

# Prospectus



## Borr Drilling Limited

(An exempted company limited by shares incorporated under the laws of Bermuda)

### **Listing of 54,117,647 PP Depository Receipts on Oslo Stock Exchange in connection with the Private Placement**

---

This prospectus (the "**Prospectus**") has been prepared in connection with the listing on Oslo Stock Exchange (the "**OSE**") of up to 54,117,647 new depository receipts (the "**PP Depository Receipts**"), which have been issued as part of a completed private placement (the "**Private Placement**"); each representing one underlying common share, with a par value of USD 0.05 (the "**New Common Shares**"), in Borr Drilling Limited ("**Borr Drilling**" or the "**Company**"), an exempted company limited by shares incorporated under the laws of Bermuda (together with its consolidated subsidiaries, the "**Group**").

The existing depository receipts and the PP Depository Receipts (collectively, the "**Depository Receipts**"), being the Depository Receipts that represent the beneficial interests in the same number of the Company's underlying common shares, are registered in the Norwegian Central Securities Depository (the "**VPS**") in book-entry form under the name of a "share" and listed and traded on OSE under the ticker code BORR. All of the existing common shares and the New Common Shares (collectively, the "**Common Shares**") will rank in parity with one another and each carry one vote. The Depository Receipts are not listed or traded on New York Stock Exchange (the "**NYSE**").

Clarksons Platou Securities AS, Fearnley Securities AS and SpareBank 1 Markets AS act as Managers in connection with the Private Placement (the "**Managers**").

Investing in the Company's securities involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, consider Section 2 ("**Risk Factors**") beginning on page 9 when considering an investment in the Company.

**This Prospectus does not constitute an offer or an invitation to buy, subscribe or sell the securities being admitted to trading described herein and the Prospectus relates solely to the listing of the PP Depository Receipts.**

The date of this Prospectus is 26 January 2021

## IMPORTANT INFORMATION

For the definition of certain capitalized terms used throughout this Prospectus, please see Section 18 ("*Definitions and Glossary of Terms*") which also applies to the front page.

**Readers are expressly advised that the securities are exposed to financial and legal risk and they should therefore read this Prospectus in its entirety, in particular Section 2 ("*Risk Factors*"). The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each reader should consult his, her or its own legal adviser, independent financial adviser, or tax adviser for legal, financial or tax advice.**

This Prospectus dated 26 January 2021 has been prepared by Borr Drilling in connection with the listing of the PP Depository Receipts, to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and as implemented in Norway (the "**Prospectus Regulation**"). This Prospectus has been prepared solely in the English language. This Prospectus is valid for a period of 12 months from the date of approval by the Financial Supervisory Authority of Norway (the "**Norwegian FSA**"). The Prospectus was approved on 26 January 2021 by the Norwegian FSA, as competent authority under the Regulation (EU) 2017/1129. The Norwegian FSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation (EU) 2017/1129. The approval from Norwegian FSA shall not be considered as an endorsement of the Company. Investors should make their own assessment as to the suitability of investing in the securities. The Prospectus has been prepared as a simplified prospectus in accordance with Article 14 of the Regulation (EU) 2017/1129.

The information contained herein is as of the date of this Prospectus and subject to change, completion, and amendment without notice. In accordance with Article 23 of the of the Prospectus Regulation, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the PP Depository Receipts between the time when this Prospectus was approved and the date of listing of the PP Depository Receipts on OSE, will be included in a supplement to this Prospectus. This is the only obligation of the Company to update the Prospectus and the publication and distribution of this Prospectus does not, under any circumstances, imply that there will be no change in the Company's affairs or that the information herein will continue to be correct as of any date subsequent to the date of this Prospectus.

The contents of this Prospectus shall not be construed as legal, business or tax advice. Neither of the Company or the Managers, or any of their respective employees, affiliates, or advisors, is making any representation. Each reader of this Prospectus should consult its own legal advisor, independent financial adviser, and/or tax advisor. If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, lawyer, accountant, and/or other professional adviser.

No person is authorized to give information or to make any representation in connection with the transactions described herein. If any such information is given or made, it must not be relied upon as having been authorized by the Company or the Managers or by any of the employees, affiliates, or advisors of either of them.

No action has been or will be taken in any jurisdiction other than Norway by the Company that would permit the possession or distribution of this Prospectus, any documents relating thereto, or any amendment or supplement thereto, in any country or jurisdiction where this is unlawful or specific action for such purpose is required. The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus may come are required by the Company to inform themselves about and to observe such restrictions. Neither the Company nor the Managers shall be responsible or liable for any violation of such restrictions by investors. The restrictions and limitations listed and described herein are not exhaustive, and other restrictions and limitations in relation to this Prospectus that are not known or identified at the date of this Prospectus may apply in various jurisdictions.

The PP Depository Receipts have not been registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or with any security regulatory authority of any state or other jurisdiction in the United States. This Prospectus has not been approved nor reviewed by the US Securities and Exchange Commission and is not for general distribution in the United States. Accordingly, the securities described in the Prospectus may not be offered, pledged, sold, resold, granted, delivered, allotted, taken up, or otherwise transferred, as applicable, in the United States, except pursuant to an effective registration statement under the U.S. Securities Act or in transactions that are exempt from, or in transactions not subject to, registration under the U.S. Securities Act, and in each case in compliance with any applicable state securities laws.

This Prospectus is governed by and shall be construed in accordance with Norwegian law. The courts of Norway, with Oslo City Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Prospectus.

Persons in possession of this Prospectus are required to inform themselves about, and to observe, any restrictions set out in this Prospectus. In addition, the securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. Securities may be offered or sold in Bermuda only in compliance with provisions of the Companies Act 1981, Investment Business Act 2003, the Exchange Control Act of 1972, and related regulations of Bermuda that regulate the sale of securities in Bermuda. In addition, specific permission is required from the Bermuda Monetary Authority ("**BMA**"), pursuant to the provisions of the Exchange Control Act of 1972 and related regulations, for all issuances and transfers of securities of Bermuda companies, other than in cases where the BMA has granted a general permission. The BMA, in its policy dated 1 June 2005, provides that where any equity securities of a Bermuda company, which would include our common shares, are listed on an appointed stock exchange (OSE and NYSE are both deemed to be an appointed stock exchange under Bermuda law), general permission is given for the issue and subsequent transfer of any securities of such company, including the PP Depository Receipts offered hereby, from and/or to a non-resident of Bermuda, for as long as any equity securities of the company remain so listed. In addition, applications have been made on behalf of the Company to the Minister of Finance for Bermuda under Section 25(5) of the Companies Act 1981 for a Direction that Part III and Section 35 of Part IV of the Act shall not apply to the Private Placement. None of the BMA, the Minister of Finance of Bermuda or the Registrar of Companies accept any responsibility for the financial soundness of any proposal or for the correctness of any of the statements made or opinions expressed in this Prospectus.

## TABLE OF CONTENTS

<b>1</b>	<b>SUMMARY .....</b>	<b>5</b>
1.1	INTRODUCTION AND WARNINGS .....	5
1.2	KEY INFORMATION ON THE ISSUER .....	5
1.3	KEY INFORMATION ON THE SECURITIES .....	7
1.4	KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET .....	8
<b>2</b>	<b>RISK FACTORS.....</b>	<b>9</b>
2.1	RISKS RELATED TO THE INDUSTRIES IN WHICH IT OPERATES .....	9
2.2	RISKS RELATED TO OUR BUSINESS .....	10
2.3	RISKS RELATED TO OUR FINANCING ARRANGEMENTS .....	14
2.4	RISKS RELATED TO APPLICABLE LAWS AND REGULATIONS.....	16
2.5	RISKS RELATED TO THE SECURITIES OF THE COMPANY .....	18
<b>3</b>	<b>RESPONSIBILITY FOR THE PROSPECTUS .....</b>	<b>20</b>
<b>4</b>	<b>GENERAL INFORMATION .....</b>	<b>21</b>
4.1	IMPORTANT INVESTOR INFORMATION .....	21
4.2	DATE OF INFORMATION .....	21
4.3	CURRENCY .....	21
4.4	PRESENTATION OF FINANCIAL AND OTHER INFORMATION.....	21
4.5	CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS .....	22
4.6	EXCHANGE RATES .....	23
4.7	APPROVAL OF PROSPECTUS .....	23
<b>5</b>	<b>THE PRIVATE PLACEMENT .....</b>	<b>24</b>
5.1	THE PRIVATE PLACEMENT .....	24
<b>6</b>	<b>BUSINESS OVERVIEW .....</b>	<b>27</b>
6.1	INTRODUCTION .....	27
6.2	LEGAL STRUCTURE OF THE GROUP.....	27
6.3	HISTORY AND IMPORTANT EVENTS .....	30
6.4	CORPORATE STRATEGY .....	32
6.5	BUSINESS DESCRIPTION.....	33
6.6	HEALTH AND SAFETY MATTERS .....	37
6.7	INSURANCE .....	38
6.8	REGULATIONS.....	39
6.9	OVERVIEW OF REGULATORY DISCLOSURES OVER THE LAST 12 MONTHS RELEVANT AS AT THE DATE OF THIS PROSPECTUS .....	41
<b>7</b>	<b>DIVIDENDS AND DIVIDEND POLICY .....</b>	<b>46</b>
7.1	DIVIDEND POLICY.....	46
7.2	LEGAL CONSTRAINTS ON THE DISTRIBUTION OF DIVIDENDS .....	46
7.3	MANNER OF DIVIDEND PAYMENTS TO HOLDERS OF DEPOSITORY RECEIPTS .....	46
<b>8</b>	<b>INDUSTRY AND MARKET OVERVIEW .....</b>	<b>47</b>
8.1	INTRODUCTION .....	47
8.2	THE GLOBAL OFFSHORE DRILLING MARKET .....	47
8.3	THE JACK-UP DRILLING RIG SEGMENT .....	49
<b>9</b>	<b>CAPITALISATION AND INDEBTEDNESS .....</b>	<b>57</b>
9.1	INTRODUCTION .....	57
9.2	CAPITALISATION .....	57
9.3	INDEBTEDNESS.....	58
9.4	WORKING CAPITAL STATEMENT .....	58
9.5	CONTINGENT AND INDIRECT INDEBTEDNESS .....	59
<b>10</b>	<b>SELECTED FINANCIAL AND OTHER INFORMATION .....</b>	<b>60</b>
10.1	INTRODUCTION AND BASIS FOR PREPARATION .....	60

10.2	SUMMARY OF ACCOUNTING POLICIES AND PRINCIPLES .....	60
10.3	HISTORICAL FINANCIAL INFORMATION.....	60
10.4	INDEPENDENT AUDITOR .....	63
<b>11</b>	<b>OPERATING AND FINANCIAL REVIEW .....</b>	<b>64</b>
11.1	OVERVIEW .....	64
11.2	FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS .....	64
11.3	INCOME STATEMENT .....	66
11.4	STATEMENT OF FINANCIAL CONDITION .....	68
11.5	LIQUIDITY AND CAPITAL RESOURCES .....	68
11.6	INVESTMENTS AND DIVESTMENTS .....	74
11.7	CRITICAL ACCOUNTING POLICIES AND ESTIMATES.....	75
11.8	SIGNIFICANT CHANGES.....	78
<b>12</b>	<b>BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE.....</b>	<b>84</b>
12.1	INTRODUCTION .....	84
12.2	THE BOARD OF DIRECTORS.....	84
12.3	MANAGEMENT .....	87
12.4	REMUNERATION AND BENEFITS .....	88
12.5	BONUS PROGRAMME AND SHARE INCENTIVE SCHEME .....	89
12.6	BENEFITS UPON TERMINATION .....	90
12.7	PENSION AND RETIREMENT BENEFITS.....	90
12.8	LOANS AND GUARANTEES.....	90
12.9	EMPLOYEES.....	90
12.10	NOMINATING AND GOVERNANCE COMMITTEE .....	91
12.11	AUDIT COMMITTEE .....	91
12.12	COMPENSATION COMMITTEE.....	91
12.13	CORPORATE GOVERNANCE .....	91
12.14	CONFLICT OF INTERESTS .....	92
<b>13</b>	<b>RELATED PARTY TRANSACTIONS .....</b>	<b>93</b>
13.1	INTRODUCTION .....	93
13.2	TRANSACTIONS CARRIED OUT WITH RELATED PARTIES IN THE PERIOD FROM 1 JANUARY 2020 TO THE DATE OF THE PROSPECTUS .....	93
<b>14</b>	<b>CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL.....</b>	<b>95</b>
14.1	COMPANY CORPORATE INFORMATION .....	95
14.2	LEGAL STRUCTURE .....	95
14.3	SHARE CAPITAL AND SHARE CAPITAL HISTORY .....	97
14.4	DESCRIPTION OF THE SECURITIES.....	98
14.5	OWNERSHIP STRUCTURE .....	99
14.6	AUTHORISATIONS TO INCREASE THE SHARE CAPITAL.....	100
14.7	AUTHORISATION TO ACQUIRE TREASURY COMMON SHARES.....	101
14.8	OTHER FINANCIAL INSTRUMENTS .....	101
14.9	SHAREHOLDER RIGHTS .....	101
14.10	SUMMARY OF CERTAIN RIGHTS OF THE COMPANY'S SHAREHOLDERS UNDER BERMUDA LAW, THE MEMORANDUM OF ASSOCIATION AND THE BYE-LAWS .....	101
14.11	REGISTRATION OF THE SECURITIES.....	107
14.12	REQUIREMENT TO PROVIDE INFORMATION TO THE COMPANY .....	108
14.13	SHAREHOLDER AGREEMENTS.....	109
<b>15</b>	<b>SECURITIES TRADING IN NORWAY.....</b>	<b>110</b>
15.1	INTRODUCTION .....	110
15.2	TRADING AND SETTLEMENT .....	110
15.3	INFORMATION, CONTROL, AND SURVEILLANCE.....	110
15.4	THE VPS AND TRANSFER OF DEPOSITORY RECEIPTS.....	110
15.5	SHAREHOLDER REGISTER – NORWEGIAN LAW.....	111
15.6	FOREIGN INVESTMENT IN SECURITIES LISTED IN NORWAY.....	111
15.7	DISCLOSURE OBLIGATIONS.....	111
15.8	INSIDER TRADING.....	111

15.9	MANDATORY OFFER REQUIREMENT .....	111
15.10	COMPULSORY ACQUISITION .....	112
15.11	FOREIGN EXCHANGE CONTROLS .....	113
<b>16</b>	<b>TAXATION .....</b>	<b>114</b>
16.1	BERMUDA TAXATION APPLICABLE TO THE COMPANY .....	114
16.2	OTHER JURISDICTIONS .....	114
16.3	THE SHAREHOLDERS .....	114
16.4	NORWEGIAN TAXATION .....	114
<b>17</b>	<b>ADDITIONAL INFORMATION .....</b>	<b>117</b>
17.1	AUDITOR AND ADVISORS .....	117
17.2	DOCUMENTS ON DISPLAY .....	117
17.3	INCORPORATION BY REFERENCE .....	117
<b>18</b>	<b>DEFINITIONS AND GLOSSARY .....</b>	<b>118</b>

## 1 SUMMARY

### 1.1 Introduction and warnings

*This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. An investment in the Company's securities involves inherent risk and an investor investing in the securities could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the claimant investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.*

Name of the securities	Borr Drilling (ticker: BORR)
ISIN	BMG1466R2078
Issuer	Borr Drilling Limited
Issuer's office and postal address	S. E. Pearman Building, 2nd Floor, 9 Par-la-Ville Road, Hamilton HM11, Bermuda
Issuer's LEI (Legal Entity Identifier)	213800J2JPCTXLHQ5R78
Issuer's phone number	+1 (441) 737-0152
Issuer's e-mail	<a href="mailto:post@borrdrilling.com">post@borrdrilling.com</a>
Issuer's website	<a href="http://www.borrdrilling.com">www.borrdrilling.com</a> Note that the information on the website does not form part of the Prospectus unless that information is specifically expressed to be incorporated by reference into the Prospectus
The competent authority approving the Prospectus	The Financial Supervisory Authority of Norway (Nw.: Finanstilsynet)
Visiting address, the Financial Supervisory Authority of Norway	Revierstredet 3, 0151 Oslo
Postal address, the Financial Supervisory Authority of Norway	Postboks 1187 Sentrum 0107 Oslo
E-mail, the Financial Supervisory Authority of Norway	<a href="mailto:post@finanstilsynet.no">post@finanstilsynet.no</a>
Date of approval of this Prospectus	26 January 2021

### 1.2 Key information on the issuer

#### 1.2.1 Who is the issuer of the securities?

The issuer's registered name is Borr Drilling Limited. The Company is organised as a Bermuda exempted company limited by shares under Bermuda law, in accordance with the Bermuda Companies Act, and is registered with registration number 51741. Borr Drilling Limited is domiciled in Bermuda and was incorporated in Bermuda in 2016. The Company's LEI (Legal Entity Identifier) number is 213800J2JPCTXLHQ5R78. Borr Drilling Limited was listed on OSE on 30 August 2017 under ticker "BDRILL" and currently trades under ticker "BORR" and on NYSE on 31 July 2019 under ticker "BORR". The Company is an international drilling contractor. The Company owns and operates jack-up drilling rigs of modern and high-specification designs and provides drilling services in the shallow water segment to the oil and gas industry worldwide.

As at 30 September 2020, the Group had 516 employees with 409 working offshore and 107 working onshore. In addition, we (see definition of the "Company" in Section 19 for information on the narrative point of view in the Prospectus) engaged 950 contractors, of which 898 worked offshore and 52 worked onshore. The Group's team of Executive Officers consists of two individuals whose names and respective positions are presented in the table below:

Name	Current position	Employed in the Group since	Securities	Options
Patrick Schorn	CEO, Borr Drilling Management (UK) Limited	September 2020	1,000,000	-
Magnus Vaaler	CFO, Borr Drilling Management AS	January 2018 (as CFO since 28 December 2020)	840	70,000

As of 21 January 2021, the Company had 4,906 holders of Depository Receipts listed on OSE. Shareholders owning 5% or more of the securities have an interest in the Company's share capital which is notifiable pursuant to the Norwegian

Securities Trading Act. See Section 15.7 (“*Disclosure obligations*”) for a description of the disclosure obligations under the Norwegian Securities Trading Act. As of the date of this Prospectus, to the knowledge of the Company, no investor other than Euroclear Bank S.A./N.V., Goldman Sachs International, and Schlumberger Oilfield Holdings Ltd., holds directly or indirectly more than 5% of the securities. Other than as stated above, in so far as is known to the Company, no other person or entity, directly or indirectly, jointly, or severally, will exercise or could exercise control over the Company. The Company is not aware of any agreements or other similar understandings that the operation of which may at a subsequent date result in a change in control of the Company. The securities have not been subject to any public takeover bids.

The Company’s independent auditor is PricewaterhouseCoopers LLP, with company registration no. OC30352, registered office at 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP was elected as the Company’s auditor at the annual general meeting in September 2019 and re-appointed on 10 August 2020.

### 1.2.2 What is the key financial information regarding the issuer?

The selected historical key financial information presented below has been derived from the Group’s Condensed Consolidated Financial Statements (unaudited) for the nine months ended 30 September 2020 and the Consolidated Financial Statements (audited) for the financial year ended 31 December 2019, prepared in accordance with United States Generally Accepted Accounting Principles (“**US GAAP**”).

	<b>For the nine months ended 30 September, 2020</b>	<b>For the year ended 31 December, 2019</b>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>(in USD millions, except share and per share data)</i>	
<b>SELECTED CONSOLIDATED STATEMENTS OF OPERATIONS DATA:</b>		
Total operating revenues.....	247.3	334.1
Gain on disposal .....	13.1	6.4
Operating expenses.....	(423.0)	(491.3)
<b>Operating loss</b> .....	<b>(162.6)</b>	<b>(150.8)</b>
Income/(loss) from equity method investments	16.6	(9.0)
Total financial expenses, net.....	(99.5)	(128.1)
Income tax expense .....	(13.0)	(11.2)
<b>Net loss</b> .....	<b>(258.5)</b>	<b>(299.1)</b>
Other comprehensive income (loss) .....	-	5.6
<b>Total comprehensive loss</b> .....	<b>(258.5)</b>	<b>(293.5)</b>
Net loss per common share:		
Basic.....	(1.98)	(2.78)
Diluted .....	(1.98)	(2.78)
Weighted average common shares outstanding .....	130,526,380	107,478,625

	<b>As of</b>	
	<b>30 September 2020</b>	<b>31 December 2019</b>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>(in USD millions)</i>	
<b>SELECTED BALANCE SHEET DATA:</b>		
Cash, cash equivalents and restricted cash.....	12.5	128.5
Other current assets .....	138.1	149.4
Jack-up drilling rigs.....	2,850.2	2,683.3
Newbuildings .....	136.2	261.4
Other long-term assets.....	76.7	57.4
<b>Total Assets</b> .....	<b>3,213.7</b>	<b>3,280.0</b>
Trade payables.....	27.8	14.1
Accruals and other current liabilities .....	94.5	235.6
Long-term debt .....	1,903.6	1,709.8
Other liabilities.....	123.4	26.4
<b>Total Liabilities</b> .....	<b>2,149.3</b>	<b>1,985.9</b>
<b>Total Equity</b> .....	<b>1,064.4</b>	<b>1,294.1</b>
<b>Total Liabilities and Equity</b> .....	<b>3,213.7</b>	<b>3,280.0</b>

	<b>For the nine months ended 30 September 2020 (Unaudited)</b>	<b>For the year ended 31 December 2019 (Audited)</b>
	<i>(in USD millions)</i>	

**SELECTED CASH FLOW DATA:**

Net Cash Used in Operating Activities.....	(16.3)	(89.0)
Net Cash Used in Investing Activities .....	(133.5)	(271.1)
Net Cash Provided by Financing Activities .....	33.8	397.3

**1.2.3** *What are the key risks that are specific to the issuer?*

A brief summary of the key risks that are specific to the issuer is listed below.

1. The jack-up drilling market historically has been highly cyclical, with periods of low demand and/or over-supply that could result in adverse effects on our business.
2. We may not realize our Total Contract Backlog.
3. Our Joint Ventures may not make a profit, and we may receive further cash calls from our Joint Ventures.
4. As a result of our significant cash flow needs, we may be required to raise funds through the issuance of additional debt or equity, and in the event of lost or reduced market access, we may not be successful in doing so.
5. Down-cycles in the jack-up drilling industry and other factors may affect the market value of our jack-up rigs and the newbuild rigs we have agreed to purchase.
6. We have identified a material weakness in our internal control over financial reporting.
7. We are exposed to the risk of default or material non-performance by customers.
8. Future cash flows may be insufficient to meet our obligations under the terms of our Financing Arrangements.
9. We incur activation costs, and may incur cost-overruns, on our newbuild jack-up rigs, which we may not fully recoup from our customers or the shipyard, as applicable.
10. Outbreaks of epidemic and pandemic diseases, such as the COVID-19 outbreak, and governmental responses thereto have adversely affected, and could further adversely affect, our business.
11. We rely on a limited number of customers and we are exposed to the risk of default or material non-performance by customers.
12. Our information technology systems are subject to cybersecurity risks and threats.
13. The covenants in certain of our Financing Arrangements impose operating and financial restrictions on us.
14. We face risks in connection with Financing Arrangements.
15. Interest rate fluctuations could affect our earnings and cash flow.

**1.3 Key information on the securities**

**1.3.1** *What are the main features of the securities?*

The securities' type, class and ISIN	All Common Shares in the Company have been created under the Bermuda Companies Act. The Depository Receipts, representing the beneficial ownership of the same number of underlying Common Shares, are registered in book-entry form in the VPS and have since 30 August 2017 been listed and subject to trading on OSE under ISIN BMG1466R2078.
--------------------------------------	--



The securities' currency, denomination, par value, the number of securities issued and the term of the securities	The Depository Receipts are traded in NOK on OSE. The Common Shares are traded in USD on NYSE. As per the date of this Prospectus, the Company's <i>issued</i> share capital is USD 11,015,935.20, divided into 220,318,704 Common Shares, each with a nominal value of USD 0.05. The Depository Receipts have a nominal value of USD 0.05. As per the date of this Prospectus, the Company's <i>authorized</i> share capital is USD 14,500,000, divided into 290,000,000 Common Shares, each with a nominal value of USD 0.05. The Depository Receipts have a nominal value of USD 0.05.
The rights attached to the securities	The Company has only one class of Common Shares in issue and all Common Shares provide equal rights in the Company. Each Common Share carries one vote.
Restrictions on the free transferability of the securities	There are no restrictions on trading in the Depository Receipts on OSE or (except in the case of Common Shares sold in the United States in private placements, which are subject to resale restrictions in the United States) in the Common Shares on NYSE. The Board is however required by Bye-law 43 to decline to register the transfer of any Common Share to a person where the Board is of the opinion that such transfer might breach any law or requirement of any authority or any stock exchange or quotation system upon which the Common Shares are listed, from time to time, until it has received such evidence as the Board may require to satisfy itself that no such breach would occur.
Dividend policy	The Company has not paid any dividends to its shareholders since incorporation. We aim to distribute a portion of our future earnings from operations, if any, to our shareholders from time to time as determined by our Board subject to the Bye-laws and Bermuda law. Any dividends declared in the future will be at the sole discretion of our Board and will depend upon earnings, market prospects, current capital expenditure programs and investment opportunities. Since 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 depend on its subsidiaries distributing to the Company their earnings and cash flow. Some of our loan agreements currently limit or prohibit our subsidiaries' ability to make distributions to us and our ability to make distributions to our shareholders.

**1.3.2** *Where will the securities be traded?*

The PP Depository Receipts will be traded on OSE following publication of this Prospectus.

**1.4 Key information on the offer of securities to the public and/or the admission to trading on a regulated market**

**1.4.1** *Under which conditions and timetable can I invest in the security?*

The securities of Borr Drilling Limited can be traded on the OSE and on the NYSE. On the OSE, investors trade the Depository Receipts to the Common Shares, and on the NYSE, investors trade the Common Shares.

**1.4.2** *Why is the prospectus being produced?*

This Prospectus is produced in connection with the listing of the PP Depository Receipts on OSE.

## **2 RISK FACTORS**

*An investment in the securities involves inherent risk. Before making an investment decision with respect to the securities, investors should carefully consider the risk factors and all information contained in this Prospectus, including the financial statements and related notes. The risks and uncertainties described in this Section 2 are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are relevant to an investment in the securities. An investment in the securities is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision in respect of the securities. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flows and/or prospects, which could cause a decline in the value and trading price of the securities, resulting in the loss of all or part of an investment in the same. In each category below the most material risks, in the Company's assessment, are set out first, considering the negative impact on the Company and the probability of the occurrence of each risk. The information in this Section 2 is as of the date of this Prospectus.*

### **2.1 Risks related to the industries in which it operates**

#### **2.1.1** *The jack-up drilling market historically has been highly cyclical, with periods of low demand and/or over-supply that could result in adverse effects on our business*

The success of our business largely depends on the level of activity in offshore oil and natural gas exploration, development, and production, which is affected by conditions in the worldwide economy. Changes to global economic conditions may which affect the price of oil and, as our business depends to a significant extent on customers' expectations in respect of the price of oil, changing global economic conditions may significantly impact demand from customers.

In particular, our ability to obtain new contracts as well as maintaining or extending our existing contracts will depend on how our customers or potential customers react to prevailing market conditions, responses which differ between customers and region for a variety of reasons. In response to the recent drop in the oil price and global pandemic, existing and potential customers adjusted their planned or ongoing campaigns, and this has had, and in the future may have, an adverse effect on our business.

Our jack-up drilling contracts, including bareboat contracts with our equity method investments in Mexico, typically range from three to twenty-four months, although this period may be longer in certain jurisdictions, including the Middle East. During oil price down-cycles, our customers may be unwilling to commit to long-term contracts. Short-term drilling contracts do not provide the stability or visibility of revenue that we would otherwise receive with long-term drilling contracts.

We do not have contracts for all of the rigs in our fleet and there is no assurance that we will secure drilling contracts for all or a substantial portion of our fleet at any given time. In order to keep rigs working, we may decide to agree to drilling contracts at what could be regarded as unattractive day rates. We have, and may continue to have, a significant number of rigs which are or will be stacked. Stacked rigs do not generate revenue but continue to incur costs for crew, fuel, insurance, berthing and other stacking and maintenance costs, at levels which vary depending on stacking location and whether the rigs are warm or cold stacked.

The key characteristics of our uncontracted rigs which influence marketability or readiness for use include whether such rigs are warm stacked or cold stacked, age of the rig, geographic location, and technical specifications; please see Section 6.5.2 ("*The Rigs*") for further information concerning these features by rig.

In June 2020, the Company entered into amendment agreements with Keppel (see Section 11.5.3.2 ("*Financing Arrangements*")), where the delivery dates of the undelivered rigs were extended. Pursuant to the 2021 Amendments (see Section 11.8.13 ("*2021 Amendments*")) for more information on the agreed amendments and the conditions precedent to their effectiveness), these delivery dates will be extended further. We have no contractual right to delay delivery further, on grounds that we are unable to secure employment for them or otherwise. If we were to request a delay to the contractual delivery dates to reflect the market for employment of such rigs, we would be dependent upon the outcome of any negotiations with the shipyard, which may not result in any delay or may lead to an increase in cost to compensate the shipyard.

Shortage of contracts or a change to backlog affect our business, financial condition, and results of operations. If there is not an improvement in demand for jack-up rigs, or the market declines further, we could experience a material adverse

effect on our business, financial condition and cash flows as well as our liquidity and ability to comply with loan facility covenants.

*2.1.2 Down-cycles in the jack-up drilling industry and other factors may affect the market value of our jack-up rigs and the newbuild rigs we have agreed to purchase*

If jack-up rig values fall significantly, we may have to record an impairment in our financial statements, which could affect our results of operations. Certain of our competitors in the offshore drilling industry may have a larger or more diverse fleet and a more favourable capitalization than we do, which could allow them to better withstand any impairment recorded for their own fleets or the effects of a commodity price down-cycle.

The fair market value of the rigs and the newbuildings (when delivered) may increase or decrease depending on a number of factors, including:

- general economic and market conditions affecting the offshore drilling industry, including competition from other offshore drilling companies;
- types, sizes and the technical specifications of the rigs and the newbuildings (when delivered) and their condition;
- demand for the rigs and the newbuilds (when delivered);
- costs of building new rigs;
- prevailing level of day rates and utilization for drilling services;
- governmental or other regulations; and
- technological advances.

