTAL INDENTURE

THIS SIXTH SUPPLEMENTAL INDENTURE (this “**Sixth Supplemental Indenture**”), entered into as of December 23, 2025 among SEADRILL FINANCE LIMITED, an exempted company incorporated under the laws of Bermuda (the “**Issuer**”), Seadrill Aquarius Ltd., an exempted company incorporated under the laws of Bermuda (the “**Undersigned**”), and GLAS TRUST COMPANY LLC, as trustee (the “**Trustee**”) and collateral trustee (the “**Collateral Trustee**”) acting in its own name and in the name and on behalf of all other Secured Parties.

RECITALS

WHEREAS, the Issuer, SEADRILL LIMITED, an exempted company incorporated under the laws of Bermuda (the “**Company**”), the other Guarantors party thereto, the Trustee and the Collateral Trustee entered into an Indenture, dated as of July 27, 2023 (as amended by (i) a first supplemental indenture dated August 8, 2023, (ii) a second supplemental indenture dated September 20, 2023, (iii) a third supplemental indenture dated October 15, 2024, (iv) a fourth supplemental indenture dated as of December 12, 2024 and (v) a fifth supplemental indenture dated as of December 12, 2024, and as further amended, restated and supplemented or otherwise modified from time to time, the “**Indenture**”), relating to the Issuer’s 8.375% Senior Secured Second Lien Notes due 2030 (the “**Notes**”); and

WHEREAS, as a condition to the Trustee entering into the Indenture and the purchase of the Notes by the Holders, the Issuer agreed pursuant to the Indenture to cause any Restricted Subsidiary of the Company (other than the Issuer) that guarantees any Debt of the Issuer or any Guarantor under the Credit Agreement or any other syndicated credit facility or capital markets debt in an aggregate principal amount in excess of \$35,000,000 to provide a Note Guaranty.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and intending to be legally bound, the parties to this Sixth Supplemental Indenture hereby agree as follows:

Section 1. Capitalized terms used herein and not otherwise defined herein are used as defined in the Indenture.

Section 2. The Undersigned, by its execution of this Sixth Supplemental Indenture, agrees to be a Guarantor under the Indenture and to be bound by the terms of the Indenture applicable to Guarantors, including, but not limited to, Article 10 thereof.

Section 3. The Undersigned irrevocably submits to the non-exclusive jurisdiction of any New York State or United States Federal court sitting in The City of New York, Borough of Manhattan over any suit, action or proceeding arising out of or relating to this Sixth Supplemental Indenture or the transactions contemplated hereby and thereby (each, a “**Related Proceeding**”). The Undersigned irrevocably waives, to the fullest extent permitted by law, any

objection which it may now or hereafter have to the laying of venue of any Related Proceeding brought in such a court and any claim that any such Related Proceeding brought in such a court has been brought in an inconvenient forum. To the extent that the Undersigned has or hereafter may acquire any immunity (on the grounds of sovereignty or otherwise) from the jurisdiction of any court or from any legal process with respect to itself or its property, the Undersigned irrevocably waives, to the fullest extent permitted by law, such immunity in respect of any such suit, action or proceeding.

Section 4. This Sixth Supplemental Indenture and any claim, controversy or dispute relating to or arising out of this Sixth Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby. Each of the parties hereto and by its acceptance thereof irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Sixth Supplemental Indenture or the transactions contemplated hereby.

Section 5. This Sixth Supplemental Indenture may be signed in various counterparts which together will constitute one and the same instrument. Delivery of an executed signature page by facsimile or electronic transmission (*e.g.* “pdf” or “tif”), or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law, *e.g.*, www.docusign.com, shall be effective as delivery of a manually executed counterpart hereof.

Section 6. This Sixth Supplemental Indenture is an amendment supplemental to the Indenture, and the Indenture and this Sixth Supplemental Indenture will henceforth be read together.

Section 7. The recitals and statements herein are deemed to be those of the Issuer and each Undersigned and not the Trustee or the Collateral Trustee. The Trustee and the Collateral Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Sixth Supplemental Indenture or the Note Guaranty provided by the Guarantor party to this Sixth Supplemental Indenture.

Section 8. All notices or other communications to the Issuer and the Guarantors shall be given as provided in Section 12.02 of the Indenture.

Section 9. The Trustee and the Collateral Trustee are entering into this Sixth Supplemental Indenture not in their individual capacities but solely in their capacities as Trustee and Collateral Trustee under the Indenture and the Collateral Trust Agreement. In entering into this Sixth Supplemental Indenture and acting hereunder, the Trustee and the Collateral Trustee shall be entitled to all rights, protections and immunities granted to them under the Indenture, the Collateral Trust Agreement and any other Note Documents.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Sixth Supplemental Indenture to be duly executed as of the date first above written.

SEADRILL FINANCE LIMITED

By: /s/ Martyn Svensen
Name: Martyn Svensen
Title: Director

SEADRILL AQUARIUS LTD.

By: /s/ Martyn Svensen
Name: Martyn Svensen
Title: Director

Signature Page to Sixth Supplemental Indenture

GLAS TRUST COMPANY LLC, as Trustee

By: /s/ Robert Peschler

Name: Robert Peschler

Title: Vice President

GLAS TRUST COMPANY LLC, as Collateral Trustee

By: /s/ Robert Peschler

Name: Robert Peschler

Title: Vice President

SUBSIDIARIES OF SEADRILL LIMITED

The table below lists the Company's subsidiaries as of December 31, 2025:

<u>Name of Company</u>	<u>Country of Incorporation</u>
Seadrill Angola, Lda.	Angola
Seabras Holdings GmbH	Austria
Seabras Rig Holding GmbH	Austria
North Atlantic Elara Ltd.	Bermuda
Seadrill Aquarius Ltd.	Bermuda
North Atlantic Phoenix Ltd.	Bermuda
Scorpion Drilling Ltd.	Bermuda
Scorpion Freedom Ltd.	Bermuda
Scorpion International Ltd.	Bermuda
Scorpion Rigs Ltd.	Bermuda
Scorpion Vigilant Ltd.	Bermuda
Seadrill Abu Dhabi Operations Limited	Bermuda
Seadrill Brunei Ltd.	Bermuda
Seadrill Carina Ltd.	Bermuda
Seadrill Common Holdings Ltd.	Bermuda
Seadrill Contracting Ltd	Bermuda
Seadrill Dione Ltd.	Bermuda
Seadrill Eclipse Ltd.	Bermuda
Seadrill Equatorial Guinea Ltd.	Bermuda
Seadrill Finance Limited	Bermuda
Seadrill Freedom Ltd.	Bermuda
Seadrill Gemini Ltd.	Bermuda
Seadrill Ghana Operations Ltd.	Bermuda
Seadrill Global Services Ltd.	Bermuda
Seadrill Hyperion Ltd.	Bermuda
Seadrill Jack-Up Holding Ltd.	Bermuda
Seadrill Jupiter Ltd.	Bermuda
Seadrill Leo Ltd.	Bermuda
Seadrill Limited	Bermuda
Seadrill Management AME Ltd.	Bermuda
Seadrill Mimas Ltd.	Bermuda
Seadrill North Atlantic Holdings Limited	Bermuda
Seadrill Norway Operations Ltd.	Bermuda
Seadrill Polaris Ltd.	Bermuda
Seadrill Proteus Ltd.	Bermuda
Seadrill Rhea Ltd.	Bermuda
Seadrill Rig Holding Company Limited	Bermuda
Seadrill Saturn Ltd.	Bermuda
Seadrill Sevan Holdings Limited	Bermuda