Additionally, if we sell one or more of our jack-up rigs at a time when drilling rig prices have fallen, we may incur a loss on disposal and a reduction in earnings, which may cause us to breach the covenants in certain of our Financing Arrangements. We have stated that we intend to sell a small number of rigs and we face difficult market conditions for such a sale and could incur a loss.

Under certain of our Financing Arrangements, we are required to comply with loan-to-value or minimum-value-clauses, which could require us to post additional collateral or prepay a portion of the outstanding borrowings should the value of the jack-up rigs securing borrowings under each of such agreements decrease below required levels. If we are unable to comply with the covenants under certain of our Financing Arrangements and we are unable to get a waiver, a default could occur under the terms of those agreements. In June 2020, we obtained waivers in respect of certain covenants and amendments were made to postpone interest and amortization payment dates under certain of our loan facilities. In addition, similar amendments to our Financing Arrangements have been agreed pursuant to the 2021 Amendments. See Section 11.5.2.1 ("*Financing Arrangements*") and Section 11.8.13 ("*2021 Amendments*"), respectively, for more information.

## **2.2 Risks related to our business**

*2.2.1 We may not realize our Total Contract Backlog*

We have a new fleet and some of the rigs have not been activated. Newbuild jack-up rigs and reactivated rigs may experience start-up difficulties following delivery or other unexpected operational problems that could result in uncompensated downtime or the cancellation or termination of drilling contracts, which could have a material adverse effect on our business, financial condition, and results of operations. Twelve of our rigs are currently warm stacked, with two of these ("*Idun*" and "*Norve*") scheduled to start operations in February and March 2021.

As of 11 January 2021 our Total Contract Backlog was approximately USD 126.8 million, excluding unexercised options and excluding the rigs operating for our Joint Ventures in Mexico. We have 11 contracts that are due to expire during 2021 and 2 contracts that are due to expire during 2022. Actual expiry dates could be earlier or later.

The actual amount of revenues earned and the actual periods during which revenues are earned will be different from our Total Contract Backlog projections due to various factors, including shipyard and maintenance projects, downtime, and other events within or beyond our control. We do not adjust our Total Contract Backlog for expected or unexpected downtime. If we or any our customers, are not able to, or do not (for any or no reason) perform under our or their

contractual obligations on time or at all could result in results that vary significantly from those contemplated by our Total Contract Backlog.

Some of our customers have the right to terminate their drilling contracts without cause upon the payment of an early termination fee or compensation for costs incurred up to termination. For example, in April 2020, one of our clients, ExxonMobil, served notice to exercise its rights to terminate two contracts in West Africa for its convenience, triggering an obligation to pay an early termination fee. Our customers themselves may have contracts from their counterparts terminated in reliance on similar techniques, or as cost-cutting measures, putting pressure on our customers to terminate or renegotiate their agreements with us. In an ideal market, any such early termination payment would be sufficient to compensate us for lost revenues less operating expenses for the remaining contract period, however, in some cases, as we have experienced, such payments will not necessarily compensate us for the loss of the anticipated revenue from the drilling contract.

Under certain circumstances our contracts may permit customers to terminate contracts early without any termination payment either for convenience or as a result of non-performance, periods of downtime or impaired performance caused by equipment or operational issues (typically after a specified remedial period), or sustained periods of downtime due to force majeure events beyond our control. In addition, state-owned oil company customers may have special termination rights by law.

The current global uncertainty caused by the COVID-19 crisis could add further uncertainty to our Total Contract Backlog.

#### *2.2.2 Our Joint Ventures may not make a profit, and we may receive further cash calls from our Joint Ventures*

During 2019 we entered into a joint venture arrangement in order to secure work for Petróleos Mexicanos ("**Pemex**") in Mexico. As described in Section 6.5.3.1 ("*Mexico Joint Ventures*"), we currently provide five jack-up rigs to the joint venture structure which are ultimately used to provide bundled integrated well services to Pemex. The potential revenue earned is fixed under each of the Pemex contracts meaning that our joint venture entities bear completion risk and costs of delay and cost overruns. The joint venture entities have experienced delays in getting invoices approved and paid by Pemex. In order to try to improve this situation, an agreement was entered into in May 2020 with a Mexican state-controlled bank whereby payment of a portion of these invoices, subject to Pemex approval, can be advanced through a factoring solution, the aim being to secure a more stable cashflow. This has not yet resulted in, and may not result in, timely payment from their customer, and as shareholders we are, and may continue to be, required to fund working capital or capital expenditure outlays in response to cash calls. If the joint venture entities are unable to make a profit, we will recognize losses from our equity method investments and may be unable to receive repayment of our shareholder loans and/or dividends or distributions from those businesses. This could have a significant adverse effect on our operations and liquidity.

#### *2.2.3 We have identified a material weakness in our internal control over financial reporting*

We were established in 2016 and have since that time experienced significant expansion, especially during 2018 when we acquired Paragon Offshore Limited (or Paragon as defined below) and shortly thereafter proceeded with a reorganization programme. This growth, combined with the loss of historically significant individuals and relationships in the legacy Paragon business, resulted in too few accounting personnel to adequately follow and maintain our accounting processes, and constrained our ability to deploy resources with which to address compliance with internal controls over financial reporting. If we fail to remedy this by developing and maintaining an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud. Remediation of the material weakness may result in additional costs, third party fees and management time. The material weakness may have an adverse effect on our share price and our ability to raise debt and or equity.

#### *2.2.4 We are exposed to the risk of default or material non-performance by customers*

We are subject to the risk of late payment, non-payment, or non-performance by our customers. Certain of our customers may be highly leveraged and subject to their own operating and regulatory risks and liquidity risk, and such risks could lead them to seek to cancel, repudiate or seek to renegotiate our drilling contracts or fail to fulfil their commitments to us under those contracts. These risks are heightened in periods of depressed market conditions. If we experience payment delays or non-payments, we may be unable to make scheduled payments which exposes the business to risk of litigation or defaults, including under our Financing Arrangements, which may have a material adverse effect on our business. For instance, we provide five rigs on bareboat contracts to our equity method investments in Mexico. Since inception of the contracts our equity method investments have consistently failed to receive due payments from Pemex on a timely basis. We have, in turn, been unable to collect our bareboat payments from our equity method investments on a timely basis.

*2.2.5 We incur activation costs, and may incur cost-overruns, on our newbuild jack-up rigs, which we may not fully recoup from our customers or the shipyard, as applicable*

We have incurred significant costs activating and mobilising our newbuild fleet as contracts have been secured, in particular for the five rigs which are working in Mexico. Twelve of our delivered rigs are warm stacked, of which two will commence operation in Q1 2021. In addition, we have five rigs scheduled for delivery in 2022 (which delivery dates, however, will be extended further upon effectiveness of the 2021 Amendments (see Section 11.8.13 (“2021 Amendments”) for further details of the agreed terms and conditions precedent to their effectiveness)). We will incur additional activation costs, as well as mobilisation costs to site, when these rigs secure employment and we will also incur demobilisation and mobilisation when rigs move between contracts. The extent of these costs depends on the rig move required as well as the scope of work for which the rig is being activated. We have not historically been paid fees which cover all these costs and may not be able to do so in the future.

Extensive capital expenditures related to the commencement of contracts does have, and could continue to have, a material adverse effect on our cash flow.

*2.2.6 Outbreaks of epidemic and pandemic diseases, such as the COVID-19 outbreak, and governmental responses thereto have and could further adversely affect our business.*

Public health threats, such as the COVID-19 outbreak, in various parts of the world in which we operate, could adversely impact our operations.

During the current COVID-19 pandemic we are facing ongoing operational disruptions, including delays, unavailability of normal infrastructure and services which cause limited access to, or movement of equipment, critical goods, and personnel. Movement of rigs between countries has been impacted by border closures and reduced availability of customs officials. Our crews work on a rotation basis, with a substantial portion relying on international air transport for rotation. Disruptions due to quarantine following positive testing on our rigs have impacted the cost of rotating crews and the ability to maintain a full crew on all rigs at a given time. Global disruptions in the supply chain and industrial production may have a negative impact on our ability to secure necessary supplies for our rigs and services, amongst other potential consequences attendant to epidemic and pandemic diseases.

The extent of the continued impact of COVID-19 on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. The COVID-19 pandemic has had and is likely to continue to have, an adverse impact on, our business including our ability to keep all rigs operational at all times.

*2.2.7 We rely on a limited number of suppliers and may be unable to obtain needed supplies on a timely basis or at all*

We rely on certain third parties to provide supplies and services necessary for our offshore drilling operations, including drilling equipment suppliers, catering, and machinery suppliers. There are a limited number of suppliers to the offshore drilling industry and past consolidation among suppliers, combined with a high volume of drilling rigs under construction, may result in a shortage of supplies and services, thereby increasing the cost of supplies and/or potentially inhibiting the ability of suppliers to deliver on time.

With respect to certain items, such as blow-out preventers and drilling packages, we are dependent on the original equipment manufacturer for repair and replacement of the item or its spare parts. We maintain limited inventory of certain items, such as spare parts, and sourcing such items may involve long-lead times (six months or longer). Standardization across our fleet assists with our inventory management, however the inability to obtain certain items may be exacerbated if such items are required on multiple jack-up rigs simultaneously. Furthermore, our suppliers may experience disruptions and delays in light of the COVID-19 pandemic, which could result in delays in receipt of supplies and services and/or force majeure notices.

If we are unable to source certain items from the original equipment manufacturer for any reason, including as a result of disruptions experienced by our suppliers as a result of the restrictions imposed in many countries in response to the COVID-19 pandemic, or if our inventory is rendered unusable by the original equipment manufacturer due to safety concerns, resulting delays could have a material adverse effect on our results of operations and result in rig downtime and delays in the repair and maintenance of our jack-up rigs. In addition, we may be unable to activate our jack-up rigs in response to market opportunities.

#### *2.2.8 Our information technology systems are subject to cybersecurity risks and threats*

We depend on digital technologies to conduct our offshore and onshore operations, to collect payments from customers and to pay vendors and employees. Additionally, since the beginning of the COVID-19 pandemic, certain of our offices have been closed, and a large proportion of our onshore employee base have either been required to or encouraged to work remotely which has made us more dependent on digital technology to run our business.

Remote working increases the risk of cyber security issues. We have been targeted by parties using fraudulent "spoof" and "phishing" emails and other means to misappropriate information or to introduce viruses or other malware through "trojan horse" programs to our computers. We have responded to these attacks and sought to prevent future attacks by engaging third party vendors to review and supplement our defensive measures and assist us in our effort to eliminate, detect, prevent, remediate, mitigate, or alleviate cyber or other security problems but such measures may not be effective.

While we have not experienced any cybersecurity attacks or breaches to date that have had a material impact on us, such attacks in the future could have a material impact on our business or operations. There is risk that these types of activities will recur and persist. There can be no assurance that our defensive measures will be adequate to prevent them in the future. The costs to us to eliminate, detect, prevent, remediate, mitigate or alleviate cyber or other security problems, viruses, worms, malicious software programs, phishing schemes and security vulnerabilities could be significant and our efforts to address these problems may not be successful and could adversely impact our business, financial condition and results of operations.

#### *2.2.9 We are a holding company and are dependent upon cash flows from subsidiaries and equity method investments to meet our obligations*

Our only material assets are our interests in our subsidiaries. We conduct our operations through an intermediate holding company, Borr IHC Limited ("**Borr IHC**"), and all of our assets are owned, and our operating revenues and cash flows are generated, by our subsidiaries. As a result, cash we obtain from the group is the principal source of liquidity that we use to meet our obligations. Contractual provisions and/or local laws, as well as our subsidiaries' financial condition, operating requirements and debt requirements, may limit our ability to obtain cash from Borr IHC or other subsidiaries that we require to pay our expenses or otherwise meet our obligations when due. Applicable tax laws may also subject such payments to us to further taxation.

If we are unable to transfer cash from Borr IHC or our other group companies, then even if we have sufficient resources on a consolidated basis to meet our obligations when due, we may not be permitted to make the necessary transfers from the subsidiaries to meet our debt and other obligations when due. The terms of certain of our Financing Arrangements, which are described under Section 11.5.3 ("*Financing Arrangements*"), also place restrictions on distributions and loans through Borr IHC and our cash balance and require us to maintain reserves of cash that could inhibit our ability to meet our debt and other obligations when due.

If our operating subsidiaries experience sufficiently adverse changes in their financial condition or results of operations, or we otherwise become unable to arrange further financing to satisfy our debt or other obligations as they become due, we may become subject to insolvency proceedings. Any such proceedings may have a material adverse effect on our business, financial condition and results of operations and could have a significant negative impact on the market price of our securities.

#### *2.2.10 We may be subject to claims related to Paragon and the financial restructuring of its predecessor*

Paragon Offshore Limited ("**Paragon**") was incorporated on 18 July 2017 as part of the financial restructuring of its predecessor, Paragon Offshore plc, which commenced proceedings under Chapter 11 of the U.S. Bankruptcy Code on 14 February 2016.

We believe that substantially all of the material claims against Paragon Offshore plc that arose prior to the date of the bankruptcy filing were addressed during the Chapter 11 proceedings and have been or will be resolved in accordance with the plan of reorganization and the order of the Bankruptcy Court confirming such plan. If, however, we are subject to claims that are attributable to Paragon Offshore plc, or any of its subsidiary undertakings, including in accordance with certain litigation arrangements in place prior to the acquisition of Paragon, our business, financial condition and results of operations could be adversely affected.

## **2.3 Risks related to our Financing Arrangements**

*2.3.1 As a result of our significant cash flow needs, we may be required to raise funds through the issuance of additional debt or equity, and in the event of lost market access, may not be successful in doing so*

Our cash flow needs, both in the short-term and long-term, include the following:

- normal recurring operating expenses;
- planned and discretionary capital expenditures; and
- repayment of debt and interest.

In the future, we may require funding for capital expenditures that is beyond the amount available to us from cash generated by our operations, cash on hand and borrowings under our Financing Arrangements. We may raise such additional capital in a number of ways, including accessing capital markets, obtaining additional lines of credit, or disposing of assets. We may also issue additional securities and our subsidiaries may also issue securities in order to fund working capital, capital expenditures, such as activation and mobilization costs, or other needs. Any such equity issuance would have the effect of diluting our existing shareholders. However, we can provide no assurance that any of these options will be available to us on acceptable terms, or at all. Current capital market conditions as well as industry conditions and our debt levels could make it very difficult or impossible to raise capital until conditions improve.

We currently have limited cash resources and we have limited or no ability to draw on credit facilities without lender consent. In June 2020 and January 2021, we agreed amendments to certain of our credit facilities and shipyard Financing Arrangements to reduce the amount of interest payable and change the dates for repayments of principal for 2020 and 2021. Pursuant to the amendments to the terms of our Financing Arrangements following the effectiveness of the 2021 Amendments, we are required to maintain minimum free liquidity of USD 5 million until 31 December 2021, when the requirement increases to USD 10 million and then USD 15 million when the requirement increases on 30 June 2022 (see Section 11.8.13 ("*2021 Amendments*") for further details of the agreed terms and conditions precedent to their effectiveness). While these historic and new amendments to our Financing Arrangements are intended to improve our liquidity position, we still face liquidity risks and there is no guarantee that we will be able to meet such requirements. We will have significant debt maturities in 2023 which will require us to raise additional financing and/or extend maturities due in 2023.

We may delay or cancel discretionary capital expenditures, which could have certain adverse consequences, including delaying activations, upgrades or equipment purchases that could make the affected rigs less competitive, adversely affect customer relationships and negatively impact our ability to market or contract such rigs.

*2.3.2 Future cash flows may be insufficient to meet obligations under the terms of our Financing Arrangements*

As of the date hereof, we have USD 1,857.5 million in principal amount of debt outstanding (including current portion but excluding back-end fees). As of 30 September 2020, this represented 57.8% of our assets. As of the date hereof, our principal debt instruments comprised the following:

- USD 270 million drawn on our Syndicated Facility (which included utilization of the USD 70 million facility for guarantees)
- USD 30.0 million drawn on our New Bridge Facility,
- USD 195.0 million drawn on our Hayfin Facility,
- USD 1,012.5 million outstanding to shipyards under the Existing Shipyard Financing, and
- USD 350.0 million outstanding under our Convertible Bonds.

Following the amendments to the Syndicated Facility, the New Bridge Facility, the Hayfin Facility and the Existing Shipyard Financing in June 2020 and pursuant to the 2021 Amendments (see Section 11.8.13 ("*2021 Amendments*")), this debt will now begin to mature in the first quarter of 2023 and will continue to mature throughout until 2026. In addition, outstanding obligations under our Hayfin Facility, Syndicated Facility and New Bridge Facility will mature in 2022. Certain payment obligations for accrued interest fall due in the first quarter of 2022 and obligations to make payments to purchase the undelivered rigs from Keppel fall due in May 2023 ("*Tivar*"), July 2023 ("*Vale*"), September 2023 ("*Var*"), October 2023 ("*Huldra*") and December 2023 ("*Heidrun*"). Our Convertible Bonds mature in 2023. Please see Section 11.5.2.1 ("*Financing Arrangements*").

These obligations will require significant cash payments, or we will need to refinance such debt. Our future cash flows may be insufficient to meet all of these debt obligations and contractual commitments, and if we are unable to repay or refinance our debt and make other debt service payments as they fall due, we would face defaults under such debt instruments which could result in cross-defaults under other debt instruments.

Our ability to fund planned expenditures and amortization payments related to our delivery financing arrangements, will be dependent upon our future performance, which will be subject to prevailing economic conditions, industry cycles and financial, business, regulatory and other factors affecting our operations, many of which are beyond our control.

Our outstanding and future indebtedness could affect our future operations, since a portion of our cash flow from operations will be dedicated to the payment of interest and principal on such debt, and consequently will not be available for other purposes. If we are unable to repay our indebtedness as it becomes due or at maturity, we may need to refinance our debt, raise new debt, sell assets, or repay the debt with the proceeds from equity offerings. Covenants in certain of our credit facilities limit our ability to take these actions. If we are not able to borrow additional funds, raise other capital or utilize available cash on hand, a default could occur under certain or all of our Financing Arrangements. If we are able to refinance our debt or raise new debt or equity financing, such financing may be expensive and/or might not be on what we would otherwise consider to be reasonable or favourable terms.

### *2.3.3 The covenants in certain of our Financing Arrangements impose operating and financial restrictions on us*

Certain of our Financing Arrangements include covenants that impose operating and financial restrictions on us. These restrictions may affect our flexibility in planning for, and reacting to, changes in our business or economic conditions and may otherwise prohibit or limit our ability to undertake certain business activities without consent of the lenders. In addition, the restrictions contained in certain of our Financing Arrangements and future financing arrangements could impact our ability to withstand current or future economic or industry downturns, compete with others in our industry for strategic opportunities or operationally (to the extent our competitors are subject to less onerous restrictions) and may also limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate and other purposes. These restrictions include (i) paying dividends and repurchasing our securities, (ii) changing the general nature of our business, (iii) making financial investments, (iv) entering into secured capital markets indebtedness and (v) removing Tor Olav Trøim from our Board. Furthermore, Tor Olav Trøim is required to maintain ownership of at least six million securities.

Certain of our Financing Arrangements also contain events of default which include non-payment, cross default, breach of covenants, insolvency and changes that have or are likely to have a material adverse effect on the relevant obligor's business, ability to perform its obligations under any of such agreements or related security documents or jeopardize the security provided thereunder. If there is an event of default, the lenders under our Financing Arrangements may have the right to declare a default or may seek to negotiate changes to the covenants and/or require additional security as a condition of not doing so. All of our Financing Arrangements have cross default provisions. Additionally, the Syndicated Facility and New Bridge Facility agreements contain a "Most Favoured Nation" clause whereby the lenders thereunder have a right to amend the financial covenants and terms to reflect any more lender-favourable covenants and terms in any other agreement pursuant to which loan or guarantee facilities are provided to us, including amendments to our Financing Arrangements.

The terms of certain of our Financing Arrangements require us to maintain specified financial ratios and to satisfy financial covenants. In the second quarter of 2020 we obtained waivers from compliance with certain covenants and consents to defer certain interest payments, and we ultimately reached agreement with our secured creditors to defer certain payments and to amend financial covenants. Through the 2021 Amendments we have agreed similar amendments to our Financing Arrangements (see Section 11.8.13 ("*2021 Amendments*")). We may not be able to obtain our lenders' consent to waive or amend covenants that are beneficial for our business, which may impact our performance. Moreover, in connection with any future waivers or amendments to our Financing Arrangements that we may obtain, our lenders may modify the terms of our Financing Arrangements or impose additional operating and financial restrictions on us. If we are unable to comply with any of the covenants in our current or future debt agreements, and we are unable to obtain a waiver or amendment from our lenders, a default could occur under the terms of those agreements. This could result in us seeking protection under bankruptcy laws or making an insolvency filing.

### *2.3.4 We face risks in connection with Financing Arrangements*

We have an order book with Keppel for five newbuild jack-up rigs scheduled to be delivered in 2023 (subject to the effectiveness of the 2021 Amendments, cf. Section 11.8.13 ("*2021 Amendments*")) and we have, under the Keppel H&V Financing (as defined in Section 11.5.3.3 ("*Our delivery financing arrangements*")) section (b)), agreed delivery finance terms with Keppel for four of these rigs in the amount of USD 415.3 million. Accordingly, as new rigs are delivered, our



indebtedness will increase, as will our debt service payments, and we will be required to comply with the covenants in such facilities. We have not secured finance for "Tivar".

If we are not able to secure finance for "Tivar" and/or Keppel does not honour its obligations to provide the Keppel H&V Financing, and we are not able to borrow additional funds, raise other capital or use available cash on hand, borrowings under our Syndicated Facility and New Bridge Facility and available current cash on hand are not sufficient to pay the remaining instalments related to our contracted commitments for these newbuild jack-up rigs we may not be able to acquire these jack-up rigs and/or may be subject to lengthy arbitral or court proceedings, any of which may have a material adverse effect on our business, financial condition, and results of operations.

We are also required to meet conditions to draw the loans to be provided under the Keppel H&V Financing facilities, including giving customary representations and confirmation at the time of borrowing, and if we are unable to meet such conditions, we would need to obtain alternative financing. We believe it would be very challenging to obtain alternative financing at this time, therefore a failure to meet draw conditions could result in a breach of contract to acquire the rig, and a loss of deposit which could impact other Financing Arrangements.

#### *2.3.5 Interest rate fluctuations could affect our earnings and cash flow*

In order to finance our growth, we have incurred significant amounts of debt. A significant portion of our debt bears floating interest rates. As such, movements in interest rates could have an adverse effect on our earnings and cash flow. Interest rates under certain of our Financing Arrangements are determined with reference to the London Inter-bank Offered Rate ("LIBOR") above a specified margin.

We currently have no hedging arrangements in place with respect to our floating-rate debt. We may enter into hedging arrangements from time to time in the future with respect to our interest rate exposure, but such hedging may not significantly reduce the risk we face. If we are unable to effectively manage our interest rate exposure through interest rate swaps in the future, any increase in market interest rates would increase our interest rate exposure and debt service obligations, which would exacerbate the risks associated with our leveraged capital structure.

#### *2.3.6 Loan to value clauses in our Financing Arrangements*

Our Financing Arrangements contain requirements that the market values of our rigs meet a minimum value requirement. This means that the lenders under the Financing Arrangements may require replacement or additional security if the fair market value (determined in accordance with the terms of the relevant Financing Agreement) of any mortgaged jack-up rig is insufficient to satisfy the relevant covenant.

Failure to comply with our minimum value covenants, or obtain a waiver, would constitute an event of default under such Financing Arrangement if we are not able to provide additional security.

## **2.4 Risks related to applicable laws and regulations**

### *2.4.1 Local content requirements may increase the cost of, or restrict our ability to, obtain needed supplies or hire experienced personnel, or may otherwise affect our operations*

Local content requirements are policies imposed by governments that require companies who operate within their jurisdiction to use domestically supplied goods and services or work with a domestic partner in order to operate within the jurisdiction. Governments in some countries in which we operate, or may operate in the future, have become increasingly active in the requirements with respect to the ownership of drilling companies, local content requirements for equipment used in operations within the country and other aspects of the oil and gas industries in their countries. In addition, national oil companies may impose restrictions on the submission of tenders, including eligibility criteria, which effectively require the use of domestically supplied goods and services or a local partner. In addition, we are, and may be, subject to local content laws and their enforcement, or changes thereto, particularly in West Africa and Southeast Asia, where the legislatures are active in developing new legislation.

Some foreign governments and/or national oil companies favour or effectively require (i) the awarding of drilling contracts to local contractors or to drilling rigs 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. For example, in Mexico, where we have significant activities, there are no foreign investment restrictions for the operation of jack-up rigs for drilling operations in Mexico but the particular tender rules or the nature of the contractual obligations may make it necessary or prudent for these activities to be performed with a Mexican partner. We conduct our activities in Mexico through joint venture entities with a local Mexican partner experienced in providing services to Pemex and we use local labour and resources in order to comply with the contractual obligations to Pemex. Although these requirements have not had a

material impact on the Group's operations in the past, they could have a material impact on the Group's earnings, operations and financial condition in the future.

*2.4.2 As an exempted company limited by shares incorporated under Bermuda law with subsidiaries in certain offshore jurisdictions, our operations are subject to economic substance requirements*

The Economic Substance Act 2018 (the "**Substance Act**") and the Economic Substance Regulations 2018 (the "**Substance Regulations**") and together with the Substance Act the "**ES Requirements**") became operative on 31 December 2018. A registered entity (being a company, LLC or partnership with separate legal personality) conducting a relevant activity must comply with the ES Requirements. The relevant activities are banking; insurance; fund management; financing and leasing; headquarters; shipping; distribution and service centres; holding entity; and intellectual property. The Company, and certain of its subsidiaries, conduct a "relevant activity" and will therefore be subject to the ES Requirements.

The Company and its relevant subsidiaries will satisfy the ES Requirements if they are managed and directed in Bermuda; core income generating activities are undertaken in Bermuda in relation to the relevant activity; they maintain adequate physical premises in Bermuda; there are adequate full-time employees in Bermuda with suitable qualifications; and there is adequate operating expenditure incurred in Bermuda in relation to the relevant activity.

Similarly, certain of our subsidiaries are and may from time to time be organized in other jurisdictions which have introduced, or which will introduce economic substance laws and regulations. These regulations may require compliance with an economic substance test which mean that we are required to (i) carry out activities that are of central importance to the entity from the jurisdiction, (ii) hold an adequate number of its board meetings in Bermuda or the other relevant jurisdiction and (iii) have an adequate (a) amount of operating expenditures, (b) physical presence and (c) number of full-time employees in Bermuda or the other relevant jurisdiction.

As part of our worldwide operations, we have a presence in Bermuda and other jurisdictions which we consider to be adequate to satisfy the ES Requirements in Bermuda and other relevant jurisdictions but if we were found to have failed, or we fail in the future, to comply with our obligations under applicable economic substance legislation or any similar law applicable to us in any other jurisdictions, we could be subject to financial penalties and spontaneous disclosure of information to foreign tax officials in related jurisdictions and may be struck from the register of companies in that jurisdiction. Any of these actions could have a material adverse effect on our business, financial condition, and results of operations.

*2.4.3 We operate in an industry which is regulated by complex environmental laws and regulations*

Due to the potentially hazardous nature our business, we are subject to international, national, and local, environmental and safety laws and regulations, treaties, and conventions in force from time to time. A current list is set out in Section 6.8 ("*Regulations*").

Contract drilling and well servicing involves the use of heavy equipment and exposure to hazardous conditions, which may subject us to liability claims from employees, customers, subcontractors and third parties for personal injury or loss of life, severe damage to or destruction of property and equipment, pollution, or environmental damage, claims by jack-up rig personnel, customers or third parties. We may also incur costs and losses due to suspension of operations to address an actual or potentially hazardous situation.

Our jack-up rigs could cause the release of oil or hazardous substances and 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 (including marine fuel) spills and other pollution incidents. Any releases of oil or hazardous substances could result in fines and other costs to us, such as costs to upgrade our jack-up rigs, clean up the releases, compensate for natural resource damages and comply with more stringent requirements in our discharge permits. Moreover, such 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, results of operations and financial condition. Our joint venture entities in Mexico provide integrated well services and may be exposed to a risk of liability for reservoir or formation damage or loss of hydrocarbons which could result in a claim against the Company or its subsidiaries.

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. We could decide to retain more risk through self-insurance in the future. This self-insurance results in a higher risk of losses, which could be material.

In unstable or unpredictable regions where we operate, we could suffer criminal sanctions, civil remedies, fines, the denial of export privileges, injunctions, seizures of assets or the inability to export rigs.

An event or series of events which resulted in environmentally related legal claims against us could have a material adverse effect on our business, results of operations, cash flows and financial condition.

#### *2.4.4 We are subject to requirements relating to be a public company in the United States*

We qualify as an emerging growth company under the Jumpstart Our Business Startups Act of 2012 (the "**JOBS Act**"), which exempts us from certain disclosure obligations, including the filing of an auditor's attestation report regarding the effectiveness of our internal controls on financial reporting for a certain period of time. We intend to take advantage of the reduced reporting requirements and exemptions until we are no longer an emerging growth company, or we become a large accelerated filer. We have taken advantage of certain reduced reporting and other requirements in this prospectus.

If we are unable to maintain effective internal controls over financial reporting and disclosure controls when required to do so, investors may lose confidence in our reported financial information, which could lead to a decline in the price of our securities, limit our ability to access the capital markets in the future and require us to incur additional costs to improve our internal control over financial reporting and disclosure control systems and procedures. Further, if potential lenders lose confidence in the reliability of our financial statements, it could have a material adverse effect on our ability to fund our operations.

#### *2.4.5 Failure to comply with international anti-corruption legislation could result in fines, criminal penalties, damage to our reputation and drilling contract terminations*

We currently operate, and historically have operated, our jack-up rigs in a number of countries throughout the world, such as Mexico, Nigeria, and Malaysia, including some with developing economies and some known to have a reputation for corruption. We interact with government regulators, licensors, port authorities and other government entities and officials. Also, our business interaction with national oil companies as well as state or government-owned shipbuilding enterprises puts us in contact with persons who may be considered to be "foreign officials" under the U.S. Foreign Corrupt Practices Act of 1977 (the "**FCPA**"), and the Bribery Act 2010 of the United Kingdom (the "**U.K. Bribery Act**").

We are committed to doing business in accordance with applicable anti-corruption laws and this is reflected in our Code of Conduct and our business ethics. There is nevertheless a risk that we, our affiliated entities or our or their respective officers, directors, employees, and agents act in a manner which is found to be in violation of applicable anti-corruption laws, including (but not limited to) the FCPA, the UK Bribery Act and the Bermuda Bribery Act of 2016 (the "**ABC Legislation**").

In certain jurisdictions where we utilize local agents and/or establish entities with local operators or strategic partners our local activities may involve interaction by our agents with government officials. Some of our agents and partners may not themselves be subject to any ABC Legislation but they are made aware of our Code of Conduct and obligations under applicable ABC Legislation. If, however, our agents or partners should nevertheless make improper payments to government officials or other persons in connection with engagements or partnerships with us, we could be investigated and potentially found liable for violations of such ABC Legislation (including the books and records provisions of the FCPA) and could incur civil and criminal penalties and other sanctions, which could have a material adverse effect on our business and results of operation.

We are subject to the risk that we or our or their respective officers, directors, employees, and agents may take actions determined to be in violation of ABC Legislation. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions, and might adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management.

## **2.5 Risks related to the securities of the Company**

### *2.5.1 We depend on directors who are associated with affiliated companies, which may create conflicts of interest*

Our significant shareholders include Schlumberger and Drew Holdings Limited and affiliates thereof, including Magni Partners (Bermuda) Limited (collectively, the "Related Parties"). We maintain commercial relationships with our Related Parties, including advisory arrangements that are currently in place and under which services continue to be provided to us. Certain of our Related Parties have, in the past, provided foundation loans to us, including our initial payment under the Hercules Acquisition (as defined in Section 6.3.1.1 below).

Our Director and Vice Chairman of our Board, Tor Olav Trøim, also serves as a director of one of our Related Parties. These dual positions may conflict with his duties as one of our directors regarding business dealings and other matters between each of the Related Parties and us. Our directors owe fiduciary duties to both us and each respective Related Party and may have conflicts of interest in matters involving or affecting us and our customers. The resolution of these conflicts may not always be in our or shareholders' best interests.

Furthermore, Tor Olav Trøim is required to serve on our Board pursuant to covenants contained in certain of our Financing Arrangements.

Please see Section 13 ("*Related Party Transactions*") for more information, including information on the commercial arrangements between us and the Related Parties.

### **3 RESPONSIBILITY FOR THE PROSPECTUS**

This Prospectus has been prepared in connection with the listing of the PP Depository Receipts on OSE.

The members of the Board of Directors accept responsibility for the information contained in this Prospectus and declare that, the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

26 January 2021

**The Board of Directors of  
Borr Drilling Limited**

*Tor Olav Trøim*  
*Director and Vice Chairman*

*Pål Kibsgaard*  
*Director and Chairman*

*Kate Blankenship*  
*Director*

*Georgina Sousa*  
*Director and Company Secretary*

*Neil Glass*  
*Director*

## **4 GENERAL INFORMATION**

### **4.1 Important investor information**

The Company has furnished the information in this Prospectus. The Managers disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement.

Neither the Company nor the Managers, nor any of their respective affiliates, representatives, advisers or selling agents, are making any representation to any offeree or purchaser of the securities regarding the legality or suitability of an investment in the securities. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the securities.

Investing in the securities involves a high degree of risk. See Section 2 ("*Risk Factors*").

In connection with the listing of the PP Depository Receipts on OSE, the Managers and any of its respective affiliates, acting as an investor for their own account, may take up securities and in that capacity may retain, purchase, or sell for their own account such securities and any securities or related investments and may offer or sell such securities or other investments otherwise than in connection therewith. Accordingly, references in the Prospectus to securities being placed should be read as including any offering or placement of securities to the Managers or any of their respective affiliates acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transactions other than in accordance with legal or regulatory obligation to do so. In addition, the Managers or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Managers (or their affiliate) may from time to time acquire, hold or dispose of securities.

### **4.2 Date of information**

The information contained in this Prospectus is current as at the date of the Prospectus and is subject to change or amendment without notice. Except as required by applicable law and stock exchange rules, the Company does not undertake any duty to update the information in this Prospectus. The publication of this Prospectus shall not under any circumstances create any implication that there has been no change in the Group's affairs or that the information herein is correct as of any date after the date of this Prospectus.

### **4.3 Currency**

In this Prospectus, all references to "USD" are to the lawful currency of United States of America, and all references to "NOK" are to the lawful currency of Norway.

### **4.4 Presentation of financial and other information**

The Company's audited consolidated financial statements for the year ended 31 December 2019 (the "**Consolidated Financial Statements**") and the unaudited condensed consolidated financial statements for the nine months to 30 September 2020 (the "**Condensed Consolidated Financial Statements**") have been prepared in accordance with US GAAP. The Consolidated Financial Statements have been audited by PricewaterhouseCoopers LLP and their report is included therein.

The Consolidated Financial Statements and the Condensed Consolidated Financial Statements have been prepared on a going concern basis. Please see note 1 in the Consolidated Financial Statements and Report of the Independent Registered Public Accounting Firm regarding substantial doubt about our ability to continue as a going concern. Please see note 1 in the Condensed Consolidated Financial Statements regarding substantial doubt about our ability to continue as a going concern.

The Company's functional and reporting currency is United States Dollars (USD).

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly.

In this Prospectus, the Company has used industry and market data obtained from independent industry publications, market research, and other publicly available information as set out in Section 8 ("*Industry and market overview*"). While the Company has compiled, extracted, and reproduced industry and market data from external sources, the Company has not independently verified the correctness of such data. The Company cautions prospective investors not to place undue reliance on the mentioned data. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified, however, source references to websites shall not be deemed as incorporated by reference to this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements, and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 ("*Risk Factors*") and elsewhere in this Prospectus.

#### **4.5 Cautionary note regarding forward-looking statements**

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and anticipated financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" and, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. They appear, among other areas, in the following Sections in this Prospectus, Section 8 ("*Industry and Market Overview*"), Section 6 ("*Business overview*") and Section 11 ("*Operating and Financial Review*") and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Company, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Company's future business development and financial performance, and the industry in which the Company operates, such as, but not limited to, statements relating to:

- the Company's strategy, outlook and growth prospects;
- the Company's operational and financial objectives, including any statements relating to expectations for the financial year 2021 and statements as to the Company's medium or long-term growth, margin, and dividend policy;
- the strategy, outlook, growth prospects, operational and financial objectives, including any statements relating to expectations for the financial year 2021 and statements as to medium or long-term growth, margin, and dividend policy, of the Company's joint venture entities;
- the competitive nature of the business in which the Company operates, the competitive pressure and competitive environment in general;
- statements relating to our ability to continue as a going concern;
- earnings, cash flow, dividends and other expected financial results and conditions;
- the expected growth and other developments of the industry in which the Company operates;
- the Company's planned investments;
- forecasts;
- the Company's liquidity, capital resources, capital expenditures, and access to funding;
- economic, legal, social, and political developments in the markets in which the Company operates;
- industry trends including activity levels in the jack-up rig industry and trends in the shallow water offshore market, including utilization, expected future supply and demand, breakeven, rig supply;
- joint ventures and their operations and cash from our Joint Ventures;
- statements with respect to our capital structure and options and targets for our balance sheet;
- debt maturity profile;
- statements included in our Working Capital Statement;
- statements relating to the agreement reached with our secured creditors and the conditions to those agreements; and
- other non-historical statements.

Prospective investors in the securities are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs, or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties, and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements.

The risks that could affect the Company's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 2 ("*Risk Factors*").

The information contained in this Prospectus, including the information set out under Section 2 ("*Risk Factors*"), identifies additional factors that could affect the Company's financial position, operating results, liquidity, and performance. Prospective investors in the securities are urged to read all Sections of this Prospectus and, in particular, Section 2 ("*Risk Factors*") for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Company operates when considering an investment in the Company.

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

#### 4.6 Exchange rates

The following table sets out the annual average of monthly rates in the Norwegian Kroner exchange rate against USD over the year ended 31 December 2019, the nine months ended 30 September 2020, and up until the date of this Prospectus (31 December is the last recorded date by the Central Bank of Norway for the financial period ending 31 December 2019).

<b>Fiscal year/year to date</b>	<b>Average</b>	<b>High</b>	<b>Low</b>	<b>Period end</b>
2019	8.8037	9.2607	8.4108	8.7803
Nine months ended 30 September 2020	9.5268	11.4031	8.7076	9.4814
1.1.2021-YTD	8.4948	8.6089	8.3970	8.4317

Source: YTD ending 21 January 2021 Norges Bank (<https://www.norges-bank.no/tema/Statistikk/Valutakurser/>)

#### 4.7 Approval of Prospectus

The Prospectus has been approved by the Norwegian FSA, as competent authority under the Regulation (EU) 2017/1129. The Norwegian FSA only approved the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation (EU) 2017/1129. The approval from Norwegian FSA shall not be considered as an endorsement of the Company. Investors should make their own assessment as to the suitability of investing in the securities. The Prospectus has been prepared as a simplified prospectus in accordance with Article 14 of the Regulation (EU) 2017/1129.



## 5 THE PRIVATE PLACEMENT

### 5.1 The Private Placement

#### 5.1.1 Overview of the Private Placement

On 22 January 2021, Borr Drilling announced successful completion of the Private Placement, through the subscription and allocation of 54,117,647 PP Depository Receipts, representing the beneficial interests in the same number of the Company's underlying Common Shares, each at a subscription price (the "**Subscription Price**") of USD 0.85 per PP Depository Receipts, raising gross proceeds of USD 46 million. The Private Placement took place through an accelerated bookbuilding process after the close of NYSE and OSE on 21 January 2021. Settlement of the Private Placement will take place on or about 26 January 2021. The proceeds from the Private Placement are not certain.

The offer in the Private Placement was structured as a private placement directed towards Norwegian and international investors, subject to and in compliance with applicable exemptions from relevant registration, filing and prospectus requirements in the United States and Norway and other jurisdictions. The minimum order in the Private Placement was set at the USD equivalent of EUR 100,000. The Company was entitled, in its sole discretion, to allocate amounts below EUR 100,000 to the extent permitted by applicable exemptions under the Prospectus Regulation.

The net proceeds from the Private Placement will be used to strengthen the Company's working capital and for general corporate purposes. The completion of the Private Placement is subject to publication of this Prospectus approved by the Norwegian FSA.

On 8 January 2021, the SGM approved the increase of the Company's authorized share capital from USD 11,932,692.30 divided into 238,653,846 Common Shares of USD 0.05 par value each to USD 14,500,000.00 divided into 290,000,000 Common Shares of USD 0.05 par value each by the authorization of an additional 51,346,154 Common Shares of USD 0.05 par value each.

The PP Depository Receipts will be settled immediately following publication of this Prospectus, by delivery of listed PP Depository Receipts, registered on ISIN BMG1466R2078.

No PP Depository Receipts have been offered or sold to the public in the United States or in transactions on the NYSE. No lock-up undertakings were agreed in connection with the Private Placement.

The Board considered the Private Placement to be in the best interests of the Company and its shareholders. Further, it was the Board's opinion that deviating the shareholders' preferential right in the Private Placement was in compliance with the equal treatment requirements under the Norwegian Securities Trading Act section 5-14 and Circular no 2/2014 from OSE in particular due to the fact that: (i) it gave the Company access to the new capital at low risk and in time; (ii) the Private Placement involved only a moderate degree of discrimination (if any) against the shareholders who did not subscribe for the PP Depository Receipts, the size of the Private Placement was relatively limited compared to the Company's market value, the subscription price was based on a broad book-building and the Company did in order to fulfil the stock exchange law requirement concerning equal treatment approach a high number of shareholders; and (iii) the choice of the Private Placement also gave the Company the opportunity to seek to attract new investors with qualities that could contribute to strengthen the Company on a long-term basis.

#### 5.1.2 Resolutions related to the Private Placement

On 8 January 2021, the Company's Special General Meeting of shareholder (SGM) passed the following resolution to grant the Board an authorisation to increase the authorised share capital:

*"To approve the increase of the Company's authorized share capital from USD 11,932,692.30 divided into 238,653,846 common shares of USD 0.05 par value each to USD 14,500,000.00 divided into 290,000,000 common shares of USD 0.05 par value each by the authorization of an additional 51,346,154 common shares of USD 0.05 par value each."*

On 21 January 2021, the Board made the following resolution to issue the PP Depository Receipts, including the underlying Common Shares, subject to an authorisation from the SGM held 8 January 2021:

*"After discussion and upon Motion duly made, seconded and unanimously carried by the Directors present at the meeting it was RESOLVED THAT:*

*1 the Company do hereby accept the allocations per applicant as listed in Schedule 1 annexed hereto, which will thereby increase the issued share capital from USD 11,015,935.20 (divided into 220,318,704*

common shares of USD 0.05 par value each) to up to USD 13,721,817.55 divided into 274,436,351 additional common shares of USD 0.05 par value each;

- 2 the Company perform all agreements, obligations and transactions contemplated on its part including, but not limited to, the issue and allotment of up to an aggregate of 54,117,647 new depository receipts, including the underlying new common shares, each of USD 0.05 of the Company to be credited as fully paid;
- 3 upon issue of any new depository receipts including the underlying new common shares, the Secretary be and is hereby authorised to make the appropriate entries in the Register of Shareholders forthwith and any share certificates required to be issued shall be issued in the manner prescribed by the By-laws;
- 4 any and all actions already taken in good faith in the name or on behalf of the Company by any Director, officer or advisor (including, for the avoidance of doubt, the Company's legal counsels and Managers) in connection with any aspect of the foregoing and all matters contemplated thereby or ancillary thereto, whether or not such person was properly authorized to act in such capacity at the time such action was taken, be and are hereby authorized, approved, ratified and confirmed as the acts and deeds of the Company; and
- 5 Messrs. Appleby (Bermuda) Limited, attorneys for the Company, and Georgina Sousa (Secretary) and/or Claire Burnard (Assistant Secretary), be and are hereby authorized and directed to attend to all such further legal formalities under the Act to accomplish the said issue/allotments of the Common Shares."

#### 5.1.3 Participation in the Private Placement by the current members of management or the Board of the Company

The table below gives an overview of participation in the Private Placement by the members of management and the Board of the Company, and the effective cash cost paid for PP Depository Receipts (includes both direct and indirect acquisitions):

<b>Name</b>	<b>Position</b>	<b>Volume</b>	<b>Price (USD/s)</b>
Tor Olav Trøim	Director and Vice Chairman	3,176,470	0.85
Patrick Schorn	Chief Executive Officer	500,000	0.85
Paal Kibsgaard	Director and Chairman	297,931	0.85
Magnus Vaaler	Chief Financial Officer	84,160	0.85
Neil Glass	Director	25,000	0.85

#### 5.1.4 Type, class, currency and ISIN number of the securities

The PP Depository Receipts, being the depository receipts that represent the beneficial interests in the same number of Common Shares, will be registered in the VPS in book-entry form under the name of a "share" and will be listed and traded on OSE in the form of depository receipts as "shares in Borr Drilling Ltd.", in NOK. Each PP Depository Receipt will represent one Common Share as registered in the Company's register of members kept in Bermuda. Each of the Depository Receipts and the Common Shares have a nominal value of USD 0.05.

The PP Depository Receipts will be registered electronically in book-entry form with VPS under ISIN BMG1466R2078 following publication of the Prospectus.

The Company's registrar for the PP Depository Receipts is DNB Bank ASA, Global Companies Registrars Section, P.O. Box 1600 Sentrum, 0021 Oslo, Norway.

#### 5.1.5 Rights related to the PP Depository Receipts

The rights attached to the PP Depository Receipts will be the same as those attached to the Company's existing depository receipts. The PP Depository Receipts will rank pari passu with the existing depository receipts in all respects. The holders of the PP Depository Receipts will be entitled to dividends (if resolved).

#### *5.1.6 Total dilutive effect from the Private Placement*

The immediate dilutive effect on the ownership of the Company's shareholders who did not participate in the Private Placement, was 24.56%. The net asset value per existing share as at 30 September 2020 was USD 6.78 calculated as total equity divided by the number of outstanding Common Shares as per 30 September 2020 (i.e. USD 1,064.4 million divided by 156,972,197 Common Shares).

#### *5.1.7 Total expenses and net proceeds from the Private Placement*

Transaction costs and all other directly attributable costs in connection with the Private Placement that will be borne by the Company are estimated to be approximately USD 1.4 million, thus resulting in net proceeds of USD 44.6 million.

#### *5.1.8 Interest of natural and legal persons involved in the Private Placement*

The Managers and their respective affiliates have provided from time to time, and may provide in the future, services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers, their respective employees and any affiliate may currently own existing securities in the Company. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Apart from the above, the Company is not aware of any interests (including conflict of interests) of natural and/or legal persons involved in the Private Placement.

#### *5.1.9 Share capital following the Private Placement*

Following registration of the new share capital pertaining to Private Placement, the Company will have up to 274,436,351 Common Shares outstanding, each with a par value of USD 0.05. The proceeds from the Private Placement are not certain.

#### *5.1.10 Managers and advisors in the Private Placement*

Clarksons Platou Securities AS, Fearnley Securities AS and SpareBank 1 Markets AS are acting as managers (the "**Managers**") in connection with the Private Placement.

Ro Sommernes advokatfirma DA (as to Norwegian law), Skadden, Arps, Slate, Meagher & Flom (UK) LLP (as to US law) and Appleby (Bermuda) Limited (as to Bermuda law) are acting as legal advisors to the Company in relation to the Private Placement.

## 6 BUSINESS OVERVIEW

### 6.1 Introduction

Borr Drilling Limited was incorporated on 8 August 2016, pursuant to the Companies Act 1981 (the "**Companies Act**"), as an exempted company limited by shares and registered with the Bermuda Register of Companies. On 19 December 2016, our Shares were introduced to the Norwegian OTC market. On 30 August 2017, our Shares were listed on OSE under the ticker "BDRILL" (changed to "BORR" 27 November 2020) and on 31 July 2019, our Shares were listed on the NYSE under the ticker "BORR." The Company's securities are not admitted to trading on any regulated markets or equivalent third country markets, SME Growth Market or MTFs, other than on OSE and NYSE.

Our registered office/principal executive offices are located at S. E. Pearman Building, 2nd Floor, 9 Par-la-Ville Road, Hamilton HM11, Bermuda and our telephone number is +1 (441) 737-0152.

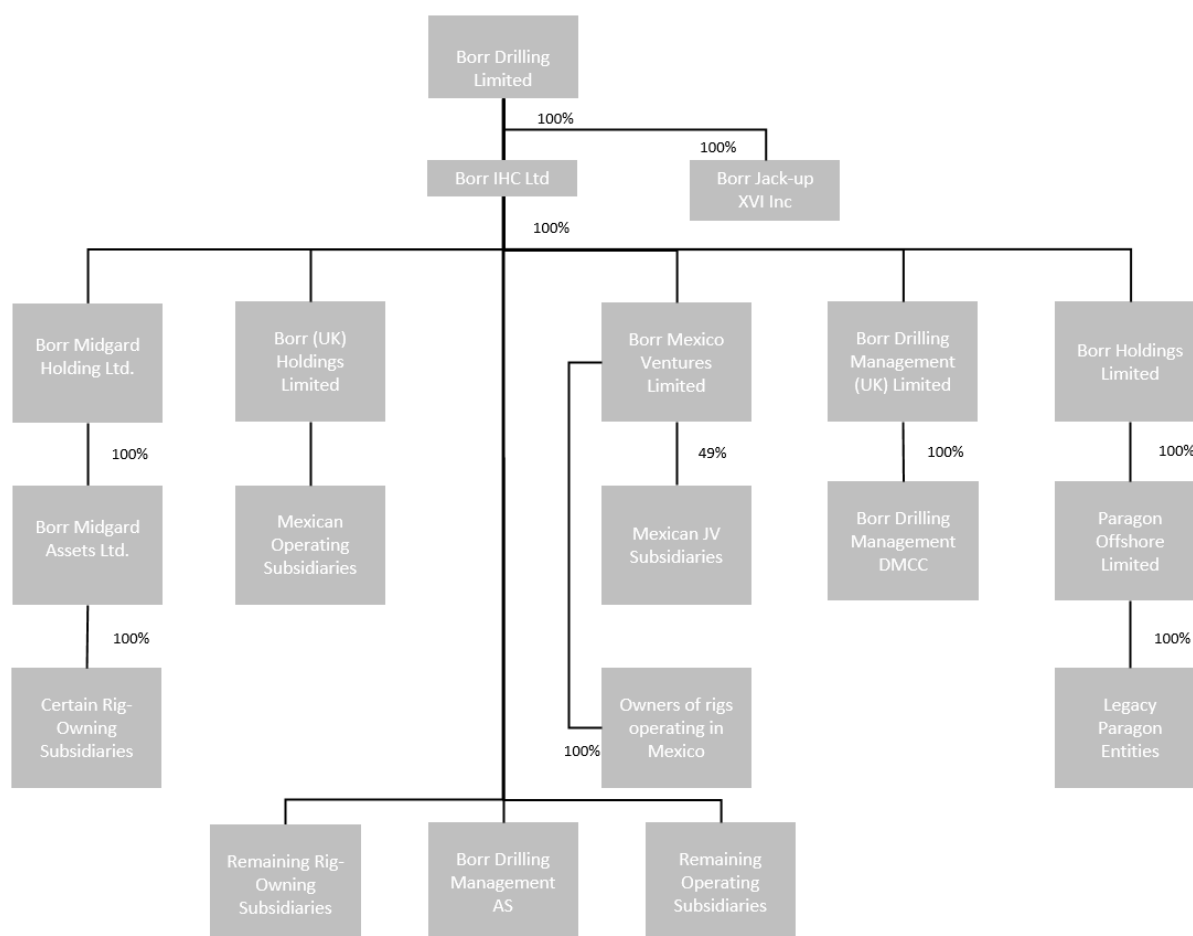
We are an offshore shallow-water drilling contractor providing worldwide offshore drilling services to the oil and gas industry. Our primary business is the ownership, contracting and operation of jack-up rigs for operations in shallow-water areas (i.e., in water depths up to approximately 400 feet), including the provision of related equipment and work crews to conduct oil and gas drilling and workover operations for exploration and production customers. We operate in the global offshore contract drilling industry, and within the global offshore contract drilling industry we predominately operate jack-up rigs in shallow-water.

We own 24 rigs, with an additional five jack-up rigs scheduled (subject to the effectiveness of the 2021 Amendments, cf. Section 11.8.13 ("*2021 Amendments*")) to be delivered in May ("*Tivar*"), July ("*Vale*"), September ("*Var*"), October ("*Huldra*") and December ("*Heidrun*") 2023. Upon delivery of these newbuild jack-up rigs and completion of the sale of "*Balder*", we will have a fleet of 28 premium jack-up rigs, which refers to rigs delivered from the yard in 2001 or later. See Section 6.5.2 ("*The rigs*") for additional information.

### 6.2 Legal structure of the Group

#### 6.2.1 Overview

The following diagram depicts our simplified organizational and ownership structure:



Below is a description of the principal rig owning, rig operating and management companies in which Borr Drilling has a direct or indirect ownership interest.

Company	Country	Parent Company	Ownership	Function
Borr Drilling Limited	Bermuda			Parent company
Borr IHC Limited	Bermuda	Borr Drilling Limited	100	Holding
Borr Drilling Management AS	Norway	Borr IHC Limited	100	Management
Borr International Resources Limited	British Virgin Islands	Borr IHC Limited	100	Crewing
Borr Drilling Equipment Pool Inc.	Marshall Islands	Borr IHC Limited	100	Equipment Owner
Borr International Operations I Inc.	Marshall Islands	Borr IHC Limited	100	Operating Company (Nigeria)
Borr SEA Operations Inc.	Marshall Islands	Borr IHC Limited	100	Operating Company (Vietnam, Thailand)
Borr Eastern Peninsula Pte. Ltd.	Singapore	Borr SEA Operations Inc.	100	Procurement
Borr Drilling Management (UK) Limited	England and Wales	Borr IHC Limited	100	Management
Borr Drilling Management DMCC	Dubai, UAE	Borr Drilling Management (UK) Limited	100	Management
Borr Holdings Limited	Cayman Islands	Borr IHC Limited	100	Holding Company
Prospector Rig 1 Contracting Company Limited	Cayman Islands	Borr Holdings Limited	100	Rigowner – P1
Prospector Rig 5 Contracting Company Limited	Cayman Islands	Borr Holdings Limited	100	Rigowner – P5
Paragon Offshore Limited	Cayman Islands	Borr Holdings Limited	100	Holding Company
Paragon International Finance Company	Cayman Islands	Paragon Offshore Limited	100	Financial Holding
Paragon Asset Company Limited	Cayman Islands	Paragon International Finance Company	100	Former Rigowner - MSS1
Paragon Assets (UK) Limited	Cayman Islands	Paragon International Finance Company	100	Operating Company
Paragon Offshore (North Sea) Limited	Cayman Islands	Paragon International Finance Company	100	Operating Company
Paragon Offshore Enterprises Limited	Cayman Islands	Paragon International Finance Company	100	Crewing
Paragon Offshore Drilling LLC	Delaware	Paragon International Finance Company	100	Operating Company
Paragon (Middle East) Limited	Cayman Islands	Paragon International Finance Company	100	Rigowner (dormant)
Paragon Offshore (Land Support) Limited	Scotland	Paragon International Finance Company	100	Operating Company
Paragon Offshore Management S. de R.L. de C.V.	Mexico	Paragon Offshore (Land Support) Limited	100	Management
Paragon Offshore (Nederland) B.V.	The Netherlands	Paragon Offshore (Land Support) Limited	100	Operating Company
Paragon Offshore Holdings US Inc.	Delaware	Paragon Offshore (Land Support) Limited	100	Holding
Paragon Offshore (GOM) Inc.	Delaware	Paragon Offshore Holdings US Inc.	100	Holding
Borr Drilling (US) Inc.	Delaware	Paragon Offshore (Land Support) Limited	100	General
Paragon Offshore Leasing (Switzerland) GmbH	Switzerland	Paragon Offshore (Land Support) Limited	100	Rigowner (dormant)
Paragon Offshore Holdings Limited	Cayman Islands	Paragon International Finance Company	100	Holding
Paragon Offshore International Limited	Cayman Islands	Paragon Offshore Holdings Limited	100	Operating
Paragon Offshore Cameroon SARL	Cameroon	Paragon International Finance Company	100	Operating Company
Prospector Offshore Drilling (Singapore) Pte. Ltd.	Singapore	Paragon Offshore Holdings Limited	100	Operating Company (dormant)
Borr Serviços Offshore Limitada	Brazil	Borr Holdings Limited	99	Operating Company (dormant)
Borr Drilling Malaysia Sdn. Bhd.	Malaysia	Borr Brage Limited	1	
		Borr Holdings Limited	100	Operating Company

Borr Global Limited	Cayman Islands	Borr Holdings Limited	100	Operating
Borr Offshore Operations Limited	Cayman Islands	Borr Holdings Limited	100	Operating
Borr Mexico Ventures Limited	Scotland	Borr IHC Limited	100	Holding Company
Borr Grid (UK) Limited	Scotland	Borr Mexico Ventures Limited	100	Rigowner-Grid
Borr Gersemi (UK) Limited	Scotland	Borr Mexico Ventures Limited	100	Rigowner-Gersemi
Borr Odin (UK) Limited	Scotland	Borr Mexico Ventures Limited	100	Rigowner-Odin
Borr Galar (UK) Limited	England and Wales	Borr Mexico Ventures Limited	100	Rigowner-Galar
Borr Njord (UK) Limited	England and Wales	Borr Mexico Ventures Limited	100	Rigowner-Njord
Operadora Productora y Exploradora Mexicana, S.A. de C.V.	Mexico	Borr Mexico Ventures Limited	49	IWS Operator
Perforaciones Estrategicas e Integrales Mexicana S.A. de C.V.	Mexico	Borr Mexico Ventures Limited	49	Drilling Operator
Perforadora Profesional Akal I, S.A. de C.V.	Mexico	Borr Mexico Ventures Limited	49	IWS Operator
Perforaciones Estrategicas e Integrales Mexicana II S.A. de C.V.	Mexico	Borr Mexico Ventures Limited	49	Drilling Operator
Borr (UK) Holdings Limited	Scotland	Borr IHC Limited	100	Holding
Borr Drilling Mexico S. de R.L. de C.V.	Mexico	Borr (UK) Holdings Limited	100	Management
Borr Drilling Contracting S. de R.L. de C.V.	Mexico	Borr (UK) Holdings Limited	100	Operating Company
Borr Management Mexico S. de R.L. de C.V.	Mexico	Borr (UK) Holdings Limited	100	Services
Borr Offshore Services Mexico S. de R.L. de C.V.	Mexico	Borr (UK) Holdings Limited	100	Crewing
Borr Midgard Holding Limited	Bermuda	Borr IHC Limited	100	Holding Company
Borr Midgard Assets Limited	Bermuda	Borr Midgard Holding Limited	100	Holding Company
Borr Saga Inc.	Marshall Islands	Borr Midgard Assets Limited	100	Rigowner-Saga
Borr Skald Inc.	Marshall Islands	Borr Midgard Assets Limited	100	Rigowner-Skald
Borr Jack-Up XXXII Inc.	Marshall Islands	Borr Midgard Assets Limited	100	Rigowner-Thor
Borr Jack-Up I Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner-Frigg
Borr Ran Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner-Ran
Borr Tivar Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner-Tivar
Borr Vale Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner-Vale
Borr Var Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner-Var
Constellation II Limited	Cayman Islands	Borr IHC Limited	100	Rigowner - Balder
Borr Baug Limited	The Bahamas	Borr IHC Limited	100	Rigowner (Dormant)
Borr Idun Limited	Cayman Islands	Borr IHC Limited	100	Rigowner-Idun
Borr Mist Limited	Cayman Islands	Borr IHC Limited	100	Rigowner-Mist
Borr Atla Limited	Cayman Islands	Borr IHC Limited	100	Former Rigowner Atla
Borr Brage Limited	Cayman Islands	Borr IHC Limited	100	Rigowner (Dormant)
Borr Odin Limited	Cayman Islands	Borr IHC Limited	100	Rigowner (Dormant)
Borr Jack-Up XVI Inc.	Marshall Islands	Borr Drilling Limited	100	Former Rigowner - Eir
Borr Jack-Up XIV Inc.	British Virgin Islands	Borr IHC Limited	100	Rigowner-Norve
Borr Galar Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner (Dormant)
Borr Gerd Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner - Gerd
Borr Gersemi Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner (Dormant)
Borr Grid Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner (Dormant)
Borr Gunnlod Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner-Gunnlod
Borr Groa Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner - Groa
Borr Gyne Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner - Gyne

Borr Natt Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner - Natt
Borr Njord Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner (Dormant)
Borr Hild Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner-Hild
Borr Heimdal Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner - Heimdal
Borr Hermod Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner - Hermod
Borr Huldra Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner - Huldra
Borr Heidrun Inc.	Marshall Islands	Borr IHC Limited	100	Rigowner - Heidrun

Our subsidiary Borr Mexico Ventures Limited holds a 49% interest in four Mexican Joint Ventures and our local operating partner in Mexico holds the remaining 51% interest. 1% of the interest in our Mexican subsidiaries is held by Borr Brage Limited, which is wholly owned by Borr IHC Limited. 10% of our subsidiary Borr Jack-up XVI Inc. was acquired by a local operating partner in Nigeria in connection with a contract for "Frigg" but the Company has reacquired this.