Seadrill Telesto Ltd.	Bermuda
Seadrill Tellus Ltd.	Bermuda
Seadrill Tethys Ltd.	Bermuda
Seadrill Titan Ltd.	Bermuda
Seadrill Umbriel Ltd.	Bermuda
Seadrill Vencedor Ltd.	Bermuda
Scorpion Servicos Offshore Ltda.	Brazil
Seadrill Serviços de Petróleo Ltda.	Brazil
Sevan Marine Servicos de Perfuracao Ltda.	Brazil
Seadrill Servicos de Perfuracao Ltda.	Brazil
Seadrill Canada Operations ULC	Canada
Seadrill Newfoundland Operations Ltd.	Canada
Seadrill Deepwater Drillship Ltd.	Cayman Islands
Seadrill JV Ghana Limited Ltd.	Ghana
Seadrill Far East Limited	Hong Kong
Seadrill International Limited	Hong Kong
Seadrill Neptune Hungary Kft.	Hungary
Sevan Louisiana Hungary Kft.	Hungary
Seadrill Auriga Hungary Kft.	Hungary
Seadrill Hungary Kft.	Hungary
Seadrill Rig Holdco Kft.	Hungary
Seadrill Vela Hungary Kft.	Hungary
Seadrill Ireland Limited	Ireland
Aquadrill Labuan Ltd.	Labuan
Seadrill China Operations Ltd. S.a.r.l.	Luxembourg
Aquadrill Malaysia Sdn Bhd	Malaysia
Seadrill Labuan Ltd	Malaysia
Seadrill Offshore Malaysia Sdn. Bhd.	Malaysia
Aquadrill Capricorn Holdings LLC	Marshall Islands
Aquadrill LLC	Marshall Islands
Aquadrill Operating GP LLC	Marshall Islands
Sea Dragon de Mexico S de R.L. de CV	Mexico
Seadrill Operations de Mexico S de R.L. de CV	Mexico
Seadrill Jack Up II B.V.	Netherlands
Seadrill Saudi I B.V.	Netherlands
Seadrill Saudi II B.V.	Netherlands
Seadrill Jack-Ups Nigeria Limited	Nigeria
Seadrill Mobile Units (Nigeria) Limited	Nigeria
Seadrill Offshore Nigeria Limited	Nigeria
Seadrill Europe Management AS	Norway
Seadrill Norway Crew AS	Norway
Seadrill Offshore AS	Norway
Odfjell Drilling Services Company, Limited	Saudi Arabia
Seadrill Saudi Limited Company	Saudi Arabia
Seadrill Castor Pte. Ltd.	Singapore
Seadrill Deepwater Units Pte. Ltd.	Singapore
Seadrill Holdings Singapore Pte. Ltd.	Singapore

Seadrill Management (S) Pte Ltd	Singapore
Seadrill Pegasus (S) Pte. Ltd.	Singapore
Sevan Drilling Rig II Pte Ltd	Singapore
Sevan Drilling Rig IX Pte Ltd	Singapore
Sevan Drilling Rig V Pte Ltd	Singapore
Seadrill Switzerland GmbH	Switzerland
Seadrill International Resourcing DMCC	United Arab Emirates
Seadrill Management Ltd.	United Kingdom
Seadrill Treasury UK Limited	United Kingdom
Seadrill UK Ltd	United Kingdom
Seadrill UK Operations Ltd	United Kingdom
Sevan Drilling Limited	United Kingdom
Aquadrill Gulf Operations Auriga LLC	United States
Aquadrill Gulf Operations Vela LLC	United States
Aquadrill US Gulf LLC	United States
Seadrill Americas, Inc	United States
Seadrill Gulf Operations Neptune LLC	United States
Sevan Drilling North America LLC	United States

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-276710) of Seadrill Limited of our report dated February 26, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Houston, Texas
February 26, 2026

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. No. 333-276710) of Seadrill Limited of our report dated February 27, 2025 relating to the financial statements, which appears in this Form 10-K.

/s/PricewaterhouseCoopers LLP
Watford, United Kingdom
February 26, 2026

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Simon Johnson, certify that:

1. I have reviewed this annual report on Form 10-K of Seadrill Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2026

/s/ Simon Johnson
Simon Johnson
Chief Executive Officer

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Grant Creed, certify that:

1. I have reviewed this annual report on Form 10-K of Seadrill Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2026

/s/ Grant Creed
Grant Creed
Chief Financial Officer

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

In connection with the annual report on Form 10-K of Seadrill Limited (the "Company") for the year ended December 31, 2025 as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Simon Johnson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2026

/s/ Simon Johnson
Simon Johnson
Chief Executive Officer

PRINCIPAL FINANCIAL OFFICER CERTIFICATION

In connection with the annual report on Form 10-K of Seadrill Limited (the "Company") for the year ended December 31, 2025 as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Grant Creed, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2026

/s/ Grant Creed
Grant Creed
Chief Financial Officer