With the exception of Borr Jack-Up XVI Inc., all the companies are subsidiaries of Borr IHC Limited.

### 6.3 History and important events

The following is a summary of the main events and milestones of the Company since its establishment:

#### 6.3.1 Acquisitions

##### 6.3.1.1 Acquisition of Hercules Rigs

On 2 December 2016, we agreed to purchase two premium jack-up rigs (the "**Hercules Rigs**") from Hercules British Offshore Limited ("**Hercules**"). The transaction was completed on 23 January 2017 (the "**Hercules Acquisition**"). The Hercules Rigs, named "Frigg" and "Ran," were acquired for a total price of USD 130 million. Each rig is a premium jack-up rig.

##### 6.3.1.2 Acquisition from Transocean

On 15 March 2017, we signed a letter of intent with Transocean Inc. ("**Transocean**") for the purchase of all of certain Transocean subsidiaries owning 10 jack-up rigs and the rights under five newbuilding contracts with Keppel (the "**Transocean Transaction**"). On 31 May 2017, we completed the Transocean Transaction for a total price of USD 1,240.5 million. Three of the jack-up rigs we acquired, "Idun", "Mist" and "Odin" were, at the time, employed with Chevron for operations in Thailand. Transocean, as the seller, retained the revenue, expenses and cash flow associated with the three rigs under contract upon closing of the Transocean Transaction. Two of the jack-up rigs we acquired are currently employed with drilling contracts. Since the acquisition closed, two of the rigs under the newbuilding contracts have been delivered, "Saga" and "Skald", and an additional three rigs are scheduled to be delivered. "Tivar" by the second quarter of 2022 and "Vale" and "Var" in July and September 2022 respectively. Of the rigs initially delivered at closing, four were standard jack-up rigs and six were premium jack-up rigs. Since the closing of the Transocean Transaction, we have divested three of the standard jack-up rigs and entered into a sale agreement to sell the fourth standard jack-up rig as there was no economic incentive to reactivate these rigs.

##### 6.3.1.3 Acquisition from PPL

On 6 October 2017, we entered into a master agreement with PPL Shipyard Pte Ltd. ("**PPL**") for six premium jack-up drilling rigs and three premium jack-up drilling rigs under construction at its yard in Singapore (together, the "**PPL Rigs**"). The consideration in the transaction with PPL (the "**PPL Acquisition**") was approximately USD 1.3 billion, USD 55.8 million of this was paid per rig on 31 October 2017, and we agreed to accept delivery financing for a portion of the purchase price equal to USD 87.0 million per rig. The Company entered into loans for the financing of the delivery payment for each PPL Rig from PPL Shipyard Pte Ltd. All of the PPL Rigs have been delivered to us as of the date hereof.

##### 6.3.1.4 Acquisition of Paragon

On 29 March 2018, we concluded the Paragon Transaction, subsequently acquiring the majority of the remaining shares in July 2018. At the closing of the Paragon Transaction, Paragon owned two premium jack-up rigs, 20 standard jack-up rigs (built before 2001) and one semi-submersible rig (built in 1979) (the "**Paragon Rigs**"). The Paragon Transaction provided us with a solid operational platform which matches the quality of our jack-up fleet. Paragon's five-year track record has helped position us to win tenders from key E&P Companies. As part of the acquisition, Paragon became a subsidiary of Borr Drilling. Subsequent to the acquisition, we divested 20 standard jack-up rigs acquired in the Paragon Transaction as there was no economic incentive to reactivate these rigs or incumbent contracts expired. We have also entered into an agreement to sell our semi-submersible rig "MSS1" and the transaction closed on 28 August 2020.

### 6.3.1.5 Acquisition from Keppel

On 16 May 2018, we entered into an agreement to acquire five premium jack-up rigs, three completed and two under construction from Keppel (the "**Keppel Acquisition**"). The purchase price for the Keppel H-Rigs was USD 742.5 million. As part of the transaction, we agreed with Keppel to delay the delivery of one of the newbuild jack-up rigs acquired in the Transocean Transaction, "Tivar", by 15 months to July 2020. We took delivery of the new jack-up rigs "Hermod", "Heimdal" and "Hild" in October 2019, January 2020, and April 2020, respectively. We are due to take delivery of an additional two jack-up rigs from Keppel ("Heidrun" and "Huldra" in relation to the Keppel Acquisition and "Tivar", "Var" and "Vale" in relation to the Transocean Transaction). The Company has entered into an agreement with Keppel to postpone the delivery of these two rigs from 2020 to 2023 (subject to the effectiveness of the 2021 Amendments (see Section 11.8.13 ("2021 Amendments"))).

### 6.3.1.6 Acquisition of Keppel's Hull B378

In March 2019, we entered into an assignment agreement with BOTL Lease Co. Ltd. (the "**Original Owner**") for the assignment of the rights and obligations under a construction contract to take delivery of one KFELS Super B Bigfoot premium jack-up rig identified as Keppel's Hull No. B378 from Keppel for a purchase price of USD 122.1 million. The construction contract was, at the same time, novated to our subsidiary, Borr Jack-Up XXXII Inc., and amended. We took delivery of the jack-up rig on 9 May 2019 and the rig was subsequently renamed "Thor."

To finance the rig purchase we entered into a USD 120.0 million senior secured term loan facilities agreement, consisting of two facilities (Facility A and Facility B) of USD 60.0 million each, which we refer to as our Bridge Facility. The facilities had a maturity date of 30 September 2019. Following the signing of our Hayfin Facility, Syndicated Facility and New Bridge Facility agreements on 25 June 2019, which collectively provided USD 645 million in financing, we repaid the outstanding balance due under our Bridge Facility, which was subsequently cancelled.

### 6.3.2 Divestments

From time to time we consider opportunities to sell our standard jack-up rigs if it can be achieved in a manner in which such jack-up rigs are contractually obligated to leave the jack-up drilling market, thereby decreasing the worldwide supply of jack-up rigs available for contract. In 2018, we divested 18 jack-up rigs for total proceeds of USD 37.6 million and recorded a gain of USD 18.8 million. In May 2019, we entered into sale agreements for the sale of the "Eir", "Baug" and "Paragon C20051" none of which were operating or on contract, for cash consideration of USD 3.0 million each. The jack-up rigs have been sold with a contractual obligation not to be used for drilling purposes and so retired from the international jack-up fleet. The sales of "Baug" and "Paragon C20051" were completed in May 2019 for cash consideration of USD 6.0 million. On 13 March 2020, we sold "Paragon B391" for recycling for total proceeds of USD 0.8 million, resulting in a loss of USD 0.4 million recorded in the first quarter of 2020. On 30 April 2020, we sold "Paragon B152" and "Dhabi II" with associated backlog for total proceeds of USD 15.8 million, resulting in a recorded gain of USD 12.8 million, which has been recorded in the second quarter of 2020. On 13 May 2020, we entered into an agreement to sell the semi-submersible "MSS1", built in 1979, for recycling, and the transaction closed on 28 August 2020. The sale brought in total proceeds of USD 2.2 million, and we recorded an impairment charge of USD 18.4 million in the first quarter 2020. On 28 October 2020, the Company entered into an agreement to sell its cold stacked jack-up drilling rig "Atla" to an independent operator. The sale of the jack-up drilling rig "Atla" was completed in the fourth quarter 2020 which, together with the sale of the standard jack-up drilling rig "Eir" (completed in October 2020) resulted in total cash proceeds of USD 13 million. On 2 November 2020, the Company entered into an agreement to sell its cold stacked jack-up rig "Balder" to BW Energy. The completion of the sale is expected in the first quarter 2021, and the Company will receive a total of USD 4.5 million sale proceeds, of which USD 3 million was paid on contract signing. These divestments, when the sale of Balder is completed, will bring the total number of jack-up rigs divested by us since 2018 to 27, of which 25 have been permanently retired from the international jack-up fleet.

### 6.3.3 Overview acquisitions and divestments

The following chart sets out an overview of the acquisitions and dispositions we have made since our formation through 30 September 2020:

#### ACQUISITIONS AND DISPOSITIONS SINCE OUR FORMATION

Acquisition	Closing Date	Description of Transaction	Transaction Value (in USD millions)	Rigs Subsequently Divested
Hercules Acquisition	23 January 2017	Acquisition of two premium jack-up rigs <sup>(1)</sup>	USD 130.0	—
Transocean Transaction	31 May 2017	Acquisition of 10 jack-up rigs and novation of contracts in respect of	USD 1,240.5	6 standard jack-up rigs



		five Keppel newbuild premium jack-up rigs <sup>(2)</sup>			
PPL Acquisition	6 October 2017	Acquisition of nine newbuild premium jack-up rigs <sup>(3)</sup>	USD	1,300.0	—
Paragon Transaction	29 March 2018	Acquisition of 22 jack-up rigs and one semi-submersible rig <sup>(4)</sup>	USD	241.3	20 standard jack-up rigs and one semi-submersible rig
Keppel Acquisition	16 May 2018	Acquisition of five newbuild premium jack-up rigs <sup>(5)</sup>	USD	742.5	—
Keppel Hull B378 ("Thor") Acquisition	29 March 2019	Acquisition of one newbuild premium jack-up rig	USD	122.1	—

- (1) The two rigs Frigg and Ran were acquired through the Hercules acquisition
- (2) Of the five Keppel newbuild premium jack-up rigs that were novated as part of the Transocean Transaction two jack-up rigs were delivered in January and June 2018, respectively. Three jack-up rigs are due to be delivered in 2022. Six premium jack-up rigs and two standard jack-up rigs remain from the Transocean Transaction. We also have also completed the sale of "Eir" and "Atla" and entered into agreement to sell "Balder". Rigs acquired through the transaction not divested are "Idun", "Odin", "Mist", "Norve", "Saga", "Skald", "Tivar", "Vale" and "Var".
- (3) All jack-up rigs acquired in the PPL Acquisition have been delivered. The rigs acquired were "Galar", "Gerd", "Gersemi", "Grid", "Gunnlod", "Groa", "Gyme", "Natt" and "Njord".
- (4) As of 31 December 2019, two premium jack-up rigs, three standard jack-up rigs and one semi-submersible rig remained from the Paragon Transaction. On 13 March 2020, we sold the standard jack-up rig "Paragon B391" for recycling. On 30 April 2020, we sold two standard jack-up rigs, "Paragon B152" and "Dhabi II", originally acquired as part of the Paragon transaction. On 13 May 2020, we entered into an agreement to sell the semi-submersible "MSS1", which closed on 28 August 2020. Of the 22 jack-up rigs and one semi-submersible acquired, the "Prospector 1" and the "Prospector 5" are the only two rigs left after the divestments are completed.
- (5) As of 31 December 2019, one jack-up rig was delivered. Two jack-up rigs were delivered in 2020 and two jack-up rigs will (subject to the effectiveness of the 2021 Amendments (see Section 11.8.13 ("2021 Amendments")) be delivered in the fourth quarter of 2023. The rigs acquired through the May 2018 Keppel acquisition was "Heimdal", "Hermod", "Hild", "Huldra" and "Heidrun".

## 6.4 Corporate strategy

### 6.4.1 Our Business Strategies

Despite the ongoing volatility in our industry, we continuously strive to meet our primary business objective of becoming the preferred operator of jack-up drilling rigs while maximizing returns for our shareholders. To achieve this, our strategies include the following:

#### 6.4.2 Deploy high-quality rigs to service the industry

We have acquired one of the leading jack-up fleets in the industry with capacity to service existing and future client needs. Shallow-water drilling projects, such as the ones serviced by our jack-up rigs, have a shorter cycle time between exploration and first oil and lower capital expenditure compared to deepwater drilling projects performed by mobile offshore drilling units, such as drillships. We believe this makes shallow-water drilling more attractive than deep-water projects in the current business climates. In addition to tender activity in which we participate through bidding, we also compete for new contract opportunities through direct negotiated transactions with customers, which we estimate represent approximately half of new contract opportunities. Our footprint in the industry is growing. Between 1 April 2018 and 30 September 2020, we signed 24 new contracts for drilling services with an aggregate value of approximately USD 505 million, including fifteen with new customers. During this period, we also signed six extensions and have had six options exercised. As of our latest fleet status report dated 11 January 2021 (see Section 6.5.2 ("The Rigs")), 11 of our 24 rigs were under contract. We have experienced some early terminations and suspensions of contracts in 2020 in light of the COVID-19 crisis, see Section 11.8.4 ("Coronavirus (COVID-19)").

#### 6.4.3 Become a preferred provider in the industry

We have established strong and long-term relationships with customers in the offshore drilling industry, including through our acquisition of Paragon Offshore Limited, have hired a strong team of experienced personnel and focused on increasing the volume of contract awards. The strategy includes identifying value adding services for our customers (such as integrated well contracts). Based on our premium and uniform fleet, our experienced team, and a solid industry network, we believe that we are well-positioned to capitalize on any improving market opportunities.

#### 6.4.4 Establish high-quality, cost-efficient operations

We intend to be a leading offshore shallow-water drilling company by safely operating with a competitive cost base. Our key objective is to deliver the best operations possible, both in terms of Technical as well as Economic Utilization and QHSE performance, while also maximizing the deployment of our rigs and maintaining a competitive cost structure.

To facilitate our strategy, we have acquired one of the most modern and uniform fleets in the industry, with experienced and skilled individuals across the organization and on our Board. We expect to have an advantage not only with regard to operating expenditures as a result of our largely standardized fleet, but also with regard to financing costs when compared to many of our industry peers.

#### 6.4.5 Offer integrated services

Through our Joint Ventures in Mexico, we are currently offering integrated drilling/well services together with, among other contractors, Schlumberger and Baker Hughes. Integrated drilling services offer all services and equipment (and in some cases, material procurement) in a single contract. We believe this model provides a more economic and efficient approach to development projects, and is an attractive alternative for most E&P Companies operating offshore, as the model reduces the number of interfaces and contracts required for a project. It also provides a much better alignment between customer and integrated services provider as there is a joint focus on efficiency and as such significant cost savings are possible in the model. As a result, project management could become simpler, cheaper, and more efficient for customers with integrated drilling services. In addition, this could lead to improved well design, better technology selection and more efficient operations.

### 6.5 Business description

#### 6.5.1 General

We are an offshore shallow-water drilling contractor providing worldwide offshore drilling services to the oil and gas industry. Our primary business is the ownership, contracting and operation of jack-up rigs for operations in shallow-water areas (i.e., in water depths up to approximately 400 feet), including the provision of related equipment and work crews to conduct oil and gas drilling and workover operations for exploration and production customers.

#### 6.5.2 The rigs

We own 24 jack-up rigs (including, as at the date hereof, "Balder"), with an additional five jack-up rigs scheduled to be delivered from Keppel in May, July, September, October and December in 2023 (pursuant to the 2021 Amendments, see Section 11.8.13 ("2021 Amendments") for further details of the agreed terms and conditions precedent to their effectiveness.). Upon delivery of these newbuild jack-up rigs, and after the completion of the sale of "Balder", we will have a fleet of 28 premium jack-up rigs, which refers to rigs delivered from the yard in 2001 or later. From our initial acquisition of rigs in early 2017, we have expanded rapidly into one of the world's largest international offshore jack-up drilling contractors by number of jack-up rigs. The following chart illustrates the development in our fleet since our inception:

	As of and for the Year Ended 31 December			
	2020	2019	2018	2017
<b>Total Fleet as of January 1</b>	28	27	13	0
Jack-up Rigs Acquired	0	1	23	12
Newbuild Jack-up Rigs Delivered from Shipyards	2	2	9	1
Jack-up Rigs Disposed of (and semi-submersible rigs for 2020 only)	6	2	18	0
<b>Total Fleet as of the end of the Year</b>	24	28	27	13
Newbuild Jack-up Rigs not yet Delivered as of the end of Period	5	7	9	13
<b>Total Fleet, including Newbuild Rigs not yet Delivered, as of the end of Period</b>	29	35	36	26
Jack-up Rigs Committed to be Sold as of the end of Period	1	1	-	-

**Fleet Status Report  
As of 11 January 2021**

<b>Rig Name</b>	<b>Rig Design</b>	<b>Rig Water Depth (ft)</b>	<b>Year Built</b>	<b>Customer/ Status</b>	<b>Contract Start</b>	<b>Contract End</b>	<b>Location</b>	<b>Comments</b>
<b>PREMIUM JACK-UP RIGS</b>								
Gyme	PPL Pacific Class 400	400 ft	2018	Available	-	-	Singapore	Warm Stacked
Skald	KFELS Super B Bigfoot Class	400 ft	2018	Available	-	-	Singapore	Warm Stacked
Thor	KFELS Super B Bigfoot Class	400 ft	2019	Available	-	-	Singapore	Warm Stacked
Hermod	KFELS B Class	400 ft	2019	Available	-	-	Singapore	Warm Stacked
Heimdal	KFELS B Class	400 ft	2020	Available	-	-	Singapore	Warm Stacked
Hild	KFELS Super B Class	400 ft	2020	Available	-	-	Singapore	Warm Stacked
Gerd	PPL Pacific Class 400	400 ft	2018	Available	-	-	Cameroon	Warm Stacked
Groa	PPL Pacific Class 400	400 ft	2018	Available	-	-	Cameroon	Warm Stacked
Ran	KFELS Super A	400 ft	2013	Available	-	-	United Kingdom	Warm Stacked
Frigg	KFELS Super A	400 ft	2013	Available	-	-	Cameroon	Warm Stacked
Idun	KFELS Super B Bigfoot Class	350 ft	2013	Available Undisclosed	August 2020 March 2021	February 2021 January 2022	Malaysia Asia Pacific	Warm Stacked LOA
Mist	KFELS Super B Bigfoot Class	350 ft	2013	Available ROC oil	May 2020 October 2020	Sept. 2020 May 2021	Malaysia Malaysia	Warm Stacked Operating with option to extend
Prospector 1	F&G, JU2000E	400 ft	2013	Available One-Dyas Undisclosed	April 2020 October 2020 April 2021	September 2020 March 2021 October 2021	United Kingdom Netherlands North Sea	Warm Stacked Operating with option to extend LOI
Norve	PPL Pacific Class 400	400 ft	2011	Available Undisclosed	March 2020 April 2021	March 2021 July 2021	Gabon Gabon	Warm Stacked Operating with option to extend
Gunnlod	PPL Pacific Class 400	400 ft	2018	Mobilization PTTEP	March 2020 September 2020	August 2020 March 2021	Singapore Malaysia	Contract Preparation and Mobilization Operating with option to extend
Saga	KFELS Super B Bigfoot Class	400 ft	2018	Eni PTTEP	February 2020 September 2020	July 2020 October 2021	Vietnam Malaysia	Operating Operating with option to extend
Galar	PPL Pacific Class 400	400 ft	2017	Pemex	April 2020	October 2021	Mexico	Operating
Njord	PPL Pacific Class 400	400 ft	2019	Pemex	June 2020	December 2021	Mexico	Operating
Gersemi	PPL Pacific Class 400	400 ft	2018	Pemex	August 2019	February 2021	Mexico	Operating
Grid	PPL Pacific Class 400	400 ft	2018	Pemex	August 2019	February 2021	Mexico	Operating
Odin	KFELS Super B Bigfoot Class	350 ft	2013	Pemex	March 2020	August 2021	Mexico	Operating
Prospector 5	F&G, JU2000E	400 ft	2014	Available CNOOC	April 2020 November 2020	October 2020 May 2022	United Kingdom United Kingdom	Warm Stacked Operating with option to extend
Natt	PPL Pacific Class 400	400 ft	2018	First E&P	April 2019	April 2021	Nigeria	Operating with option to extend

## JACK-UP RIGS UNDER CONSTRUCTION/NOT DELIVERED

Rig Name	Rig Design	Rig Water Depth (ft)	Year Built	Customer/ Status	Contract Start	Contract End	Location	Comments*
Huldra	KFELS Bigfoot B Class	400 ft	-	Under Construction	-	-	KFELS shipyard, Singapore	Rig Delivery October 2023
Tivar	KFELS Super B Bigfoot Class	400 ft	-	Under Construction	-	-	KFELS shipyard, Singapore	Rig Delivery May 2023
Heidrun	KFELS Bigfoot B Class	400 ft	-	Under Construction	-	-	KFELS shipyard, Singapore	Rig Delivery December 2023
Vale	KFELS Super B Bigfoot Class	400 ft	-	Under Construction	-	-	KFELS shipyard, Singapore	Rig Delivery July 2023
Var	KFELS Super B Bigfoot Class	400 ft	-	Under Construction	-	-	KFELS shipyard, Singapore	Rig Delivery September 2023

\*Delivery dates subject to the effectiveness of the 2021 Amendments as described in Section 11.8.13 ("2021 Amendments").

### 6.5.3 Material contracts

Other than the agreement entered into with Hercules on 2 December 2017, the agreements entered into with Transocean on 23 May 2017, the agreements entered into with Keppel on 24 May 2017, the agreement entered into with PPL on 6 October 2017, the agreement entered into with Paragon on 22 February 2018, the Master Agreement for the divestment of 14 rigs and the agreements entered into with Keppel in May 2018, no Group Company has entered into any material contract outside the ordinary course of the Group's business since its incorporation other than as set out below.

#### 6.5.3.1 Mexico Joint Ventures

On 28 June 2019, we entered into a binding agreement to acquire 49% of the shares in Perforaciones Estrategicas e Integrales Mexicana S.A. de C.V. ("**Perfomex**") and Opex Perforadora S.A. de C.V. ("**Opex**"), and in December 2019 we entered into a binding agreement to acquire 49% of the shares in Perforadora Profesional AKAL I, SA de CV ("**Akal**") and Perforaciones Estrategicas e Integrales Mexicana II, SA de CV ("**Perfomex II**"). We participate in the ownership of these joint venture entities together with Proyectos Globales de Energia y Servicios CME, S.A. DE C.V. ("**CME**"), a Mexican oil and gas services company, for the purposes of performing integrated drilling services under contracts with Pemex (the "**Joint Ventures**" whereof those with Opex and Akal are the "**IWS JVs**").

##### a) Opex

When we entered into the subscription agreement for 49% of the shares in Opex, we also entered into other commercial arrangements with this related party. We provide management services through a management services agreement at a cost-plus basis. The revenue from these services can be found within the related party revenue line in our Consolidated Statements of Operations. During the first nine months of 2020 we provided services worth USD 1.0 million compared with USD 0.3 million for the first nine months of 2019. We have provided a guarantee valued at USD 5.9 million to support Opex's operations under the contracts with Pemex. Perfomex, in which we own 49%, provides drilling services under drilling contracts with Opex on a dayrate basis. We have as at 30 September 2020 provided USD 3.7 million of funding to Opex.

##### b) Perfomex

When we entered into the subscription agreement for 49% of the shares in Perfomex, we also entered into other commercial arrangements with the same entity. We provide three rigs on a bareboat basis for Perfomex to service its contract with Opex. The revenue from these contracts can be found within the related party revenue line in our Consolidated Statements of Operations. During the first nine months of 2020, we recognized USD 23.6 million of revenue compared with USD 1.8 million in the first nine months of 2019. We also provide international and local personnel for the offshore operations of the rigs and administrative services on a cost-plus basis. During the first nine months of 2020, we recognized USD 9.2 million of related party revenue from the provision of these services. As at 30 September 2020, we have provided USD 41.1 million of funding to Perfomex.

##### c) Akal

When we entered into the subscription agreement for 49% of the shares in Akal, we also entered into other commercial arrangements with this related party. Perfomex II, in which we own 49%, provides drilling services under drilling contracts with Akal on a dayrate basis. We have as at 30 September 2020, provided USD 1.8 million of funding to Akal.

##### d) Perfomex II

When we entered into the subscription agreement for 49% of the shares in Perfomex II, we also entered into other commercial arrangements with the same entity. We provide two rigs on a bareboat basis for Perfomex II to service its

contract with Akal. The revenue from these contracts can be found within the related party revenue line in our Consolidated Statements of Operations. During the first nine months of 2020, we recognized USD 1.9 million of revenue. We also provide international and local personnel for the offshore operations of the rigs and administrative services on a cost-plus basis. During the first nine months of 2020, we recognized USD 5.4 million of related party revenue from the provision of these services. As at 30 September 2020, we have provided USD 8.9 million of funding to Perfromex II.

#### *6.5.3.2 Amendments to Financing Arrangements*

In June 2020, the terms of certain of our Financing Arrangements, including the delivery financing related to our newbuild rigs were amended. The amendments revised certain specified financial covenants that we are required to meet, including minimum free liquidity. Furthermore, the lenders and shipyards under certain of these arrangements agreed to defer certain interest payments; change the dates of certain amortization payments which otherwise would have fallen due in 2021 to 2022; and change the delivery dates for our five remaining newbuildings to the second and third quarters of 2022. The following sections (a) through (e) summarise the changes made to the Financing Arrangements in June 2020. The Financing Arrangements have been amended further pursuant to the 2021 Amendments. See Section 11.8.13 ("*2021 Amendments*") for further details of the agreed terms and conditions precedent to their effectiveness.

##### *a) Hayfin Facility*

In June 2020, we agreed with Hayfin to make certain amendments to the loan agreement, including adjustments to the ring-fenced structure, and the Company was allowed to utilise the USD 2.4 million of restricted cash in the structure until 1 January 2021.

##### *b) Syndicated Facility*

In June 2020, the lenders under this facility agreed to amend the minimum liquidity covenant levels to: USD 5 million in cash until 31 December 2020; USD 10 million in cash from and including 1 January 2021 to and including 30 June 2021; USD 15 million in cash from and including 1 July 2021 to and including 30 September 2021; USD 20 million in cash from and including 1 October 2021 to and including 31 December 2021; and free liquidity including cash and undrawn revolving credit facilities of the higher of (i) USD 30 million and (ii) 3% of the aggregate of net interest bearing debt after 1 January 2022. The lenders agreed to change the dates of certain amortization payments and facility reductions which otherwise would have fallen due in 2021 to occur at maturity in the second quarter 2022. The Syndicated Facility includes a USD 25 million revolving credit facility, of which USD 10 million was undrawn as of the date hereof and may be drawn at the discretion of the lenders. The agreements include requirements that we maintain a minimum book equity ratio until and including 31 December 2021 equal to or higher than 25%; and thereafter equal to or higher than 40%, a positive working capital balance, a debt service cover ratio in excess of 1.25 of our interest and related expenses from the start of 2022.

##### *c) Shipyard facilities with PPL*

In June 2020, we agreed with PPL that a substantial amount of the interest originally falling due in 2020 and 2021 will accrue and become payable in the first quarter of 2022. Cash payments of interest is suspended for the period from the first quarter of 2020 to the fourth quarter of 2021, and accrued interest becomes payable in the first quarter of 2022, except for USD 1 million payable per quarter starting in the first quarter of 2020. Accrued, unpaid interest has been guaranteed by Borr IHC and share security has been provided.

##### *d) Shipyard Facilities with Keppel*

In June 2020, we agreed to defer the delivery of five Keppel H-Rigs to the end of second quarter 2022 for one of the rigs and to the third quarter of 2022 for the remaining four rigs. We retain the option to extend delivery financing for four of the rigs upon delivery and have cancelled Newbuild Facility delivery finance from the banks in relation to the "Tivar". We have agreed to pay certain holding and other costs for each of the five rigs in respect of the period from the original delivery dates to the revised delivery dates. Payments of such costs fall due in quarterly instalments from the first quarter of 2021 until delivery.

##### *e) New Bridge facility*

In June 2020, the lenders under this facility agreed to amend the minimum liquidity covenant levels to: USD 5 million in cash until 31 December 2020; USD 10 million in cash from and including 1 January 2021 to and including 30 June 2021; USD 15 million in cash from and including July 1, 2021 to and including 30 September 2021; USD 20 million in cash from and including 1 October 2021 to and including 31 December 2021; and free liquidity including cash and undrawn revolving credit facilities of the higher of (i) USD 30 million and (ii) 3% of the aggregate of net interest bearing debt on or after 1 January 2022. The lenders agreed to change the dates of certain facility step downs which otherwise

would have occurred in 2021 to occur at maturity in the second quarter of 2022. As of the date hereof, USD 20 million was undrawn under The New Bridge Facility, which may be drawn at the discretion of the lenders

Please refer to section 11.8.13 ("*2021 Amendments*") for the current status on the Financing Arrangements following the 2021 Amendments.

#### *6.5.4 Competitors*

The shallow-water offshore contract drilling industry is highly competitive. We compete on a worldwide basis and competition varies by region at any particular time. Our competition ranges from large international companies offering a wide range of drilling and other oilfield services to smaller, locally owned companies. Some of our competitors' fleets comprise a combination of offshore, onshore, shallow, midwater and deepwater rigs. We seek to differentiate our company from most of our competitors, which have mixed fleets, by exclusively focusing on shallow-water drilling which we believe allows us to optimize our size and scale and achieve operational efficiency.

Drilling contracts are traditionally awarded on a competitive basis, whether through tender or direct negotiations. We believe that the principal competitive factors in the markets we serve are pricing, technical capability of service and equipment, condition and age of equipment, rig availability, rig location, safety record, crew quality, operating integrity, reputation, industry standing and customer relations. We have made significant equity investments in our jack-up rigs and have built a fleet consisting of premium jack-up rigs with proven design and quality equipment, acquired at what we believe are attractive prices. We believe we have a fleet of high-quality jack-up rigs, which allow us to competitively bid on industry tenders on the basis of the modern technical capability, condition, and age of our jack-up rigs. In addition, we believe our focus on QHSE performance will complement our modern fleet, further allowing us to competitively bid for drilling contracts.

#### *6.5.5 Commercial management and operations*

Borr Drilling Limited and its Board are responsible for determining the strategic vision and ultimate direction of our business, determining the principles of our business strategy and policies, and promoting our long-term interests. Our Board possesses and exercises oversight authority over our business and, subject to our governing documents and applicable law, generally delegates day-to-day management of the Company to our senior management team. Viewed from this perspective, our Board generally oversees risk management and our senior management team generally manage the material risks that we face. The Board must, however, be consulted on all matters of material importance and/or of an unusual nature and, for such matters, will provide specific authorization to personnel in our senior management to act on its behalf.

### **6.6 Health and safety matters**

We are focused on developing a strong quality, health, safety, and environment, or QHSE, culture and performance history. We believe that the combination of quality jack-up rigs and experienced and skilled employees contributes to the safety and effectiveness of our operations. Since the 2010 Deepwater Horizon Incident, there has been an increased focus on offshore drilling QHSE issues by regulators as well as by the industry. As a result, E&P Companies have imposed increasingly stringent QHSE rules on their contractors, especially when working on challenging wells and operations where the QHSE risks are higher. Our commitment to strong QHSE culture and performance is reflected in our Technical Utilization rate of 99.45% in 2020 and 99.14% so far in 2021, and our safety record with a Total Recordable Incident Frequency of 2.12 in 2019 and 1.66 in 2020. We believe our focus on providing safe and efficient drilling services will enhance our growth prospects as we work toward becoming one of the preferred providers in the industry.

We are currently experiencing the impact of unprecedented market conditions and the global market reaction to the COVID-19 pandemic, in particular as a result of the practical issues arising from government-imposed travel restrictions, border closures and quarantines. Safety is our primary focus and we have implemented changes to working arrangements to protect everyone working on our rigs and at our onshore sites. We also respect similar arrangements put in place by our customers and suppliers to safeguard the safety and well-being of their personnel. Some of our customers are unable to continue safe operations in the current circumstances, are experiencing difficulties in their respective supply chains and have announced cost-saving initiatives. Further, a number of customers have contractual rights in place to suspend operations in certain circumstances. We could be subject to further suspension notices in light of market conditions; however, at this stage we cannot predict with reasonable accuracy the duration of such suspensions if exercised or the impact on our business. The rapid spread of the COVID-19 and the continuously evolving responses to combat it have had an increasingly negative impact on the global economy, resulting in an economic downturn that is likely to have a material impact on our business. The extent of the impact will depend on future developments,

including global and country-specific actions taken to contain the spread of the coronavirus, and may adversely impact our reported revenues and operating results, and result in impairments to our jack-up drilling rigs, newbuildings, accounts receivable and equity method investments, amongst others.

## **6.7 Insurance**

### *6.7.1 Risk of Loss and Insurance*

Our operations are subject to hazards inherent in the drilling of oil and gas wells, including blowouts, punch through, loss of control of the well, abnormal drilling conditions, mechanical or technological failures, seabed cratering, fires, and pollution, which could cause personal injury, suspend drilling operations, or seriously damage or destroy the equipment involved. Offshore drilling contractors such as us are also subject to hazards particular to marine operations, including capsizing, grounding, collision and loss or damage from severe weather. Litigation arising from such an event may result in us being named a defendant in lawsuits asserting large claims.

As is customary in the drilling industry, we attempt to mitigate our exposure to some of these risks through indemnification arrangements and insurance policies. We carry insurance coverage for our operations in line with industry practice and our insurance policies provide insurance cover for physical damage to the rigs, loss of income for certain rigs and third-party liability, including:

#### *6.7.1.1 Physical Damage Insurance: Hull and Machinery Insurance*

We purchase hull and machinery insurance for our entire fleet and all of our fleet equipment to cover the risk of physical damage to a rig. The level of coverage for each rig reflects its agreed value when the insurance is placed. We effectively self-insure part of the risk as any claim we make under our insurance will be subject to a deductible. The deductible for each rig reflects the market value of the rig and is currently a weighted average maximum of approximately USD 1.1 million per claim (with the actual deductible reflecting the rig value).

#### *6.7.1.2 War Risk Insurance*

We maintain war risk insurance for our rigs up to a maximum amount of USD 500 million per rig depending on the value of the protection and indemnity and hull and machinery insurance policies for each rig and subject to certain coverage limits, deductibles, and exclusions. The terms of our war risk policies include a provision whereby underwriters can, upon service of seven days' prior written notice to the insured, cancel the policies in the event that the insured has or may have breached sanctions. Further, the policies will automatically terminate after the outbreak of war, or war-like conditions, between two or more of China, the United States of America, the United Kingdom, Russia, and France.

#### *6.7.1.3 Loss of Hire Insurance*

We maintain loss of hire insurance for certain of our jack-up rigs to cover loss of revenue in the event of extensive downtime caused by physical damage covered by our hull and machinery insurance policies. Provided such downtime continues for more than 45 days, the policies will cover an agreed daily rate of hire for such downtime up to a maximum of 180 days, not to exceed 100% of the daily loss of hire for such period. The decision to obtain loss of hire insurance is taken where required by the terms of our Financing Arrangements in respect and otherwise on a case-by-case basis whenever a rig is contracted for drilling operations. The amount covered under a loss of hire policy will depend on, among other things, the duration of the contract, the contract rates, and other terms of the relevant drilling contract.

#### *6.7.1.4 Protection and Indemnity Insurance*

We purchase protection and indemnity insurance and excess umbrella liability insurance. Our protection and indemnity insurance covers third-party liabilities arising from the operation of our rigs, including personal injury or death (for crew and other third-parties), collisions, damage to fixed and floating objects and statutory liability for oil spills and the release of other forms of pollution, such as bunkers, and wreck removal. The protection and indemnity insurance policies, together with our excess umbrella policy, cover claims up to the maximum of the agreed total claim amount, but not exceeding the maximum of USD 510 million (for our operational rigs) or USD 210 million (for our stacked rigs), as applicable, depending on contractual obligations and area of operation. The excess umbrella insurance policy referred to above covers an additional USD 100 million to USD 300 million per event, in addition to our protection and indemnity insurance policies, as part of our overall combined maximum insurance coverage. If the aggregate value of a claim against one of our rig-owning subsidiaries under a protection and indemnity insurance policy exceeds the maximum of USD 210 million or USD 310 million (for our rigs in Mexico), the excess umbrella insurance policy will cover an additional agreed amount. We are self-insured for costs in excess of the overall combined maximum limit of coverage, or USD 210 million for stacked rigs and the agreed aggregate limit between USD 310 million and USD 510 million for an operational rig, as agreed. If the aggregate value of a claim against one of our subsidiaries under a protection and indemnity

insurance policy exceeds USD 210 million or USD 310 million, the excess umbrella policy will for rigs that are not laid-up cover an additional sum between USD 100 million and USD 300 million as agreed for each rig, but maximum USD 510 million combined, meaning that we are self-insured for costs in excess of the total combined limit, as agreed. We retain the risk for the deductible of up to USD 25,000 per claim relating to protection and indemnity insurance or up to USD 250,000 for claims made in the United States.

We also maintain insurance policies and excess insurance policies against general liability and public liability for onshore statutory and contractual risks, mainly related to employment, tenant, warehouses and other on-shore activities. The insured value under each individual policy is between USD 1 million and USD 5 million and is complemented by the excess umbrella policy which provides for an additional aggregate excess limit of USD 50 million per annum.

Management considers our level of insurance coverage to be appropriate for the risks inherent to our business. The determination of the appropriate level of insurance coverage is made on an individual asset basis taking into account several factors, including the age, market value, cash flow value and replacement value of our jack-up rigs, their location and operational status.

#### *6.7.1.5 Legal proceedings*

The Group is not, nor has it been during the course of the preceding 12 months, involved in any legal, governmental or arbitration proceedings which may have, or has had in the recent past, significant effects on the Group's and/or the Group's financial position or profitability. The Group is not aware of any other such aforementioned proceedings which are pending or threatened.

## **6.8 Regulations**

### *6.8.1 Introduction*

We are an international company registered under the laws of Bermuda. Our principal executive offices are located in Bermuda and the management headquarters of Borr Drilling Management (UK) Limited are located in the United Kingdom, while we have business operations in five geographical locations, Middle East, Europe, West Africa, Mexico and South East Asia as well as in various countries where our rigs are operating or stacked. As a result of this organizational structure and the scope of our operations, we are subject to a variety of laws in different countries, including those related to the environment, health and safety, personal privacy and data protection, content restrictions, telecommunications, intellectual property, advertising and marketing, labour, foreign exchange, competition and taxation. These laws and regulations are constantly evolving and may be interpreted, implemented, or amended in a manner that could harm our business. It also is likely that if our business grows and evolves and our rigs and services are used more globally, we will become subject to laws and regulations in additional jurisdictions. This Section sets forth the summary of material laws and regulations relevant to our business operations.

### *6.8.2 Flag state requirements*

Flag state requirements reflect international maritime requirements which impose engineering, safety and other requirements related to offshore industries generally. In order to maintain class certification to verify the integrity of our jack-up rigs and maintain compliance with class requirements, we could be required to take a jack-up rig out of service for repairs, upgrades or modifications which could have a significant cost and impact operating revenue.

### *6.8.3 International Maritime Regimes*

We are required to comply with certain international maritime legal requirements which form part of a maritime regime which regulates pollution and other risks to the environment. When we retire rigs from the international fleet we are required to comply with regulations on the transit and safe recycling of hazardous materials. In certain circumstances, these laws may impose strict 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 jack-up rigs may subject us to increased costs or limit the operational capabilities of our rigs and could materially and adversely affect our operations and financial condition. Applicable environmental laws and regulations for our current operations include the Basel Convention, the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (when it enters into force) as well as European Union regulations, including the E.U. Directive 2013/30 on the Safety of Offshore Oil and Gas Operations, Regulation (EC) No 1013/2006 on Shipments of Waste and Regulation (E.U.) No 1257/2013 on Ship Recycling. As we operate in other regions, such as the US or Brazil, additional environmental laws and regulations would apply to our operations.



Furthermore, the International Convention for the Prevention of Pollution from Ships, the International Convention on Civil Liability for Oil Pollution Damage of 1969, the International Convention on Civil Liability for Bunker Oil Pollution Damage of 2001 (ratified in 2008), the International Convention for the Safety of Life at Sea of 1974, the Code for the Construction and Equipment of Mobile Offshore Drilling Units, 2009 and the International Convention for the Control and Management of Ships' Ballast Water and Sediments, effective as of 2017 (the "**BWM Convention**") regulate air emissions and other discharges to the environment from our jack-up rigs 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.

Annex VI to MARPOL sets limits on sulphur dioxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances. Annex VI applies to all ships and, among other things, imposes a global cap on the sulphur content of fuel oil and allows for specialized areas to be established internationally with even more stringent controls on sulphur emissions. All of our rigs comply with these requirements.

The BWM Convention requires a phased introduction of mandatory ballast water exchange requirements (beginning in 2009), to be replaced in time with a requirement for mandatory ballast water treatment. The BWM Convention entered into force on 8 September 2017. Under its requirements, for jack-up rigs with a ballast water capacity of more than 5,000 cubic meters that were constructed in 2011 or before, only ballast water treatment will be accepted by the BWM Convention. All of our jack-up rigs considered in operational status are in full compliance with the staged implementation of the BWM Convention by IMO guidelines.

#### *6.8.4 International safety regulations*

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, which 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, in April 2016, BSEE published a final rule that sets more stringent design requirements and operational procedures for critical well control equipment used in offshore oil and gas drilling. The rule adds new requirements and amends existing ones to, among other things, set new baseline standards for the design, manufacture, inspection, repair and maintenance of blowout preventers and the use of double shear rams. The rule contains a number of other requirements, including third-party verification and certifications, real-time monitoring of deepwater and certain other activities, and sets criteria for safe drilling margins.

In May 2019, BSEE revised the 2016 rule to correct errors and reduce regulatory burdens determined to be unnecessary. The requirements of these regulations are likely to increase the costs of our operations and may lead our customers to not pursue certain offshore opportunities because of the increased costs, delays, and regulatory risks. In July 2016, BOEM issued a final Notice to Lessees and Operators substantially revising and making more stringent supplemental bonding procedures for the decommissioning of offshore wells, platforms, pipelines, and other facilities. In June 2017, BOEM announced that the implementation timeline would be extended, except in circumstances where there is a substantial risk of non-performance of such obligations.

In addition, in December 2015, BSEE announced the launch of a pilot risk-based inspection program for offshore facilities. New requirements resulting from the program may cause us to incur costs and may result in additional downtime for our jack-up rigs in the U.S. Gulf of Mexico. The E.U. has also undertaken a significant revision of its safety requirements for offshore oil and gas activity through the issuance of the E.U. Directive 2013/30 on the Safety of Offshore Oil and Gas Operations.

#### *6.8.5 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, jack-up rigs and equipment, currency conversions and repatriation, oil and gas exploration and development, taxation of offshore earnings, taxation of the earnings of expatriate personnel, the use of local employees and suppliers by foreign contractors and duties on the importation and exportation of our rigs 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.

## **6.9 Overview of regulatory disclosures over the last 12 months relevant as at the date of this Prospectus**

### *6.9.1 Disclosures made public under section 4-2 of the Norwegian Securities Trading Act*

Set out in the table below is an overview of disclosures made public under the section 4-2 of the Norwegian Securities Trading Act over the last 12 months:

22.01.2021	<p>Relating to the private placement completed in January 2021 through the subscription and allocation of 4,083,561 depository receipts to the following primary insiders:</p> <p>Companies affiliated with Director and Vice Chairman Tor Olav Trøim: 3,176,470 Offer Shares. After delivery, Trøim and his affiliated parties will represent an ownership in Borr Drilling of 17,407,188 shares in the Company.</p> <p>Patrick Schorn, Chief Executive Officer of Borr Drilling: 500,000 Offer Shares. After delivery, Mr. Schorn will own 1,500,000 shares in the Company.</p> <p>Paal Kibsgaard, Chairman of the Borr Drilling's Board of Directors: 297,931 Offer Shares. After delivery, Kibsgaard will own 750,000 shares in the Company.</p> <p>Magnus Vaaler, Chief Financial Officer of Borr Drilling: 84,160 Offer Shares. After delivery, Mr. Vaaler will own 85,000 shares in the Company.</p> <p>Neil Glass, Director of Borr Drilling: 25,000 Offer Shares. After delivery, Mr. Glass will own 25,000 shares in the Company.</p>
30.09.2020	<p>Relating to the private placement completed in September 2020 through the subscription and allocation of 51,886,793 depository receipts to the following primary insiders:</p> <p>Pål Kibsgaard, Chairman of the Board, subscribed for 120,000 depository receipts. After delivery, Kibsgaard owns 452,069 securities in the Company.</p> <p>Companies affiliated with Director and Vice Chairman Tor Olav Trøim, subscribed for 4,579,377 depository receipts. After delivery, Trøim and his affiliated parties represented an ownership in Borr Drilling of 14,210,719 securities in the Company.</p> <p>Patrick Schorn, Chief Executive Officer of Borr Drilling, subscribed for 981,000 depository receipts. After delivery, Schorn owns 1,000,000 securities in the Company.</p> <p>Kate Blankenship, Director of Borr Drilling, subscribed for 100,000 depository receipts. After delivery, Blankenship owns 100,000 securities in the Company.</p>
22.05.2020	<p>Relating to the private placement completed in May 2020 through the subscription and allocation of 46,153,846 depository receipts to the following primary insiders:</p> <p>Pål Kibsgaard, Chairman of the Board, subscribed for 230,769 depository receipts. After delivery, Kibsgaard owned 332,069 securities in the Company.</p> <p>Companies affiliated with Director and Vice Chairman Tor Olav Trøim, subscribed for 769,231 depository receipts. After delivery, Trøim and his affiliated parties represented an ownership in Borr Drilling of 9,651,342 securities in the Company.</p> <p>Jan Rask, former Director of Borr Drilling, subscribed for 76,923 depository receipts. After delivery, Mr. Rask owned 91,208 securities in the Company.</p>
04.03.2020	<p>Patrick Schorn, Former Director, and current CEO, of Borr Drilling Limited, acquired on 3 March 2020, 19,000 of the Company's Common Shares registered on NYSE, at an average price of USD 1.86895</p>

per Common Share. Mr. Schorn's total ownership of securities in the Company's after the purchase amounts to 19,000 securities.

Francis Millet, Chief Financial Officer, acquired on 3 March 2020, 10,000 of the Company's Common Shares registered on NYSE, at an average price of USD 1.84 per Common Share. Mr. Millet's total ownership of securities in the Company after the purchase amounts to 20,000 securities.

03.03.2020 Pål Kibsgaard, the Chairman of the Board, acquired on 2 March 2020, 1,300 of the Company's Common Shares registered on NYSE, at an average price of USD 1.9296 per Common Share. Mr. Kibsgaard's total ownership of securities in the Company after the purchase amounts to 101,300 securities.

Francis Millet, Chief Financial Officer, acquired on 2 March 2020, 10,000 of the Company's Common Shares registered on NYSE, at an average price of USD 1.92 per Common Share. Mr. Millet's total ownership of securities in the Company after the purchase amounts to 10,000 securities.

#### 6.9.2 *Disclosures made public under section 5-2 of the Norwegian Securities Trading Act*

Set out in the table below is an overview of disclosures made public under the section 5-2 of the Norwegian Securities Trading Act over the last 12 months:

22.01.2021	The Company announced that the board of directors of the Company (the "Board") had, due to high demand, increased the size of the equity offering announced on 21 January 2021 to USD 46 million, and approved the subscription and allocation of a total of 54,117,647 new depository receipts, each at a subscription price of USD 0.85 per depository receipt.
21.01.2021	The Company announced that in connection with its liquidity improvement plan, the Company intended to offer up to USD 40 million in new depository receipts in a private placement.
19.01.2021	The Company announced that the liquidity improvement plan announced on 24 December 2020 had received support from the Company's creditors.
13.01.2021	The Company announced that its board and management were highly confident that the Company could execute the liquidity improvement plan and equity raise as announced in the press release on 24 December 2020.
11.01.2021	The Company announced its fleet status report that it has entered into a new contract, an extension and received a Letter of Award, adding USD 35.1 million over approximately 480 days to the total backlog, with good prospects for additional backlog on these units.
11.01.2021	The Company announced resolution from the Special General Meeting of Shareholders, to approve the increase of the Company's authorized share capital in connection with the contemplated issue of the PP Depository Receipts.
31.12.2020	The Company announced the notice of a Special General Meeting of Shareholders, to be held to approve the increase of the Company's authorized share capital in connection with the contemplated issue of the PP Depository Receipts.
31.12.2020	The Company announced its financial calendar for 2021.
27.12.2020	The Company announced Magnus Vaaler as its new Chief Financial Officer, replacing Mr. Christoph Bausch with effect from 28 December 2020.
24.12.2020	The Company announced, subject to successfully raising USD 40.0 million in January 2021, to defer certain instalments and defer interest payments to 2023 from its secured creditors.
30.11.2020	The Company announced unaudited results for the three and nine months ended 30 September 2020

- 30.11.2020 The Company announced increase in share capital by UDS 500,000 to USD 11,015,935.20 divided into 220,318,704 common shares with nominal value of USD 0.05 per common share.
- 25.11.2020 The Company announced the result of the subsequent offering and the allocation of 10,000,000 offer shares raising gross proceeds of USD 5.3 million.
- 23.11.2020 The Company announced the end of the subscription period in the subsequent offering
- 13.11.2020 The Company announced approved prospectus and launch of subsequent offering consisting of up to 10,000,000 new shares at a subscription price of USD 0.53 per shares
- 11.11.2020 The Company announced resolution from Special General Meeting of Shareholders, to approve the increase of the Company's authorized share capital in connection with the contemplated issue of the offer shares.
- 02.11.2020 The Company announced an agreement to sell its cold stacked 2003 built jack-up drilling rig "Balder" to BW Energy, that the completion of the sale was expected in the fourth quarter 2020.
- 28.10.2020 The Company announced an agreement to sell its cold stacked jack-up drilling rig "Atla" to an independent operator, and that the completion of the sale was expected in the fourth quarter 2020.
- 19.10.2020 The Company announced notice of Special General Meeting of Shareholders, to approve the increase of the Company's authorized share capital in connection with the contemplated issue of the offer shares.
- 14.10.2020 The Company announced appointment of Christoph Bausch as its new Chief Financial Officer, replacing Mr. Francis Millet with effect from 1 November 2020.
- 07.10.2020 The Company announced adjustment of conversion price under the Convertible Bonds from USD 33.4815 to USD 32.7743 per Depository Receipt.
- 05.10.2020 The Company announced increase in share capital due to completion of a private placement.
- 02.10.2020 The Company announced approval of prospectus for the listing of certain of the Depository Receipts in resulting from the private placement completed in May and September 2020.
- 30.09.2020 The Company announced amendments to key details relating to a potential subsequent offering.
- 30.09.2020 The Company announced completion of a private placement by the subscription and allocation of a total of 51,886,793 depository receipts, each at a subscription price of USD 0.53 per depository receipts (equivalent to NOK 5.01 per depository receipts), raising gross proceeds of USD 27.5 million.
- 29.09.2020 The Company announced update on a private placement and bookbuilding, that the Syndicated Facility and the Hayfin Facility have agreed to provide the Company with extra liquidity through a combination of PIK interest and deferral of funding of restricted cash accounts during the next 12 months, and that the Company has decided to lower the amount to be raised in the contemplated private placement to USD 25-30 million.
- 29.09.2020 The Company announced further extension of the application period in a private placement to 30 September 2020 at 8:00 CET.
- 25.09.2020 The Company announced extension of the application period in a private placement to 29 September 2020 at 8:00 CET.
- 23.09.2020 The Company announced key details relating to a potential subsequent offering.
- 22.09.2020 The Company announced that it has reached agreement with the Syndicated Facility and Hayfin Facility, who in sum provides USD595m in loan facilities, to extend their maturity to January 2023

and lower the minimum liquidity covenant to USD5m until maturity, and the plan to reach agreement with the yards before year end 2020 to extend all remaining instalments and maturities under the Company's yard facilities to 2023 and beyond. Update on the integrated well services in Mexico.

- 22.09.2020 The Company announced a contemplated private placement, by issuance of USD 40-50 million in depository receipts.
- 07.09.2020 The Company has received written notice from the NYSE that the Company is not in compliance with the NYSE Continued Listing Standard with respect to the minimum average share price required by the NYSE because the average closing price of its Common Shares had fallen below USD 1.00 per Common Share over a period of 30 consecutive trading days.
- 07.09.2020 The Company announces that Patrick Schorn will step down from the Board, with effect from 8 September 2020, due to his new role as CEO of Borr Drilling.
- 28.08.2020 The Company announced unaudited results for the three and six months ended 30 June 2020.
- 10.08.2020 The Company announced the results of its annual general meeting held on 10 August 2020 in Hamilton, Bermuda. All resolutions were passed as proposed.
- 10.08.2020 The Company announced the appointment of Patrick Schorn as its new Chief Executive Officer with effect from 8 September 2020. Mr. Schorn will succeed Svend Anton Maier who will remain with the Company as Special Advisor to the Chief Executive Officer. Mr. Schorn has been a Director of the Company since January 2018.
- 03.08.2020 The Company announced in its fleet status report that it has entered into a new contract and LOIs for three of its currently warm stacked rigs, adding USD 21 million to the total backlog, with good prospects for additional backlog on these rigs.
- 14.07.2020 The Company advised that the 2020 Annual General Meeting of the Company will be held on 10 August 2020.
- 17.07.2020 The Company announced/updated its financial calendar.
- 03.07.2020 The Company announced to have received a letter from the NYSE, confirming that the Company's average stock price for the trading day period of 30 days ended 30 June 2020 was above the NYSE's minimum requirement of USD 1.00. Accordingly, the Company regained compliance with the Continued Listing Standard.
- 16.06.2020 The Company filed its 2019 annual report on Form 20-F.
- 15.06.2020 The Company announced/updated its financial calendar.
- 05.06.2020 The Company's issued share capital has been increased by USD 2,307,692 to USD 7,921,596, divided into 158,431,911 Common Shares each with a nominal value of USD 0.05 per Common Share completing a private placement of USD 30 million.
- 05.06.2020 The Company announced it has obtained significant amendments to facilities from its secured lenders and shipyards. The agreements were conditional on completion of the USD 30 million private placement.
- 21.05.2020 The Company announced the completion of the USD 30 million private placement through the subscription and allocation of 46,153,846 depository receipts, each at a subscription price of USD 0.65 (equivalent to NOK 6.45 per depository receipts). Further, the Company announced an investor presentation and notice of special general meeting.
- 20.05.2020 The Company has, as a result of the weakened market, actively entered into discussions with the shipyards and creditors to create a liquidity runway. In order to reach agreement with the shipyards

and the creditors, Borr Drilling is contemplating to offer up to USD 30 million in new depository receipts. The net proceeds from the USD 30 million private placement will be used for strengthening the Company's working capital and general corporate purposes. Further, the Company announces its financial calendar.

- 12.05.2020 The Company has received written notice from the NYSE that the Company is not in compliance with the NYSE Continued Listing Standard with respect to the minimum average share price required by the NYSE because the average closing price of its Common Shares had fallen below USD 1.00 per Common Share over a period of 30 consecutive trading days.
- 30.04.2020 The Company sold two standard jack-up drilling rigs, the "Dhabi II" and the "Paragon B152", for total cash proceeds of USD 15.8 million, including the associated backlog effective from 1 April 2020. The Company will continue to operate the rigs under a services agreement which will ensure continuity for our customer.
- 13.04.2020 The Company announced that it has been awarded LOAs for work in the Asia Pacific region for two of its premium jack ups for estimated duration, excluding options, of 365 days and 200 days, respectively. The rigs are expected to commence in the third quarter of 2020. The Company has received notices of early termination of contracts from Exxon Mobil for the rigs "Gerd" and "Groa" which are working in Nigeria under contracts originally committed until April 2021 and May 2021. The Company has received a notice of early termination for the semi-submersible "MSS1" which finished its contract on 25 March 2020, one month earlier than previously estimated. The rig is entitled to an early termination fee as per contract provisions. Following its campaign with Neptune, the "Prospector 5" received notification from its follow-on customer, Perenco, electing not to proceed with the previously announced contract for the rig. The rig is scheduled to commence operation for CNOOC in the North Sea between September and November 2020. The net impact of the new contracts, and the early termination of the existing contracts, is estimated to affect the total revenue backlog negatively by approximately USD 16 million.
- 28.02.2020 The Company announced the unaudited results for the three- and twelve-months ended 31 December 2019 and an investor presentation.
- 17.02.2020 The Company announced a new financing arrangement for the newbuild jack-up rig "Tivar", scheduled to be delivered from the yard in July 2020. The existing USD 50 million bank delivery financing for the rig will be replaced with a new USD 100 million take out facility maturing in 31 December 2021. As part of the agreement the delivery of the jack up rigs "Vale" and "Var" are conditional upon full repayment of the facility or can be carried out 180 days after an early repayment of the financing.

## **7 DIVIDENDS AND DIVIDEND POLICY**

### **7.1 Dividend policy**

Under the Company's Bye-laws, its Board may declare cash dividends or distributions, and may also pay a fixed cash dividend biannually or on other dates. The Company has not paid any dividends to its shareholders since incorporation. We aim to distribute a portion of our future earnings from operations, if any, to our shareholders from time to time as determined by our Board. Any dividends declared in the future will be at the sole discretion of our Board and will depend upon earnings, market prospects, current capital expenditure programmes and investment opportunities.

Since 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 depend on its subsidiaries distributing to the Company their earnings and cash flow. Some of our loan agreements currently limit or prohibit our subsidiaries' ability to make distributions to us and our ability to make distributions to our shareholders.

### **7.2 Legal constraints on the distribution of dividends**

A Bermuda company may not, as per Section 54 of the Bermuda Companies Act, declare or pay a dividend, or make a distribution out of contributed surplus equity, if there are reasonable grounds for believing that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realizable value of the Company's assets would thereby be less than its liabilities or in circumstances that would result in an unlawful reduction of share capital or share premium.

"Contributed Surplus", for the purpose of Section 54 of the Bermuda Companies Act, includes proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the Company.

Under the Bye-laws, the Board may declare dividends and distributions without the approval of the shareholders in general meetings.

### **7.3 Manner of dividend payments to holders of Depository Receipts**

Any future payments of dividends on the Depository Receipts will be made in the currency of the bank account of the relevant holder of Depository Receipts registered with the VPS and will be paid to the holder through the VPS. Holders of Depository Receipts registered in the VPS who have not supplied the VPS with details of their bank account, will not receive payment of dividends unless they register their bank account details with their VPS registrar, and transfer fees may apply for payments made in such manner. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant holder's currency will be the exchange rate of the relevant bank on the payment date. Dividends will be credited automatically to the VPS registered holders' accounts, or in lieu of such registered account, at the time when the holder of Depository Receipts has provided the VPS registrar with their bank account details. The right to payment of dividend will lapse three years following the resolved payment date for those holders of Depository Receipts who have not registered their bank account details with the VPS registrar.

## 8 INDUSTRY AND MARKET OVERVIEW

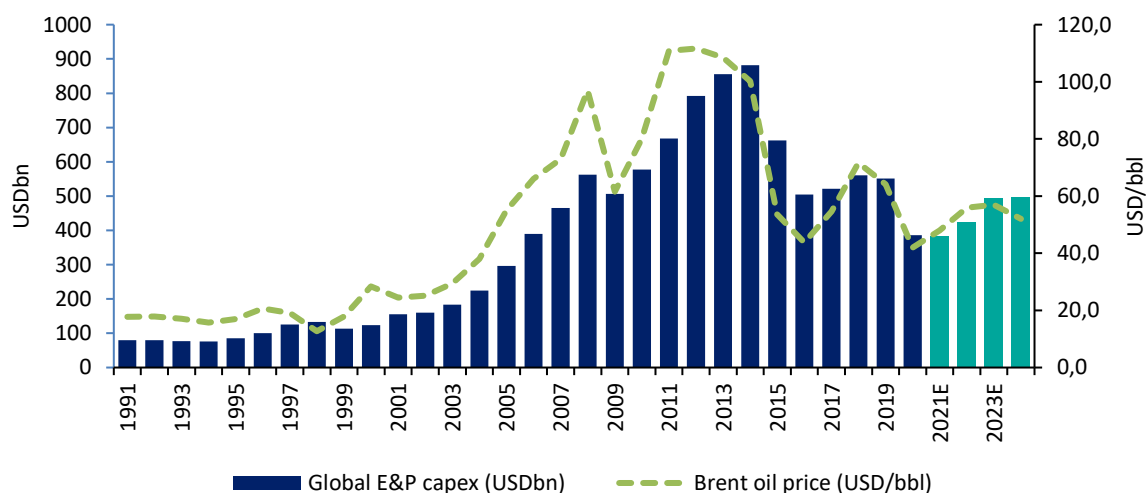
### 8.1 Introduction

The Group operates in the offshore drilling market which is a part of the international oil service industry. The fundamental driver of oilfield services and offshore drilling activity is the level of investment by and the E&P Companies' exploration, development and production of crude oil and natural gas. Historically, the level of upstream capital expenditure has been driven by future oil and natural gas price expectations. This correlation has recently been observed following the decline in crude oil prices in 2014, which had a negative impact on the demand for services across the oil service industry in general. As oil prices fell from an average of USD 109 per barrel (Unit of Brent oil – "Bbl") in H1 2014 to an average of USD 44/Bbl in 2016, the lower price along with uncertainty of future price development caused a material reduction in exploration and development spending, both in 2015 and in 2016.

The oil price increase from 2016 through most of 2018, laid the foundation for an uptick in offshore E&P capex in 2019 of 4%, after three years of consecutive decline according to numbers from Rystad Energy. For 2020, expenditure is expected to have decreased with around 18% due to that E&P companies cut capex as oil prices fell on lower demand due to COVID-19. Onshore expenditure saw a more severe reduction, with 35% decrease in 2020. Rystad Energy expects offshore E&P capex to be roughly the same in 2021 before expenditure is expected to increase with 6% in 2022, 17% in 2023 and 6% in 2024.

The figure below shows the global E&P spending on exploration and production and the oil price from 1990 to 2023E.

Figure 1: Global E&P capex in USD billion 1991 - 2023e



Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers) and Rystad Energy at [www.rystadenergy.com/energy-themes/oil--gas/](http://www.rystadenergy.com/energy-themes/oil--gas/) (a payable client portal)

### 8.2 The global offshore drilling market

The offshore contract drilling industry provides drilling, workover and well construction services to oil and gas companies through the use of mobile offshore drilling rigs. Historically, the offshore drilling industry has been highly cyclical. Offshore exploration and development spending has fluctuated substantially on an annual and regional basis depending on several factors, including amongst others:

- General worldwide economic activity;
- Worldwide supply and demand for crude oil and natural gas;
- Oil and gas operators' expectations regarding crude oil and natural gas prices;
- Disruption to exploration and development activities due to severe weather conditions;
- Anticipated production levels and inventory levels;



- Political, social and legislative environments in major oil-producing regions;
- Regional and global economic conditions and changes therein; and
- The attractiveness of the underlying geographical prospects, in both specific fields and geographic locations.

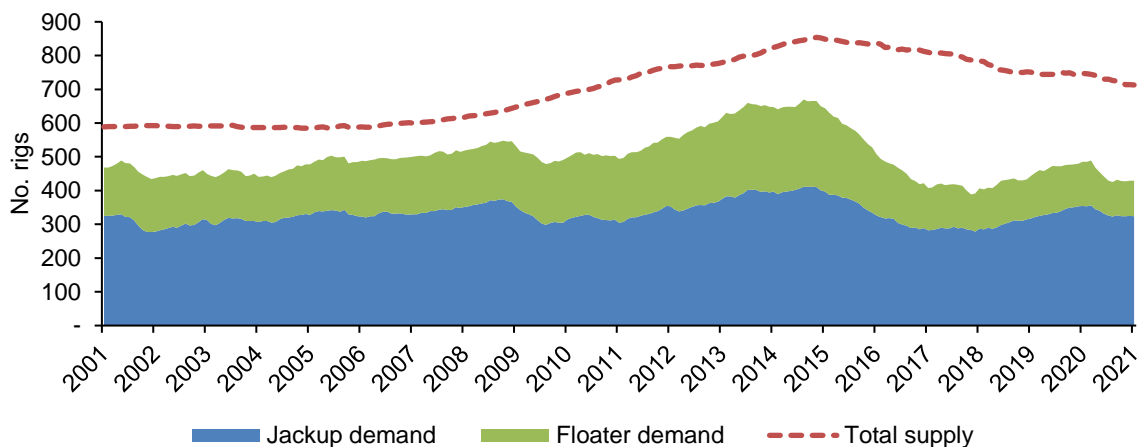
The profitability of the offshore drilling industry is largely determined by the balance between supply and demand for rigs. Offshore drilling contractors can mobilize rigs from one region of the world to another, or reactivate cold stacked rigs in order to meet demand in various markets.

The shallow water segment of the drilling industry is particularly competitive with no single contractor having a dominant market share. Competitive factors include price, rig availability, rig operating features, workforce experience, operating efficiency, condition of equipment, safety record, contractor experience in a specific area, reputation and customer relationships.

Offshore drilling contractors typically operate their rigs under contracts received either by submitting proposals in competition with other contractors or following direct negotiations. The rate of compensation specified in each contract depends on the number of available rigs capable of performing the work, the nature of the operations to be performed, the duration of work, the amount and type of equipment and services provided, the geographic areas involved and other variables. Generally, contracts for drilling services specify a daily rate of compensation and can vary significantly in duration, from weeks to several years.

Global offshore drilling expenditure increased significantly in the period from 2004 to 2013 (with a temporary drop in 2009 and 2010). Approximately USD 478 billion was spent on offshore drilling services from 2000 to 2014 according to Rystad Energy’s estimates. North America and North West Europe represented the major share of this. The significant decline in oil and gas prices during the latter part of 2014, and throughout 2015 and 2016, led to an abrupt reduction in demand for rigs in 2015 and onwards. The figure below illustrates the development in supply and demand in the offshore drilling market. The category “Demand” reflects the number of rigs actually working at any given time.

Figure 2: Supply and demand of offshore drilling rigs



Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers) and Rystad Energy at [www.rystadenergy.com/energy-themes/oil--gas/](http://www.rystadenergy.com/energy-themes/oil--gas/) (a payable client portal)

Periods of high demand are typically followed by a shortage of rigs and consequently higher day rates which, in turn, make it profitable for industry participants to place orders for new rigs. This was the case prior to the oil price decline in 2014, where several industry participants ordered new rigs in response to the high demand in the market. However, despite the deteriorating market conditions between 2015 and 2016, the number of rigs available in the market continued to increase due to rigs coming off contract with no follow on work and due to the inflow of new rigs (albeit at a slower rate than originally planned), turning an excess rig demand into an excess supply of rigs and, consequently reducing day rates.

Most rigs are owned by industry participants who provide drilling services as their primary or only activity. Offshore drilling rigs are generally divided into three main categories as shown in the figure below.

Figure 3: Main rig categories by water depth



Source: Clarksons Platou Securities AS (only available to paying customers)

All offshore rigs provide varying levels of storage capacity, workspace, drilling and water depth capabilities as well as living quarters necessary to support well construction and maintenance services to its customer 24 hours a day. Main rig categories are separated by the water depth at which they can drill:

- **Drillships:** Generally self-propelled ships that can either be equipped with conventional mooring systems or dynamic positioning systems. Drillships are well suited for ultra-deepwater drilling and drilling in remote locations due to their mobility and high load capacity.
- **Semi-submersible rigs:** Floating platforms with a ballasting system, operating in a “semi-submerged” position, with the lower hull ballasted below the waterline. Can either be moored or dynamically positioned and is well suited to medium water depth or harsh environments.
- **Jack-up rigs:** A jack-up drilling rig is towed to the drill site with its hull riding in the water and its legs raised. At the drill site, the jack-up drilling rig’s legs are lowered until they penetrate the seabed. Its hull is then elevated (jacked-up) until it is above the surface of the water. After the completion of drilling operations at a drill site, the hull is lowered until it rests on the water and the legs are raised. The rig can then be relocated to another drill site. Jack-up drilling rigs typically operate in shallow water depths, generally less than 400 ft. To move jack-up drilling rigs long distances (e.g. when mobilizing from one region to another), the rig is transported on board a heavy-lift vessel with the entire rig travelling above the water line.

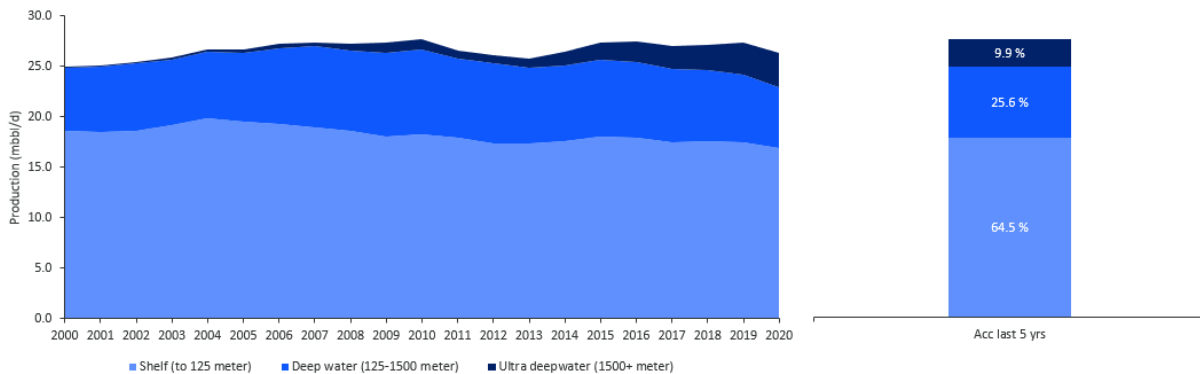
### 8.3 The jack-up drilling rig segment

#### 8.3.1 The market

Jack-up drilling rigs can, in principle, be used to drill (a) exploration wells, i.e. explore for new sources of oil and gas or (b) new production wells in an area where oil and gas is already produced. The latter activity is referred to as development drilling. The shallow water oil and gas production is a low-cost production, second only to Middle East onshore production in terms of cost. As a result, and due to the shorter period from investment decision to cash flow, E&P Companies generally prefer shallow water developments over other offshore production categories.

As shown in the figure below, shallow water oil production, where jack-up drilling rigs are used, accounted for ~65% of the global offshore production during the last five years. It therefore represents a key element in the global oil supply chain.

Figure 4: Offshore oil production by water depth



Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

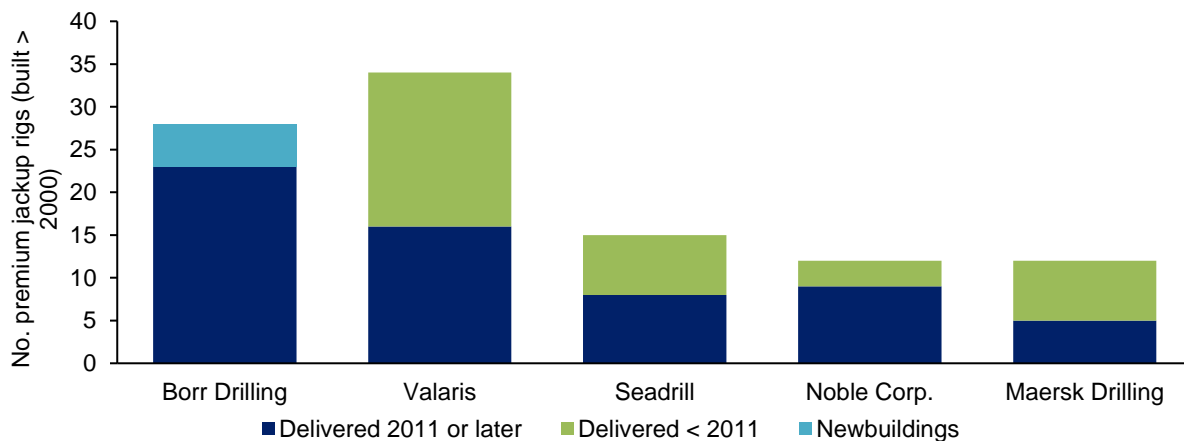
Further, 83% out of the average 460 marketed jack-up drilling rigs globally were used for development drilling in 2016. The remaining 17% was used for exploration drilling. This makes the jack-up drilling rig market more resilient and less volatile compared to the other offshore drilling markets, which are more dependent on exploration drilling.

### 8.3.2 Categories of jack-up drilling rigs

There are several sub-categories within the jack-up drilling rig segment based on different attributes of the rigs, typically water depth capability, hook load capacity and cantilever reach. Some rigs can also be equipped to operate in harsh environment (lower temperature and harsher weather conditions). The offshore drilling market has, over the last years, experienced a shift in demand towards premium rigs. In line with this trend, several drilling contractors have renewed their fleets through both ordering newbuildings and secondhand acquisitions. Rigs delivered ex yard in 2001 or later are commonly referred to as premium rigs. Rigs delivered prior to 2001 are usually referred to as standard rigs.

One of the main reasons for the increased focus on premium rigs is an expected increase in the activity which requires equipment of higher standards due to more demanding wells. The Macondo incident has led to an increased focus on safe operations and HSE performance from the E&P Companies, shifting their preference to premium rigs. The global jack-up drilling rig fleet is generally facing an age challenge as more than one third of the fleet is 35 years or older, as illustrated later in this Section. This potentially impacts negatively on safety and operational performance. The figure below shows the largest owners of premium rigs by number of rigs.

Figure 5: Largest premium jack-up rig owners by number of rigs



Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

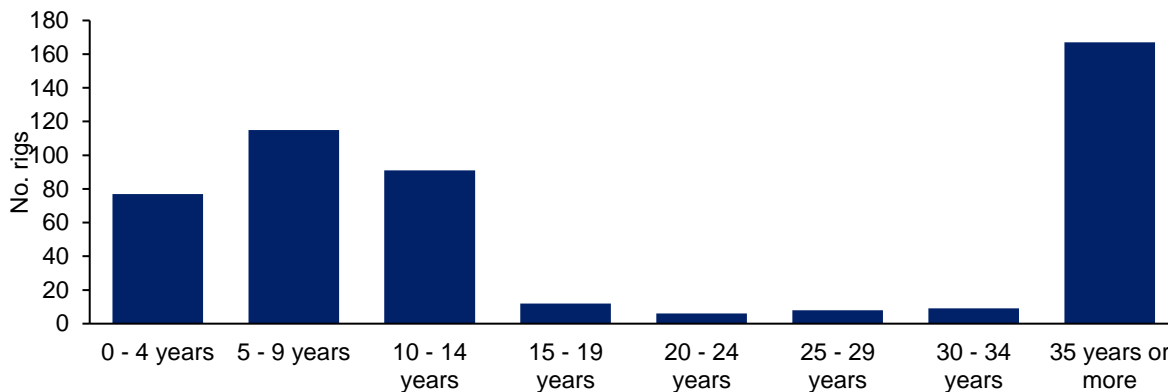
### 8.3.3 The global fleet

The global jack-up drilling rig fleet is currently at 502 units. In addition, 35 jack-up drilling rigs are under construction (of which a large number has been ordered by financially weak players and speculators).

In the period from 2010 to 2019, 176 jack-up drilling rigs with an average age of 35 years were removed from service, significantly more than in the 15 year period from 1995 to 2009, when 44 jack-up rigs with an average age of 27 years were removed. Following this significant scrapping activity over the last years, the proportion of the fleet that is older than 35 years has decreased, but it is still more than one third of the fleet.

Older jack-up drilling rigs are expected to be retired at an increasing rate, and although there are large variations in the condition of such rigs, the expected increased complexity of wells to be drilled and the general focus on safe operations and HSE performance by the E&P Companies is shifting demand towards premium rigs.

Figure 6: Fleet age distribution



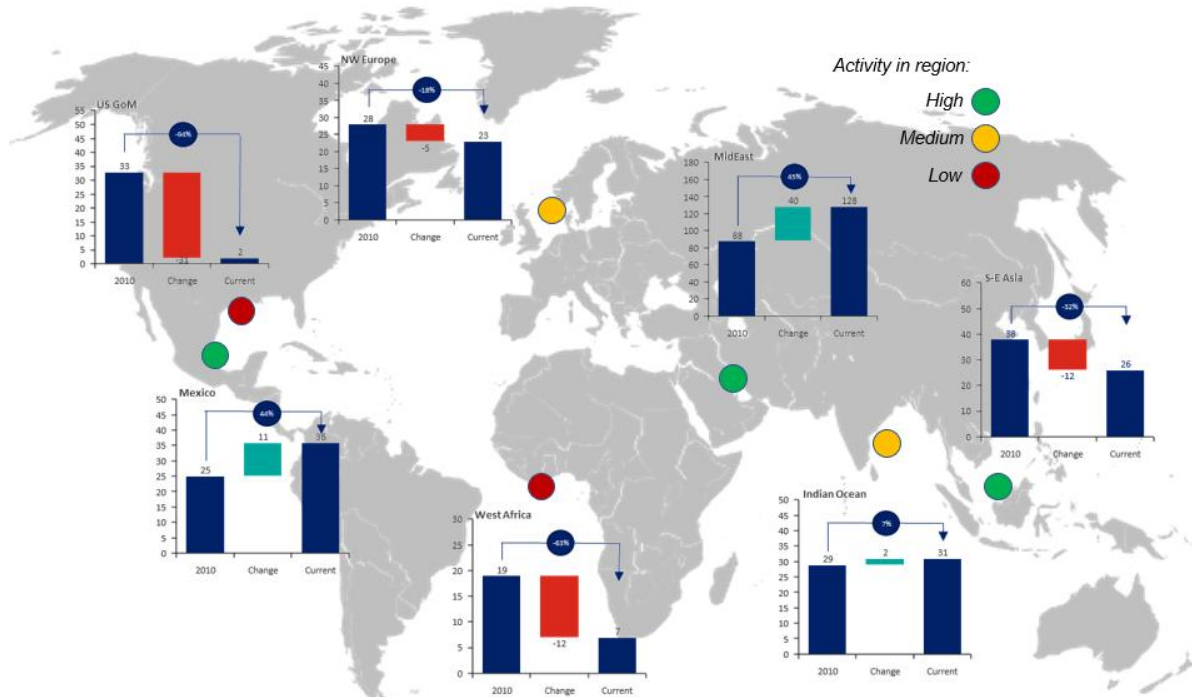
Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

A large portion of the aforementioned older rigs are cold-stacked and will require significant capital expenditure in order to return to work / become competitive.

The supply and demand balance will also be impacted by older jack-up drilling rigs coming up for special periodic survey in the next years, as each rig needs to undergo a special survey every 5<sup>th</sup> year. Many of these are likely to be phased out as the investment horizon over which upgrade investments must be defended is uncertain.

Since 2010, the geographical location of the working jack-up drilling rig fleet, has been most stable and high in the Middle East, the North Sea and South East Asia (representing more than 50% of the contracted fleet). These markets are still among the most active and promising markets for premium rigs in the medium and longer term. The Middle East and South East Asia markets are also characterized by high activity from E&P Companies that are owned wholly or with a majority share by national government ("**NOCs**") and low breakeven costs relative to other regions. The development in activity in West Africa has been negative, Mexico has been moderate and more positive in recent years, while the U.S. Gulf of Mexico has collapsed and is no longer considered a relevant market for jack-up rigs. The jack-up drilling rig demand in the Indian Ocean is covered mainly by local operators and standard rigs.

Figure 7: Current jack-up market activity by region compared to 2010

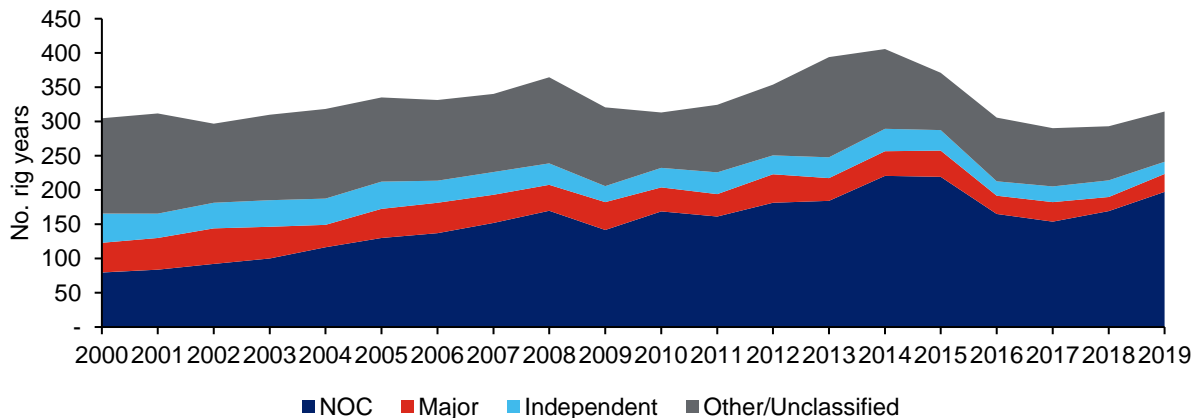


Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

### 8.3.4 Demand

Historically, demand for jack-up drilling rigs has been driven by NOCs. They have, since 2000, had more stable operational activities than other major E&P Companies. Large independents and small independent E&P Companies have generally become more deepwater focused. NOCs have represented an average of 49% of the total jack-up rig demand between 2010 and 2016. In comparison, the second largest jack-up drilling rig user by category, the major E&P Companies had, on average, 17% out of the total jack-up rig demand between 2010 and 2016. The figure below shows the development in jack-up drilling rig demand by type of operator.

Figure 8: Jack-up drilling rig demand by operator

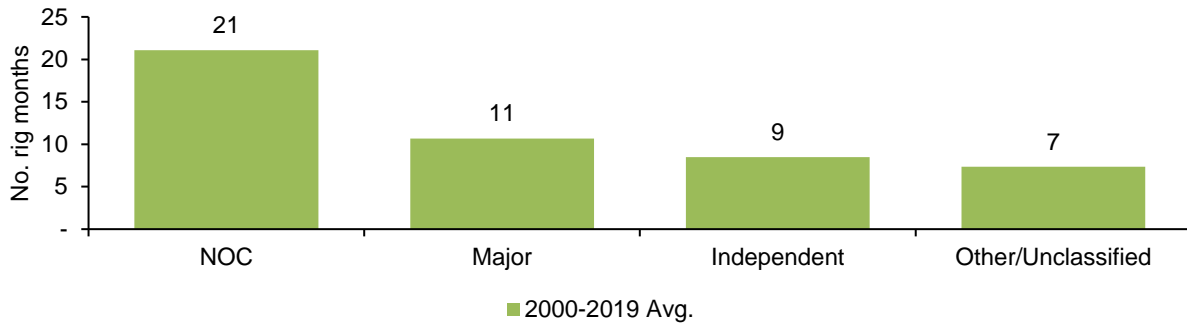


Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

NOCs typically take a long-term view of the offshore drilling market. This has resulted in an increase in offshore jack-up rig contract days in recent years. In contrast, independent E&P Companies generally take a shorter-term view of the offshore drilling market. These different approaches have resulted in a divergence of activity levels with independent E&P Companies being more prone to cancelling or delaying projects where the viability is threatened by persistent cost increases. On the other hand, NOCs’ long term view tends to result in fewer project cancellations, longer contract lengths and ultimately, higher levels of sustained drilling activity.

The figure below illustrates the average jack-up drilling rig contract lengths by operator type.

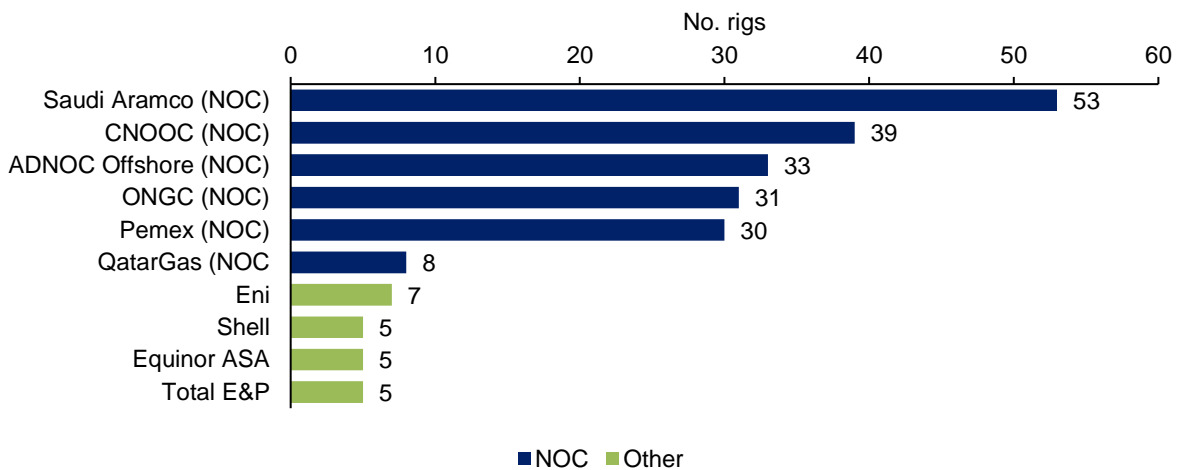
Figure 9: Average jack-up drilling rig contract lengths by operator type



Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

As shown in the figure below, and as of January 2021, the NOCs who have contracted the largest number of offshore jack-up drilling rigs are Saudi Aramco, CNOOC, ADNOC, ONGC, and Pemex. It is expected that these companies will continue with high levels of shallow water drilling activity. The figure below illustrates the top 10 operators in terms of number of contracted jack-up drilling rigs.

Figure 10: Contracted & owned jack-up drilling rigs by top 10 operators

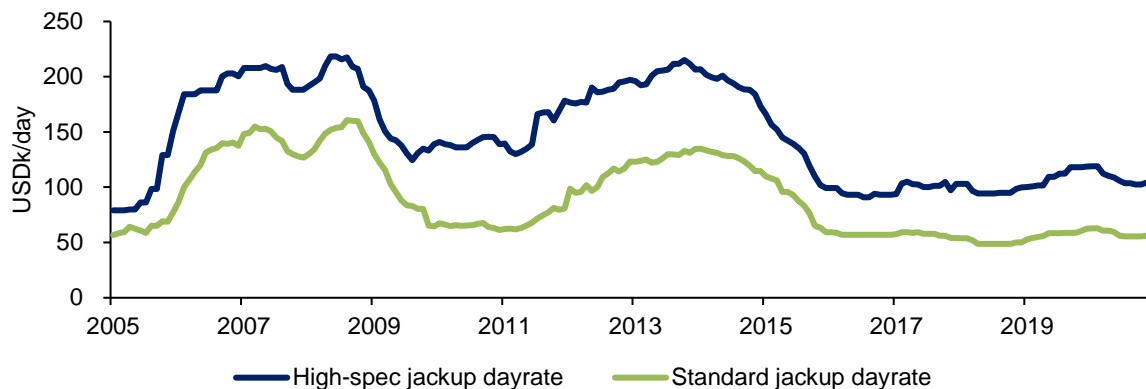


Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

### 8.3.5 Day rates

The global jack-up drilling rig market experienced a steady increase in day rates in the period 2010 to 2014. The significant increase was mainly due to an increased demand for drilling services caused by rapidly increasing oil and gas prices and investments in exploration during the period. The day rates have since fallen 50-60% from the level in 2014, before a recovery started in 2018. In connection with the oil price fall in 2020, the positive upwards trend in utilization has been reversed and day rates have therefore also come down somewhat. The figure below shows the development in day rates.

Figure 11: Premium vs. standard jack-up drilling day rate



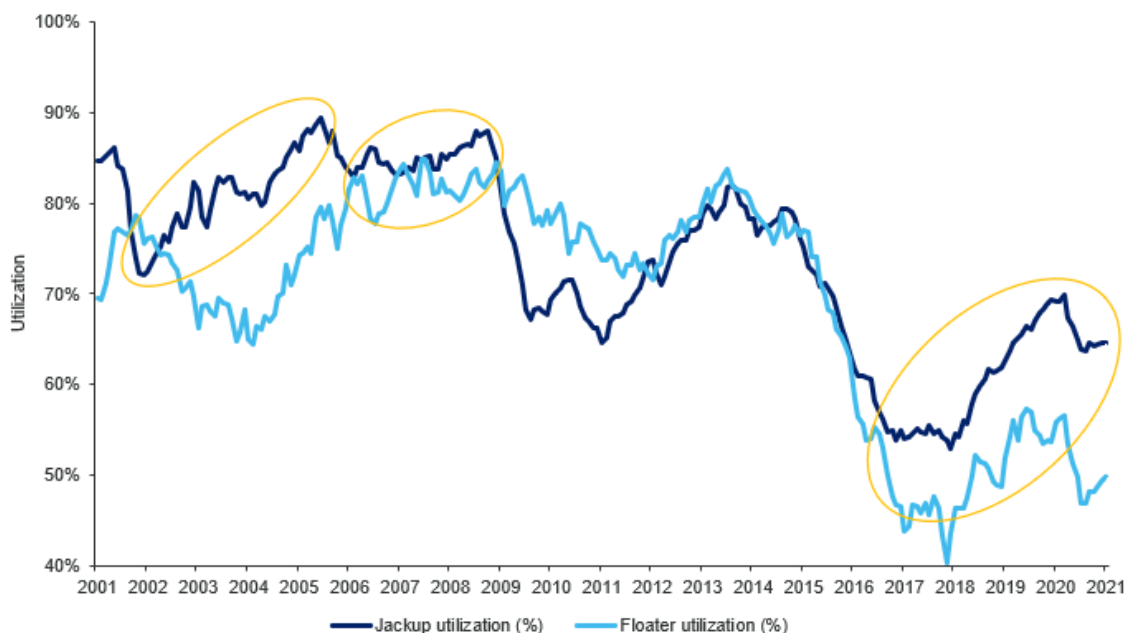
Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

### 8.3.6 Utilization

Historically, the international jack-up drilling rig fleet has been able to maintain relatively high utilization rates, even during turbulent market conditions. However, in line with the rest of the industry, the global jack-up drilling rig market was adversely affected by the abrupt downturn in 2014 which resulted in oil companies cancelling and/or postponing their drilling projects. The upward trend since 2011 was broken and the average utilization rate for jack-up drilling rigs fell from approximately 88% in 2013 to approximately 53% at the lowest in 2017. The utilization rate of the marketed fleet is estimated to be approximately 76% as of the date of this Prospectus, compared to approximately 73% and 81% seen in the same month of 2019 and 2020 respectively.

The jack-up drilling rig market's short cycle nature means that recovery is usually faster than in the floater market, which can be seen in the graph below. The main reason behind this is that E&P Companies, and NOCs in particular, prefer shallow water developments over deepwater as the market recovers, due to shorter periods from investment decision to cash flow. The figure below illustrates the development in total utilization for the global jack-up drilling rig fleet compared to the global floater fleet.

Figure 12: Total utilization for jack-up drilling rigs vs floaters



Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

### 8.3.7 Competition and margins

The offshore drilling industry is highly competitive with numerous participants, ranging from large international companies to smaller, locally owned companies and rigs owned by NOCs. The operations of the largest players are

usually dispersed around the globe due to the high mobility of most rigs. Although the cost of moving a rig from one region to another and the availability of rig moving vessels may cause a short term imbalance between supply and demand in one region, significant variations between regions do not exist in the long-term due to rig mobility. The exception is the harsh environment market since non-harsh environment rigs are not capable of operating in these areas. Thus, the industry is characterized by a fiercely competitive, single and global market.

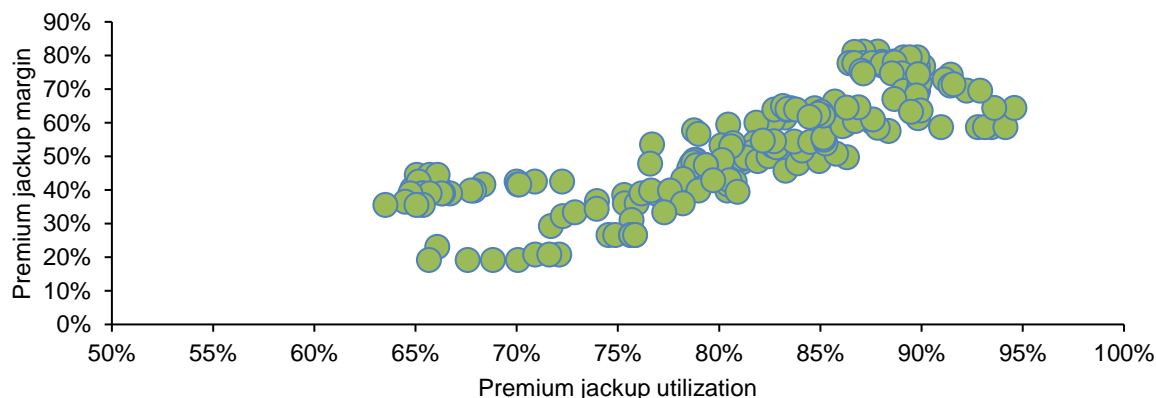
Notwithstanding the volatility of day rates and the fierce competitive nature of the jack-up market, the industry has delivered positive gross margins the past 20 years, and remains positive even in the current market. There has historically been a linear relationship between the margin and utilization. This can be seen in the two graphs below.

Figure 13: Premium jack-up drilling rig margin 2005-2020



Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

Figure 14: Premium jack-up drilling rig margin over time versus utilization 2005-2020YTD



Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

### 8.3.8 2020 and YTD performance

Following the oil price fall during 2014-2016 there was a substantial recovery in 2018 pushing the Brent Crude Oil price to an average of USD 72/Bbl for the year. This led to more production from short-cycle oil producers, which resulted in the oil price stabilizing just above USD 60/Bbl in 2019. On the back of the stronger oil price environment in 2018 and 2019, jack-up tendering activity increased. With more contract awards and increasing utilization, day rates also increased as shown above.

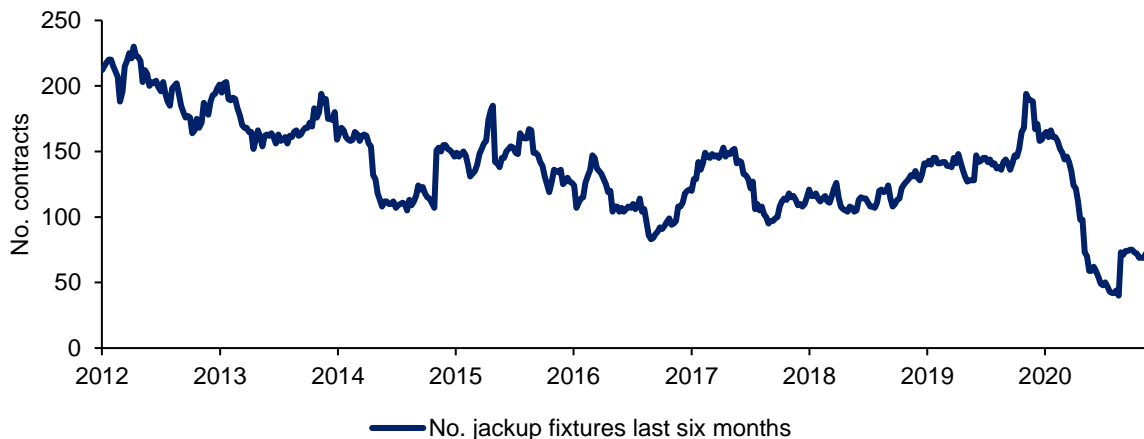
During 2020 however, global economic activity decreased substantially from shutdowns to prevent the spread of Covid-19. The reduced economic activity has resulted in a fall in the oil price, which at the time of this Prospectus is approximately USD 55/Bbl, down approximately 16% since 31 December 2019. Medium-term oil consumption forecasts went down through 2020, yet oil price recovery seems to have been swifter than what was expected by most oil majors when they downgraded their oil price forecasts during 2Q20 and 3Q20. If oil prices sustain, it should provide protection to further cuts in E&P spending and eventually lead to an uptick.



As the current global health crisis is unprecedented and will have long-lasting impacts on society that it is not yet fully possible to predict, it is challenging to forecast medium to longer-term outlook for E&P spending and offshore drilling demand. However, as shown previously in this chapter, the jack-up drilling market is shorter-cycle than the floater market and could thus be the first offshore drilling market to recover should the oil price stay firm or continue to increase.

The increase in activity from mid-2018 through 2019, and subsequent steep decrease in 2020, can be seen from the figures below, which show the number of jack-up fixtures and contracted jack-up days. An uptick has been observed since the bottom point in September 2020.

Figure 15: Number of jack-up fixtures last six months



Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

Figure 16: Number of contracted jack-up days TTM



Source: Clarksons Platou Securities AS Equity Research, January 2021 (only available to paying customers)

## 9 CAPITALISATION AND INDEBTEDNESS

### 9.1 Introduction

The financial information presented below has been extracted from the Company's Condensed Consolidated Financial Statements for the nine months ending 30 September 2020 (unaudited) and should be read in connection with the other parts of this Prospectus, in particular Section 10 ("Selected Financial and Other Information") and Section 11 ("Operating and Financial Review".)

The financial information presented below provides information about the Group's capitalisation and net financial indebtedness on an actual basis as at 30 September 2020 and, in the "Adjustments" column, the Group's capitalisation and net financial indebtedness as at 30 September 2020, on an adjusted basis to give effect to the private placement completed in September/October 2020 and the subsequent offering completed in November 2020.

Other than as set forth above, there has been no material change to the Group's capitalisation and net financial indebtedness since 30 September 2020.

### 9.2 Capitalisation

The following table sets forth information about the Group's capitalisation as at 30 September 2020 (unaudited):

<i>In USD million</i>	<b>As at 30 September 2020</b>	<b>Adjustments</b>	<b>#</b>	<b>As adjusted</b>
<i>Total current debt:</i>				
Guaranteed.....	-	-		-
Secured.....	-	-		-
Unguaranteed and unsecured.....	122.3	-		122.3
<b>Total current debt: .....</b>	<b>122.3</b>	<b>-</b>		<b>122.3</b>
<i>Total non-current debt:</i>				
Guaranteed.....	-	-		-
Secured (*) .....	1,903.6	-		1,903.6
Unguaranteed and unsecured.....	123.4	-		123.4
<b>Total non-current debt: .....</b>	<b>2,027.0</b>	<b>-</b>		<b>2,027.0</b>
<b>Total indebtedness.....</b>	<b>2,149.3</b>	<b>-</b>		<b>2,149.3</b>
<b>Shareholders' equity</b>				
Share capital.....	7.9	3.1	(i,ii)	11.0
Additional paid-in capital.....	1,918.7	28.3	(i,ii)	1,947.0
Retained deficit.....	(836.2)	-		(836.2)
Treasury shares.....	(26.2)	-		(26.2)
Non-controlling interests.....	0.2	-		0.2
<b>Total shareholders' equity.....</b>	<b>1,064.4</b>	<b>31.4</b>		<b>1,095.8</b>
<b>Total capitalisation.....</b>	<b>3,213.7</b>	<b>31.4</b>		<b>3,245.1</b>

(\*) The "Saga", "Skald" and "Thor" are pledged as collateral for the USD 195 million Hayfin loan facility. The "Frigg", "Idun", "Norve", "Prospector 1", "Prospector 5" and "Mist" are pledged as collateral for the USD 450 million Syndicated Senior Secured Credit Facilities. The "Odin" is pledged as collateral for the New Bridge Facility. The "Galar", "Gerd", "Gersemi", "Grid", "Gunnlod", "Groa", "Gyme", "Natt" and "Njord" are pledged as collateral for the PPL financing. The "Hermod", "Heimdal" and "Hild" are pledged as collateral for the Existing Keppel Financing.

The adjustments to the capitalization table above are explained as follows:

- (i) On 5 October 2020, the Company issued 51,886,793 common shares and depository receipts in a private placement, each at a subscription price of USD 0.53 per share, raising gross proceeds of USD 27.5 million (net USD 26.3 million).
- (ii) On 30 November 2020, the Company issued 10,000,000 common shares in a subsequent offering, each at a subscription price of USD 0.53 per share, raising gross proceeds of USD 5.3 million (net USD 5.1 million).

### 9.3 Indebtedness

The following table set forth information about the Group's net financial indebtedness as at 30 September 2020 (unaudited):

	<b>As at 30 September 2020</b>	<b>Adjustments</b>	<b>#</b>	<b>As adjusted</b>
<i>In USD million</i>				
(A) Cash and restricted cash.....	12.5	31.4	(i,ii)	43.9
(B) Cash equivalents.....	-	-		-
(C) Trading securities.....	-	-		-
<b>(D) Liquidity (A)+(B)+(C) .....</b>	<b>12.5</b>	<b>31.4</b>		<b>43.9</b>
<b>(E) Current financial receivables.....</b>	<b>138.1</b>	-		<b>138.1</b>
(F) Current bank debt.....	-	-		-
(G) Current portion of non-current debt.....	-	-		-
(H) Other current financial debt.....	-	-		-
<b>(I) Current financial debt (F)+(G)+(H) .....</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>(J) Net current financial indebtedness (I)-(E)-(D) .....</b>	<b>(150.6)</b>	<b>(31.4)</b>		<b>(182.0)</b>
(K) Non-current bank loans.....	1,556.4	-		1,556.4
(L) Bonds issued.....	347.2	-		347.2
(M) Other non-current loans.....	-	-		-
<b>(N) Non-current financial indebtedness (K)+(L)+(M) .....</b>	<b>1,903.6</b>	-		<b>1,903.6</b>
<b>(O) Net financial indebtedness (J)+(N) .....</b>	<b>1,753.0</b>	<b>(31.4)</b>		<b>1,721.6</b>

The adjustments to the indebtedness table above are explained as follows:

- (i) On 5 October 2020, the Company issued 51,886,793 common shares and depository receipts in a private placement, each at a subscription price of USD 0.53 per share, raising gross proceeds of USD 27.5 million (net USD 26.3 million).
- (ii) On 30 November 2020, the Company issued 10,000,000 common shares in a subsequent offering, each at a subscription price of USD 0.53 per share, raising gross proceeds of USD 5.3 million (net USD 5.1 million).

### 9.4 Working capital statement

The Group is of the opinion that the working capital available to the Group is not sufficient for the Group's present requirements, for the period covering at least 12 months from the date of the Prospectus.

Although the Company's current working capital forecast for the period covering the 12 months from the date of the Prospectus does not indicate a short fall in available liquidity, the forecast is subject to uncertainties around Pemex' timely payments for our services. The Company's forecast reflects an assumption that it will continue to operate all five rigs in Mexico through its participation in the Joint Ventures, with the IWS JVs providing integrated well services for the full year of 2021, although the current contracts expire during 2021, and some or all of them might not be renewed. Compared to the forecast included in the prospectus from the Company dated 13 November 2020, the current assumptions of continued operations under the Joint Ventures have resulted in downwards revisions of the expected cash distributions from the rigs, mainly as a result of working capital (cash) required in all of the Joint Ventures for a longer period with working capital being released to the Company at a later point in time.

The cash and cash equivalents, including assumed proceeds of USD 46 million from the Private Placement, are expected to reach a low point of USD 27 million in January 2022, and a high point of USD 52 million at the end of February 2021. The Company will, following the 2021 Amendments (see Section 11.8.13 ("2021 Amendments")) be required to maintain minimum free cash of USD 5 million until 31 December 2021, when the requirement increases to USD 10 million and then USD 15 million when the requirement increases on 30 June 2022. The cash and cash equivalents above are not adjusted for minimum cash requirements. Following the effectiveness of the 2021 Amendments, the Company does not have any ordinary debt repayments or amortisation until 2023.

Given the uncertainty related to timely payment by Pemex to the IWS JVs, and generally in the global economy as a result of the COVID-19 pandemic and the impact that this has on our ability to reliably forecast future operating performance, this level of headroom is not considered sufficient for the Company to reasonably conclude that the working capital available to the Group is sufficient for the Group's present requirements for the period covering at least 12 months from the date of this Prospectus.

Management and the Board are actively monitoring cash forecasts and have multiple options to manage cash expenditure during the period. The Company has a track record of raising incremental debt, new equity, new or amended facilities with Lenders, and selling assets for cash. In addition, new rig contracts or continuation of existing contracts, will increase operating cashflows and provide additional operating headroom, as would further cost reduction programs. The Company is also working actively with its JV partner to implement further factoring arrangements for its Pemex receivables. Management are confident of being able to manage any short term cash flow requirements through any combination of the above, however there is no certainty that they will succeed.

#### **9.5 Contingent and indirect indebtedness**

As at the date of this Prospectus, the Group has a potential liability for a performance guarantee provided by the Company to its Mexican Integrated Well Service joint venture, Opex. The theoretical premium value of the operational guarantee has been calculated as USD 5.9 million and is included within Equity Method Liabilities in the Balance Sheet as of 30 September 2020. There is no other contingent or indirect indebtedness.

## 10 SELECTED FINANCIAL AND OTHER INFORMATION

### 10.1 Introduction and basis for preparation

The following summary of consolidated financial data has been derived from the Group's Condensed Consolidated Financial Statement for the nine months to 30 September 2020 (unaudited) and the Consolidated Financial Statements for 2019 (audited). The Group's Consolidated Financial Statements have been prepared in accordance the US GAAP.

The selected consolidated financial data set forth in this Section should be read in conjunction with the Group's Consolidated Financial Statements as incorporated by reference in this Prospectus (see Section 17.3 "Incorporation by reference"). The Group's Consolidated Financial Statements may also be inspected at the Company's website [www.borrdrilling.com](http://www.borrdrilling.com) or be obtained, free of charge, at the registered office of the Company at S.E. Pearman Building, 2nd Floor 9 Par-la-Ville Road, Hamilton HM11 Bermuda.

Please see Sections 10.2 ("Summary of accounting policies and principles") and 10.3 ("Historical financial information") of this Prospectus and should be read together with Section 11 ("Operating and Financial Review").

The Group's Consolidated Financial Statements for 2019 have been prepared on a going concern basis and in accordance with U.S. GAAP. Please see note 1 in the Consolidated Financial Statements and Report of the Independent Registered Public Accounting Firm regarding substantial doubt about our ability to continue as a going concern, incorporated by reference to this Prospectus (see Section 17.3 "Incorporation by reference"). Please see note 1 in the Condensed Consolidated Financial Statements regarding substantial doubt about our ability to continue as a going concern, incorporated by reference to this Prospectus (see Section 17.3 "Incorporation by reference"), and further refer to our working capital statement in Section 9.4 ("Working capital statement").

### 10.2 Summary of accounting policies and principles

The Group's Consolidated Financial Statements for 2019, including the accounting principles and notes as set forth thereof, are incorporated by reference to this Prospectus (see Section 17.3 "Incorporation by reference").

### 10.3 Historical financial information

#### 10.3.1 Consolidated Statements of Operations

The table below sets out selected data from the Group's financial statements for the year ended 31 December 2019 and for the nine months ended 30 September 2020.

	<b>For the nine months ended 30 September 2020 (Unaudited)</b>	<b>For the year ended 31 December 2019 (Audited)</b>
<i>(in USD millions, except per share data)</i>		
<b>SELECTED CONSOLIDATED STATEMENTS OF OPERATIONS DATA:</b>		
Total operating revenues	<b>247.3</b>	<b>334.1</b>
Gain on disposal	<b>13.1</b>	<b>6.4</b>
Operating expenses	<b>(423.0)</b>	<b>(491.3)</b>
<b>Operating loss</b>	<b>(162.6)</b>	<b>(150.8)</b>
Income/(Loss) from equity method investments	<b>16.6</b>	<b>(9.0)</b>
Total financial expenses, net	<b>(99.5)</b>	<b>(128.1)</b>
Income tax expense	<b>(13.0)</b>	<b>(11.2)</b>
<b>Net loss</b>	<b>(258.5)</b>	<b>(299.1)</b>
Other comprehensive income (loss)	<b>-</b>	<b>5.6</b>
<b>Total comprehensive loss</b>	<b>(258.5)</b>	<b>(293.5)</b>
Net loss per common share:		
Basic	<b>(1.98)</b>	<b>(2.78)</b>
Diluted	<b>(1.98)</b>	<b>(2.78)</b>
Common shares outstanding	<b>156,972,197</b>	<b>110,818,351</b>
Weighted average common shares outstanding	<b>130,526,380</b>	<b>107,478,625</b>

### 10.3.2 Consolidated Balance Sheets

The table below sets out selected data from the Group's financial statements as of 31 December 2019 and 30 September 2020.

(In USD millions)	<b>30 September 2020</b> <i>(Unaudited)</i>	<b>31 December 2019</b> <i>(Audited)</i>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	12.5	59.1
Restricted cash	-	69.4
Other current assets	138.1	149.4
<b>Total current assets</b>	<b>150.6</b>	<b>277.9</b>
<b>Non-current assets</b>		
Jack-up drilling rigs	2,850.2	2,683.3
Newbuildings	136.2	261.4
Equity method investments	69.0	31.4
Other non-current assets	7.7	26.0
<b>Total non-current assets</b>	<b>3,063.1</b>	<b>3,002.1</b>
<b>Total assets</b>	<b>3,213.7</b>	<b>3,280.0</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Trade payables	27.8	14.1
Onerous contracts	-	71.3
Unrealized loss on forward contracts	-	64.3
Other current liabilities	94.5	100.0
<b>Total current liabilities</b>	<b>122.3</b>	<b>249.7</b>
<b>Non-current liabilities</b>		
Long-term debt	1,903.6	1,709.8
Onerous contracts	71.3	-
Other non-current liabilities	52.1	26.4
<b>Total non-current liabilities</b>	<b>2,027.0</b>	<b>1,736.2</b>
<b>Total liabilities</b>	<b>2,149.3</b>	<b>1,985.9</b>
<b>Equity</b>		
Equity attributable to the Company	1,064.2	1,293.9
Equity attributable to non-controlling interest	0.2	0.2
<b>Total equity</b>	<b>1,064.4</b>	<b>1,294.1</b>
<b>Total liabilities and equity</b>	<b>3,213.7</b>	<b>3,280.0</b>

### 10.3.3 Consolidated Statements of Cash Flows

The table sets out selected data from the Group's financial statements for the year ended 31 December 2019 and for the nine months ended 30 September 2020.

(In USD million)	<b>For the nine months ended 30 September 2020 <i>(Unaudited)</i></b>	<b>For the year ended 31 December 2019 <i>(Audited)</i></b>
<b>Cash Flows from Operating Activities</b>		
Net loss	<b>(258.5)</b>	<b>(299.1)</b>
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation, amortization, and impairment	<b>165.9</b>	<b>133.0</b>
Other non-cash adjustments, net	<b>1.0</b>	<b>58.6</b>
Change in other current and non-current assets and liabilities, net	<b>75.3</b>	<b>18.5</b>
<b>Net cash used in operating activities</b>	<b>(16.3)</b>	<b>(89.0)</b>
<b>Cash Flows from Investing Activities</b>		
Additions to newbuildings	<b>(4.9)</b>	<b>(142.6)</b>
Additions to jack-up drilling rigs	<b>(35.2)</b>	<b>(127.3)</b>
Other investment activities, net	<b>(93.4)</b>	<b>(1.2)</b>
<b>Net cash used in investing activities</b>	<b>(133.5)</b>	<b>(271.1)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from share issuance, net of issuance costs	<b>28.8</b>	<b>49.2</b>
Repayment of long-term debt	<b>-</b>	<b>(390.0)</b>
Proceeds, net of deferred loan cost, from issuance of long-term debt	<b>5.0</b>	<b>738.1</b>
<b>Net cash provided by financing activities</b>	<b>33.8</b>	<b>397.3</b>
<b>Net (decrease)/ increase in cash and cash equivalents and restricted cash</b>	<b>(116.0)</b>	<b>37.2</b>
Cash and cash equivalents and restricted cash at beginning of the period	<b>128.5</b>	<b>91.3</b>
<b>Cash and cash equivalents and restricted cash at the end of period</b>	<b>12.5</b>	<b>128.5</b>

### 10.3.4 Consolidated Statements of Changes in Equity

The table below sets out selected data from the Group's financial statements for the year ended 31 December 2019 and for the nine months ended 30 September 2020.

(In USD millions)	2019
<b>Consolidated balance at 1 January 2019</b>	<b>1,533.5</b>
Issue of common shares	53.5
Equity issuance costs	(4.3)
<i>Other transactions:</i>	
Share based compensation	3.9
Total comprehensive loss	(293.5)
Other, net	1.0
<b>Consolidated balance at 31 December 2019</b>	<b>1,294.1</b>
<i>ASU 2016-13 – Measurement of credit losses</i>	<i>(2.9)</i>
<b>Adjusted balance at 1 January 2020</b>	<b>1,291.2</b>
Issue of common shares	30.0
Equity issuance costs	(1.2)
<i>Other transactions:</i>	
Share based compensation	1.0
Total comprehensive loss	(258.5)
Other, net	1.9
<b>Consolidated balance at 30 September 2020</b>	<b>1,064.4</b>

### 10.4 Independent auditor

PricewaterhouseCoopers LLP ("**PwC UK**"), a United Kingdom entity, has served as our independent registered public accounting firm for the year ended 31 December 2019. PwC UK is a member of the Institute of Chartered Accountants in England and Wales. PricewaterhouseCoopers LLP was elected at the Annual General Meeting on 27 September 2019 and re-elected at the Annual General Meeting held on 10 August 2020.



## **11 OPERATING AND FINANCIAL REVIEW**

### **11.1 Overview**

We are an offshore shallow-water drilling contractor providing worldwide offshore drilling services to the oil and gas industry. Our primary business is the ownership, contracting and operation of jack-up rigs for operations in shallow-water areas (i.e., in water depths up to approximately 400 feet), including the provision of related equipment and work crews to conduct oil and gas drilling and workover operations for exploration and production customers. We own 24 jack-up rigs, one of which is subject to a sale agreement, with an additional five jack-up rigs scheduled to be delivered throughout 2023 (cf. Section 11.8.13 ("*2021 Amendments*"). Upon delivery of these newbuild jack-up rigs, and completion of ongoing rig divestments as described in Section 11.2.3 ("*Investments and dispositions*"), we will have a fleet of 28 premium jack-up rigs, which refers to rigs delivered from the yard in 2001 or later.

We aim to become a preferred operator of jack-up rigs within the jack-up drilling market. The shallow-water market is our operational focus as we expect demand will recover sooner than in the mid and deepwater segments of the contract drilling market. We contract our jack-up rigs and offshore employees primarily on a dayrate basis to drill wells for our customers, including integrated oil companies, state-owned national oil companies and independent oil and gas companies. During 2020, our top five customers by revenue were subsidiaries of ExxonMobil, NDC, ENI, Spirit Energy and Hoang Long. A dayrate drilling contract generally extends over a period of time covering either the drilling of a single well or group of wells or covering a stated term. Our Total Contract Backlog was USD 126.8 million (excluding our Mexican operations) as of 11 January 2021. Between 1 April 2018, and 11 January 2021, we signed 25 new contracts for drilling services with an aggregate value of approximately USD 537.6 million, including sixteen with new customers. During this period, we also signed six extensions and have had seven options exercised. As of 11 January 2021, 11 of our 24 rigs were on active employment.

We currently operate in significant oil-producing geographies throughout the world, including the North Sea, the Middle East, Mexico, West Africa, and Southeast Asia. We intend to operate our business with a competitive cost base, driven by a strong and experienced organizational culture and a carefully managed capital structure.

From our initial acquisition of rigs in early 2017, we have expanded rapidly into one of the world's largest international offshore jack-up drilling contractors by number of jack-up rigs.

### **11.2 Factors affecting the Group's results of operations**

Our results of operations have a number of key components and are primarily affected by the number of jack-up rigs under contract, the contractual dayrates we earn and the associated operating expenses. Our future results may not be comparable to our historical results of operations for the periods presented. In addition, when evaluating our historical results of operations and assessing our prospects in the periods under review, you should consider the following factors:

#### *11.2.1 Macroeconomic conditions*

Changes in national and international economic conditions, including for example interest rate levels, inflation, and employment levels, may influence the valuation of real and financial assets. In turn, this may impact the demand for goods, services, and assets globally and thereby the macro economy. The current macroeconomic situation is uncertain and there is a risk of negative developments. Such changes and developments, none of which will be within the control of the Company, may negatively impact the Company's investment activities, realization opportunities and overall investor returns.

A significant portion of our debt bears floating interest rates. For example, the interest rates under certain of our Financing Arrangements are determined with reference to LIBOR plus a specified margin. As such, movements in interest rates, and LIBOR specifically, could have an adverse effect on our results of operations and cash flows. In addition, in connection with the issuance of our Convertible Bonds we entered into the Call Spread Transactions, which may have a dilutive effect on our earnings per share to the extent that the market price per share of our Shares exceeds the applicable strike price of the options. In future periods, interest expense will depend on, among other things, our overall level of indebtedness, interest rates and the value of our Shares and related-derivative values.

#### *11.2.2 Rig market conditions*

Our revenues are primarily affected by the number of jack-up rigs under contract from time to time and the dayrates we are able to charge our customers, which vary from time to time. To a significant extent, the dayrates we charge our customers depend on the market cycle of the jack-up drilling market at a given point in time. Historically, when oil prices decrease, capital spending and drilling activity decline, which leads to an oversupply of drilling rigs and reduced dayrates.

Conversely, higher oil prices, increased capital spending and drilling activity and limited supply of drilling rigs have historically led to higher dayrates. In addition, the number of jack-up rigs under contract from time to time is affected by, among other factors, our relationships with new and existing customers and suppliers. Going forward, our ability to leverage those relationships into new contracts and advantageous rates will be critical to our success and prospects for growth.

Reference is also made to Sections 2.1 (*"Risk related to the industries in which it operates"*).

### *11.2.3 Investments and dispositions*

In June 2020, we amended the terms agreed with Keppel to extend our obligation to take delivery of the remaining five newbuild jack-up rigs not yet delivered no later than the end of the third quarter 2022. Pursuant to the 2021 Amendments, these dates will be extended further to May ("Tivar"), July ("Vale"), September ("Var"), October ("Huldra") and December ("Heidrun") 2023. We have explored and may continue to explore further acquisition opportunities and we have made and may consider in the future dispositions of jack-up rigs.

Acquisitions or dispositions of our jack-up rigs are likely to impact our revenue as well as our operating and maintenance expenses. For example, in 2018 we recognized gain on disposals of USD 18.8 million in connection with the disposition of 18 jack-up rigs, 16 of which were acquired during the Paragon transaction. In May 2019, we entered into sale agreements for the sale of the "Eir," "Baug" and "Paragon C20051," none of which were operating or on contract, for consideration of USD 3.0 million each being total consideration of USD 9.0 million. The jack-up rigs have been sold with a contractual obligation not to be used for drilling purposes and so retired from the international jack-up fleet. The sales of "Baug" and "Paragon C20051" were completed in May 2019 for cash consideration of USD 6.0 million and the sale of "Eir" was completed by in October 2020. In March 2020, we sold "Paragon B391" for recycling for total proceeds of USD 0.8 million. In April 2020, we sold "Paragon B152" and "Dhabi II" including associated backlog for total proceeds of USD 15.8 million. The sale of the semi-submersible rig "MSS1" closed on 28 August 2020. On 28 October 2020, the Company entered into an agreement to sell its cold stacked jack-up drilling rig "Atla" to an independent operator and the sale was completed in the fourth quarter 2020 which, together with the sale of the standard jack -up drilling rig "Eir", resulted in total cash proceeds of USD 13 million. On 2 November 2020, the Company entered into an agreement to sell its cold stacked jack-up rig "Balder" to BW Energy. The completion of the sale is expected in the first quarter 2021, and the Company will receive a total of USD 4.5 million sale proceeds, of which USD 3 million was paid on contract signing.

### *11.2.4 Technical and economic utilization*

Our revenues may also be affected by other situations, including when our jack-up rigs cease operations due to technical failures and other situations where we do not collect revenue from our customers. Our ability to keep our jack-up rigs operational when under contract is monitored by our Board and management as Technical Utilization. Technical Utilization is the efficiency with which we perform well operations without stoppage due to mechanical, procedural, or other operational events that result in down, or zero, revenue time. Technical Utilization is calculated as the technical utilization of each rig in operation for the period, divided by the number of rigs in operation for the period, with the technical utilization for each rig calculated as the total number of hours during which such rig generated dayrate revenue, divided by the maximum number of hours during which such rig could have generated dayrate revenue, expressed as a percentage measured for the period. Technical Utilization is calculated only with respect to rigs in operation for the relevant period and is not calculated on a fleet-wide basis. Technical Utilization is a measure of efficiency of rigs in operation and is not a measurement of utilization of our fleet overall.

Economic Utilization is the dayrate revenue efficiency of our operational rigs and reflects the proportion of the potential full contractual dayrate that each jack-up rig actually earns each day. Economic Utilization is affected by reduced rates for standby time, repair time or other planned out-of-service periods. Economic Utilization is calculated as the economic utilization of each rig in operation for the period, divided by the number of rigs in operation for the period, with the economic utilization of each rig calculated as the total revenue, excluding bonuses, as a proportion of the full operating dayrate multiplied by the number of days on contract in the period. Economic Utilization is calculated only with respect to rigs in operation for the relevant period and is not calculated on a fleet-wide basis. Economic Utilization is a measure of efficiency of rigs in operation and is not a measurement of utilization of our fleet overall.

### *11.2.5 Operations in foreign countries*

The Group's rigs will operate in a variety of geographic regions. Consequently, the Group may, indirectly through its underlying investments, be exposed to political risk, risk of piracy, corruption, terrorism, outbreak of war, amongst

others. The business, financial condition, and results of operations of the Group, indirectly, and its underlying investments directly, may accordingly be negatively affected if such events do occur.

### **11.3 Income statement**

#### *11.3.1 Nine months ended 30 September 2020 compared to nine months ended 30 September 2019*

Total operating revenues were USD 247.3 million for the nine months to 30 September 2020 (USD 241.2 million for the nine months to 30 September 2019). The increase of USD 6.1 million was mainly due to a higher number of jack-up rigs in operation with an average of 14.4 rigs on contract for the nine months to 30 September 2020 compared with 11.2 rigs for the nine months to 30 September 2019. In addition, reimbursable revenue related to certain contracts which commenced in the second quarter of 2019 have contributed to the increase, offset by logistics revenue for the Odin contract in Mexico in the comparative period which does not recur in 2020.

Gain on disposals were USD 13.1 million for the nine months to 30 September 2020 (USD 3.9 million for the nine months to 30 September 2019). The increase of USD 9.2 million was due to the sale of the "Paragon B152" and "Dhabi II" rigs in the second quarter of 2020, while the "Baug" and "Paragon C20051" rigs were sold in the comparative period in 2019.

Rig operating and maintenance expenses, including reactivation and stacking costs, were USD 216.5 million for the nine months to 30 September 2020 (USD 226.4 million for the nine months to 30 September 2019). The decrease of USD 9.9 million was mainly driven by approximately USD 20 million in the comparative period in 2019 relating to logistics in Mexico for Odin and rig reactivations, which do not recur in 2020. In addition, there has been increased cost reduction measures in the second quarter of 2020 offset by USD 12.8 million in increased costs related to COVID.

Depreciation of non-current assets was USD 88.8 million for the nine months to 30 September 2020 (USD 74.3 million for the nine months to 30 September 2019). The increase of USD 14.5 million was mainly due to the delivery and subsequent depreciation of the "Hermod", "Heimdai" and "Hild" rigs from Keppel FELS in late 2019 and early 2020, offset by a reduction in the total number of depreciable rigs in 2020 due to rigs being sold.

Impairment of non-current assets was USD 77.1 million for the nine months to 30 September 2020 (USD 11.4 million for the nine months to September 30, 2019). The increase of USD 65.7 million was due to impairments on three higher value assets in 2020 being "Atla", "Balder" and "MSS1" compared with only one rig, "Eir", in the comparable period in 2019.

Amortization of contract backlog was USD nil for the nine months to 30 September 2020 (USD 18.6 million for the nine months to 30 September 2019). The decrease of USD 18.6 million was due to the contract backlog relating to acquired contracts in the 2018 Paragon transaction being fully amortized in 2019.

General and administrative expenses were USD 40.6 million for the nine months to 30 September 2020 (USD 35.0 million for the nine months to September 30, 2019). The increase of USD 5.6 million was mainly due to fees associated with the debt agreement amendments carried out in the second quarter of 2020 of approximately USD 12 million, partly offset by lower travel expenses and personnel costs. Additionally, there were certain non-recurring costs in the second quarter of 2019 relating to the IPO in the third quarter of 2019.

Income from Equity Method Investments was USD 16.6 million for the nine months to 30 September 2020 (loss of USD 1.6 for the nine months to 30 September 2019). The increase of USD 18.2 million was mainly due to a higher number of rigs working in the Joint Ventures for the nine months to 30 September 2020 compared to 2019 where the rigs commenced operation in the third quarter of 2019. Loss in the comparative period was mainly due to only three weeks of operation during the third quarter of 2019 and pre-commencement cost of USD 2.8 million incurred before contract startup.

Total financial expenses (net) were USD 99.5 million for the nine months to 30 September 2020 (USD 110.1 million for the nine months to 30 September 2019). The decrease of USD 10.6 million was mainly due to higher losses on forwards and marketable securities of USD 22.2 million in the comparative period which have been settled in 2020, offset by higher interest expense of USD 18.2 million due to the June 28, 2019 debt refinancing and take up of delivery finance for three additional rigs.

Income tax expense was USD 13.0 million for the nine months to 30 September 2020 (USD 6.5 million for the nine months to 30 September 2019), an increase of USD 6.5 million which reflects our increase in our deployed fleet.

### 11.3.2 Year ended 31 December 2019 compared to the year ended 31 December 2018

Our operating revenues were USD 334.1 million for the year ended 31 December 2019, compared to USD 164.9 million for 2018. The increase of USD 169.2 million was primarily due to an increased number of rigs on contract in 2019 compared to 2018. The "Odin", "Gerd", "Groa", "Ran", "Natt" and "Idun" rigs entered into dayrate contracts in 2019. The "Grid" and "Gersemi" rigs entered into bareboat contracts in September 2019 with our affiliate Performex in Mexico, providing USD 2.4 million of revenue during the year. There were no rigs on bareboat contracts in 2018. All of these rigs entering into contracts in 2019 were premium jack-up rigs.

In addition, we had substantially higher reimbursable revenue from rebilling costs in 2019 compared to 2018 with an increase of USD 17.5 million attributable to reimbursement of logistic services and rebilled management fees from our operations in Mexico alone.

Offsetting this increased activity were the "B391", "Paragon C20051" and "Paragon B152", all of which contributed more dayrate revenue from contracts in 2018 than in 2019. The "B391" is a non-premium jack-up rig and was warm stacked at the end of 2019. The "Paragon C20051", along with the "Baug" and the "Eir" (neither of which was on contract in 2019 nor 2018) were sold in May 2019 and "Eir" was sold in October 2020.

Our gain from bargain purchase was USD nil for the year ended 31 December 2019 compared to USD 38.1 million for 2018 which relates to our acquisition of Paragon Offshore. This represents an accounting gain reflecting our determination that the purchase price paid to acquire the business was lower than the fair value of the assets and liabilities acquired.

Our gain on disposals was USD 6.4 million for the year ended 31 December 2019, compared to USD 18.8 million for 2018. We sold three jack-up rigs during 2019 for total expected proceeds of USD 9 million (of which USD 3 million was received in 2020, relating to the sale of "Eir"). We sold 18 jack-up rigs during 2018, 16 of which we acquired in the Paragon Transaction, for total proceeds of USD 37.6 million.

Our rig operating and maintenance expenses, including stacking costs, were USD 307.9 million for the year ended 31 December 2019, compared to rig maintenance expenses of USD 180.1 million for 2018, driven by the additional deployed and operating rigs in our fleet.

Our depreciation charge was USD 101.4 million for the year ended 31 December 2019, compared to USD 79.5 million for 2018, which was partially a result of the increase of an additional three delivered rigs in 2019 compared to 2018, and partially that newer rigs replaced older, fully depreciated assets which were sold during 2019.

Impairment of non-current assets was USD 11.4 million for the year ended 31 December 2019, whereas we did not take an impairment charge during 2018. The impairment charge related to a rig classified as held for sale, the "Eir", where the book value of the rig was reduced to its agreed sale value.

Amortization of acquired contract backlog was USD 20.2 million for the year ended 31 December 2019, compared to USD 24.2 million for 2018. The decrease of USD 4.0 million was the result of the contract backlog asset, acquired during the Paragon acquisition, fully depreciating during 2019.

Our general and administrative expenses were USD 50.4 million for the year ended 31 December 2019, compared to USD 38.7 million for 2018. The increase was a result of increased number of employees, office leases and professional costs due to the significant growth in operations and contractual activity.

Our restructuring costs were USD nil for the year ended 31 December 2019, compared to USD 30.7 million for 2018. This relates to costs incurred in connection with closure of certain offices following the Paragon Transaction, including termination payments to certain Paragon employees and lease agreement counterparties, which was incurred and completed in 2018.

Loss from Equity Method Investments was USD 9.0 million for the year ended 31 December 2019, compared to USD nil for the year ended 31 December 2018, whereas we did not record any loss or gain for 2018, due to the entry into our Mexican joint venture in 2019.

Our total financial expenses, net was a loss of USD 128.1 million for the year ended 31 December 2019 compared to USD 57.0 million for 2018. The main explanations for the increase of USD 71.1 million in 2019 are interest expenses of

USD 70.4 million (2018; USD 13.7 million) driven by incremental debt in 2019 of USD 535.2 million: an increase in unrealised losses on forward contracts of USD 15.0 million, to USD 29.2 million in 2019 compared to USD 14.2 million in 2018 and which relates to our market to market investments in shares of Valaris; and realised losses on financial instruments of USD 15.4 million (2018; USD nil million) relating to our investment in debt securities of Oro Negro. These increased expenses were partly offset by a decrease in mark to market expenses of USD 25.2 million related to our call spread derivative.

Our income tax expense for the year ended 31 December 2019 was USD 11.2 million, compared to USD 2.5 million for 2018, an increase of USD 8.7 million which reflects our increased activity and significant growth in our deployed fleet, especially in West Africa and Mexico.

#### **11.4 Statement of financial condition**

Total assets were USD 3,213.7 million as of 30 September 2020 compared to USD 3,280.0 million as of December 31, 2019. The decrease of USD 66.3 million is due to settlement of our forward contracts which led to a decrease in restricted cash of USD 69.4 million, a decrease in cash of USD 46.6 million as a result of our liquidity usage to date. This was partly offset by an increase in jack-up rigs of USD 50.9 million, net of transfers from newbuildings and changes in jack-up drilling rigs held for sale.

Total liabilities as of 30 September 2020 were USD 2,149.3 million, an increase of USD 163.4 million compared to December 31, 2019. This increase is mainly attributable to higher long-term debt of USD 193.8 million, following delivery of the "Heimdal" and the "Hild" offset by a decrease in unrealized losses on the forward contracts of USD 64.3 million.

Total equity as of 30 September 2020 was USD 1,064.4 million compared to USD 1,294.1 million as of December 31, 2019. This reduction of USD 229.7 million is largely attributable to net loss of USD 258.5 million, partly offset by increase in share capital and additional paid-in capital of approximately USD 28.8 million following our private placement in May 2020.

#### **11.5 Liquidity and capital resources**

##### *11.5.1 Liquidity and funding*

Historically, we have met our liquidity needs principally from equity offerings and our Convertible Bonds, cash generated from operations, availability under our Financing Arrangements, including the delivery financing related to our newbuild rigs. Our Financing Arrangements include, in addition to our Convertible Bonds and the Existing Keppel Financing, our Hayfin Facility, Syndicated Facility and New Bridge Facility agreements entered into in June 2019, which collectively provided USD 745 million in financing, which we used to refinance existing loan facilities. In June 2020, we completed an equity offering, raising gross proceeds of USD 30 million.

Total available free liquidity (cash and cash equivalents excluding restricted cash, plus available amounts under our Financing Arrangements) as of 30 September 2020, was USD 42.5 million, including amounts under credit facilities of USD 30 million, available subject to lender consent, compared with USD 94.1 million as of 31 December 2019. We had USD 12.5 million in cash and cash equivalents as of 30 September 2020 compared to 59.1 million as of 31 December 2019. In addition, under our Financing Arrangements, we had USD 30 million undrawn as of 30 September 2020 compared with USD 35 million as of 31 December 2019. As of 30 September 2020, we had utilized USD 340 million under our Syndicated Facility (which includes utilization of the USD 70 million facility for guarantees) and USD 30 million under New Bridge Facility and had USD 10 million and USD 20 million available to borrow under our Syndicated Facility and New Bridge Facility, respectively subject to lender consent.

The Company has incurred significant losses since inception and may require additional financing in order to fund continued losses expected in the next 12 months and to meet its existing capital expenditure commitments and further execute on its planned capital expenditure program following the Private Placement. In addition to this, the Company is experiencing the impact of current unprecedented market conditions and the global market reaction to the COVID-19 pandemic. At this stage, the Company cannot predict with reasonable accuracy the impact on the Company. At the time of this Prospectus the Company has received early termination and suspension notices for three ongoing contracts and one cancellation of an upcoming contract. The negative cash effects as a result of current and any future contract terminations may further extend the need for additional financing.

This raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

On 5 June 2020, the Company completed a private placement raising an additional USD 30 million and completed a financial restructuring including amendments to the Syndicated Facility and the Hayfin Facility and shipyards. The key amendments were; (i) deferral of the delivery of five newbuild jack-ups rigs until mid-2022, (ii) deferral of certain interest payments until 2022, (iii) deferral of debt amortization in 2021 of USD 65 million until maturity of the loans in the second quarter of 2022, (iv) amendment of certain of the financial covenants, including reduction of the minimum liquidity covenant from 3% of net interest bearing debt, to USD 5 million with a gradual step-up to USD 20 million at 31 December 2021. Thereafter the 3% level will be reinstated, (v) as part of the amendments, utilization of the remaining USD 30 million under our revolving credit facilities requiring all banks' consent, (vi) amending the minimum book equity ratio from 33.3% to 25% up to and including 31 December 2021. Thereafter the required ratio will be 40%, and (vii) suspension of the Debt Service Coverage Ratio covenant of 1.25x until 31 December 2021. On 30 September 2020, the Company announced completion of private placement raising gross proceeds of USD 27.5 million. On November 13, 2020, we announced launch of a subsequent offering which settled on November 27, 2020, raising gross proceeds of USD 5.3 million.

We will continue to explore additional financing opportunities and the strategic sale of a limited number of modern jack-ups in order to further strengthen the liquidity of the Company. While we have confidence that these actions will enable us to better manage our liquidity position, and we have a track record of delivering additional financing, there is no guarantee that these actions will be successful or that additional financing will not be required.

#### *11.5.1.1 Hayfin Facility*

As of 30 September 2020, we had USD 195 million outstanding under our Hayfin Facility. In June 2020, we agreed with Hayfin to make certain amendments to the loan agreement, including adjustments to the ring-fenced structure, and allowing the Company to utilise the USD 2.4 million of restricted cash in the structure until 1 January 2021. Pursuant to the 2021 Amendments, we have agreed with the lenders under the Syndicated Facility that further amendments shall be implemented. See Section 11.8.13 for further details of the agreed terms and conditions precedent to their effectiveness.

#### *11.5.1.2 Syndicated Facility*

As of 30 September 2020, we had USD 270 million outstanding under our Syndicated Facility, the USD 70 million guarantee line under the Syndicated Facility was fully drawn and there was USD 10 million undrawn under the facility. In June 2020, the lenders under this facility agreed to amend the minimum liquidity covenant levels to: USD 5 million in cash until 31 December 2020; USD 10 million in cash from and including 1 January 2021 to and including 30 June 2021; USD 15 million in cash from and including 1 July 2021 to and including 30 September 2021; USD 20 million in cash from and including 1 October 2021 to and including 31 December 2021; and free liquidity including cash and undrawn revolving credit facilities of the higher of (i) USD 30 million and (ii) 3% of the aggregate of net interest bearing debt after 1 January 2022. In June 2020, the lenders further agreed to change the dates of certain amortization payments and facility reductions which otherwise would have fallen due in 2021 to occur at maturity in the second quarter of 2022. The Syndicated Facility includes a USD 25 million revolving credit facility, of which USD 10 million was undrawn as of the date hereof and may, subject to all lender consent, be drawn by the Company. Pursuant to the 2021 Amendments, we have agreed with the lenders under the Syndicated Facility that further amendments shall be implemented as well. See Section 11.8.13 for further details of the agreed terms and conditions precedent to their effectiveness.

#### *11.5.1.3 Shipyard facilities with PPL*

As of 30 September 2020, we had USD 793.7 million outstanding under our shipyard facilities with PPL for the delivery of nine rigs. The amount includes a USD 3.3 million back-end fee per rig (or USD 29.3 million in total), payable at maturity. In June 2020, we agreed with PPL that interest originally falling due in 2020 and 2021 will accrue and become payable in the first quarter of 2022, except for USD 1 million payable per quarter starting in the first quarter of 2020. Pursuant to the 2021 Amendments, we have agreed with PPL that further amendments shall be implemented to the PPL Facilities. See Section 11.8.13 for further details of the agreed terms and conditions precedent to their effectiveness.

#### *11.5.1.4 Shipyard facilities with Keppel*

As of 30 September 2020, we had USD 273.6 million outstanding under our shipyard facilities with Keppel, including a back-end fee of USD 13.5 million. The interest under the facility accrues with no cash payments until the third anniversary of the loan. Pursuant to the 2021 Amendments, we have agreed with Keppel that further amendments shall be implemented to delivery terms and shipyard facilities with Keppel. See Section 11.8.13 for further details of the agreed terms and conditions precedent to their effectiveness.

#### *11.5.1.5 New Bridge Facility*

As of 30 September 2020, we had USD 30 million outstanding under our New Bridge Facility, out of a total of USD 50 million commitment. In June 2020, the lenders under this facility agreed to amend the minimum liquidity covenant levels to: USD 5 million in cash until 31 December 2020; USD 10 million in cash from and including 1 January 2021 to and including 30 June 2021; USD 15 million in cash from and including 1 July 2021 to and including 30 September 2021; USD 20 million in cash from and including 1 October 2021 to and including 31 December 2021; and free liquidity including cash and undrawn revolving credit facilities of the higher of (i) USD 30 million and (ii) 3% of the aggregate of net interest bearing debt on or after 1 January 2022. In June 2020, the lenders also agreed to change the dates of certain facility step downs which otherwise would have occurred in 2021 to occur at maturity in the second quarter of 2022. Pursuant to the 2021 Amendments, we have agreed with the lenders under the New Bridge Facility that further amendments shall be implemented. See Section 11.8.13 for further details of the agreed terms and conditions precedent to their effectiveness. As of the date hereof, USD 20 million was undrawn under The New Bridge Facility, which may be drawn at the discretion of all of the syndicated lenders.

#### *11.5.2 Cash flows*

##### *11.5.2.1 Cash Flows Used in Operating Activities*

Net cash used in operating activities was USD 16.3 million during the nine months ended 30 September 2020, compared to USD 79.4 million during the nine months ended 30 September 2019, and primarily relates to our net loss in the period, reduced by non-cash items and movements in working capital.

##### *11.5.2.2 Cash Flows Used in Investing Activities*

Net cash used in investing activities was USD 133.5 million for the nine months ended 30 September 2020, compared to USD 262.5 million for the nine months ended 30 September 2019 and primarily relates to delivery of forward contracts of USD 92.5 million, payments in respect of jack-up drilling rigs of USD 35.2 million, funding of our equity method Investments in Mexico of USD 24.7 million, offset by proceeds from sale of fixed assets of USD 20.8 million mainly relating to the sale of "Paragon B152" and "Dhabi II" with associated backlog for total proceeds of USD 15.8 million.

##### *11.5.2.3 Cash Flows Provided by Financing Activities*

Net cash provided by financing activities was USD 33.8 million for the nine months ended 30 September 2020, compared to USD 367.2 million for the nine months ended 30 September 2019. Our financing activities in the nine months ended 30 September 2020, relate to net proceeds from share issuance of USD 28.8 million and proceeds, net of deferred loan costs, from issuance of long-term debt of USD 5.0 million.

#### *11.5.3 Financing Arrangements*

##### *11.5.3.1 Convertible Bonds due 2023*

In May 2018 we raised USD 350.0 million through the issuance of our Convertible Bonds, which mature in 2023. The initial conversion price (which is subject to adjustment) is USD 33.4815 per Depository Receipts, for a total of 10,453,534 Depository Receipts. The Convertible Bonds have a coupon of 3.875% per annum payable semi-annually in arrears in equal instalments. The terms and conditions governing our Convertible Bonds contain customary events of default, including failure to pay any amount due on the bonds when due, and certain restrictions, including, among others, restrictions on our ability and the ability of our subsidiaries to incur secured capital markets indebtedness.

##### *11.5.3.2 Our Revolving and Term Loan Credit Facilities*

###### *a) Hayfin Term Loan Facility*

On 25 June 2019, we entered into a USD 195 million senior secured term loan facility agreement with funds managed by Hayfin Capital Management LLP, as lenders, among others. Our wholly-owned subsidiary, Borr Midgard Assets Ltd., is the borrower under the Hayfin Facility, which is guaranteed by Borr Drilling Limited and secured by mortgages over three of our jack-up rigs, pledges over shares of and related guarantees from certain of our rig-owning subsidiaries who provide this security as owners of the mortgaged rigs (collectively the "**Ring Fenced Entities**") and general assignments of rig insurances, certain rig earnings, charters, intragroup loans and management agreements from our related rig-owning subsidiaries. Our Hayfin Facility matures in June 2022 and bears interest at a rate of LIBOR plus a specified margin. The Hayfin Facility agreement includes a make-whole obligation if repaid during the first twelve months and, thereafter, a fee for early prepayment and final repayment. As of 30 September 2020, our Hayfin Facility was fully drawn.

Our Hayfin Facility agreement contains various financial covenants, including requirements that we maintain minimum liquidity equal to three months interest on the facility at times when the jack-up rigs providing security are not actively operating under an approved drilling contract (as defined in the Hayfin Facility agreement). Our Hayfin Facility agreement also contains a loan to value clause requiring that the fair market value of our rigs shall at all times cover at least 175% of the aggregate outstanding facility amount. The facility also contains various covenants which restrict distributions of cash from the Ring Fenced Entities to the Company or our other subsidiaries, and the management fees payable from Borr Midgard Assets Ltd.'s directly-owned subsidiaries to the Company or any of our subsidiaries. Our Hayfin Facility agreement also contains customary events of default which include any change of control, non-payment, cross default, breach of covenants, insolvency and changes which have or are likely to have a material adverse effect on the relevant obligor's business, ability to perform its obligations under the Hayfin Facility agreement or security documents or jeopardize the security provided thereunder. If there is an event of default, the lenders under our Hayfin Facility may have the right to declare a default or may seek to negotiate changes to the covenants and/or require additional security as a condition of not doing so. The lenders under our Hayfin Facility may also require replacement or additional security if the fair market value of the jack-up rigs over which security is provided is insufficient to meet our market value-to-loan covenant. In June 2020, Hayfin agreed to make certain amendments to the facility, including softening of some restrictions related to transfer of cash within the ring fenced structure, and allowing the Company to utilize the minimum liquidity equal to three months interest (USD 2.4 million at the time) in the Ring Fenced Entities to pay interest under the facility. The restricted cash needs to be replenished on 1 January 2021.

Pursuant to the 2021 Amendments, we have agreed with Hayfin that further amendments shall be implemented to the Hayfin Facility. See Section 11.8.13 for further details of the agreed terms and conditions precedent to their effectiveness.

*b) USD 450 million Syndicated Senior Secured Credit Facilities*

On 25 June 2019, we entered into a senior secured credit facilities agreement with DNB Bank ASA, Danske Bank, Citibank N.A., Jersey Branch and Goldman Sachs Bank USA, as lenders, among others. The senior credit facilities comprised a USD 230 million credit facility, USD 50 million newbuild facility (which in 2020 was cancelled), USD 70 million for the issuance of guarantees and other trade finance instruments as required in the ordinary course of business and, subject to certain conditions, a USD 100 million incremental facility (in total USD 450 million of commitments, or USD 400 million following the cancellation of the newbuild facility). This agreement was amended on 12 September 2019, when Clifford Capital Pte. Ltd. became a new lender with a commitment of USD 25 million, and again on 23 December 2019 when certain financial covenants were amended. Our obligations under our Syndicated Facility are secured by mortgages over seven of our jack-up rigs, pledges over shares of and related guarantees from certain of our rig-owning subsidiaries who provide this security as owners of the mortgaged rigs and general assignments of rig insurances, certain rig earnings, charters, intragroup loans and management agreements from our related rig-owning subsidiaries. The terms of the facility allow for an additional jack-up rig, Odin, currently secured under the New Bridge Facility, to be transferred to our Syndicated Facility if there are incremental commitments from other financiers in the Syndicated Facility (in which case the New Bridge Facility would be repaid at that time).

Our Syndicated Facility matures in June 2022 and bears interest at a rate of LIBOR plus a specified margin. As of the date hereof, there was USD 10 million undrawn and available to draw under our Syndicated Facility, subject to lender consent.

Our Syndicated Facility agreement contains various financial covenants. In June 2020, the lenders agreed to amend the terms of some of the covenants, and the dates of certain amortization payments which otherwise would have occurred in 2021 to occur on maturity in the second quarter of 2022. The agreements include requirements that we maintain a minimum book equity ratio until and including 31 December 2021 equal to or higher than 25%; and thereafter equal to or higher than 40%, a positive working capital balance, a debt service cover ratio in excess of 1.25 of our interest and related expenses from the start of 2022. Furthermore, the Company must maintain minimum liquidity equal to the greater of USD 5 million in cash until 31 December 2020; USD 10 million in cash from and including 1 January 2021 to and including 30 June 2021; USD 15 million in cash from and including 1 July 2021 to and including 30 September 2021; USD 20 million in cash from and including 1 October 2021 to and including 31 December 2021; and free liquidity including cash and undrawn revolving credit facilities of the higher of (i) USD 30 million and (ii) 3% of the aggregate of net interest bearing debt and certain funds in blocked accounts on or after 1 January 2022.

Our Syndicated Facility agreement also contains a loan to value clause requiring that the fair market value of our rigs shall at all times cover at least 175% of the aggregate outstanding facility amount and any undrawn and uncanceled



part of the facility. The Syndicated Facility agreement also contains various covenants, including, among others, restrictions on incurring additional indebtedness and entering into joint ventures; covenants subjecting dividends to certain conditions which, if not met, would require the approval of our lenders prior to the distribution of any dividend; restrictions on the repurchase of our Shares; restrictions on changing the general nature of our business; and restrictions on removing Tor Olav Trøim from our Board. Furthermore, Tor Olav Trøim is required to maintain ownership of at least six million Shares (subject to adjustment for certain transactions). Our Syndicated Facility agreement also contains customary events of default which include non-payment, cross default, breach of covenants, insolvency and changes which have or are likely to have a material adverse effect on the relevant obligor's business, ability to perform its obligations under the Syndicated Facility agreement or security documents or jeopardize the security provided thereunder. If there is an event of default, the lenders may have the right to declare a default or may seek to negotiate changes to the covenants and/or require additional security as a condition of not doing so. The lenders may also require replacement or additional security if the fair market value of the jack-up rigs over which security is provided is insufficient to meet our market value-to-loan covenant. In addition, our Syndicated Facility contains a "Most Favored Nation" clause giving the lenders a right to amend the financial covenants to reflect any more lender-favorable covenants in any other agreement pursuant to which loan or guarantee facilities are provided to us, including amendments to our Financing Arrangements.

The Syndicated Facility includes a USD 25 million revolving credit facility, of which USD 10 million was undrawn as of the date hereof and may be drawn at the discretion of the lenders. Pursuant to the 2021 Amendments, we have agreed with the lenders under the Syndicated Facility that further amendments shall be implemented to the Syndicated Facility. See Section 11.8.13 for further details of the agreed terms and conditions precedent to their effectiveness.

#### *c) New Bridge Revolving Credit Facility*

On 25 June 2019, we entered into a USD 100 million senior secured revolving loan facility agreement with DNB Bank ASA and Danske Bank, as lenders, originally secured by mortgages over two of our jack-up rigs, assignments of intra-group loans, rig insurances and certain rig earnings and pledges over shares of and related guarantees from certain of our rig-owning subsidiaries who provide this security as owners of the mortgaged rigs. In connection with our utilization of the first incremental tranche under our Syndicated Facility in September 2019, the security over one of the rigs ("Ran") was released and the facility amount was reduced to USD 50 million.

Our New Bridge Facility agreement was amended on 30 October 2019 when certain changes were made to the margin and again on 23 December 2019 when certain financial covenants were amended, and some changes were made to the security documents in connection with an internal sale of the shares in a rig owner.

Our New Bridge Facility matures in June 2022, with step down from 2021, and bears interest at a rate of LIBOR plus a variable margin. In the third quarter of 2019, USD 50 million was repaid and transferred from the USD 100 million New Bridge Revolving Credit Facility into the USD 100 million incremental facility. As of the date hereof, USD 20 million remained undrawn under our New Bridge Facility, which may be drawn with the consent of all of the lenders.

Our New Bridge Facility agreement contains various financial covenants, including requirements that we maintain a minimum book equity ratio until and including 31 December 2021 equal to or higher than 25%; and thereafter equal to or higher than 40%, a positive working capital balance, a debt service cover ratio in excess of 1.25 our interest and related expenses, from the start of 2022. Furthermore, in June 2020, the lenders agreed to change the dates of certain facility reductions which otherwise would have occurred in 2021 to occur on maturity and to amend the minimum liquidity covenant levels to: USD 5 million in cash until 31 December 2020; USD 10 million in cash from and including 1 January 2021 to and including 30 June 2021; USD 15 million in cash from and including 1 July 2021 to and including 30 September 2021; USD 20 million in cash from and including 1 October 2021 to and including 31 December 2021; and free liquidity including cash and undrawn revolving credit facilities of the higher of (i) USD 30 million and (ii) 3% of the aggregate of net interest bearing debt and ring fenced liquidity on or after 1 January 2022.

Our New Bridge Facility agreement also contains a loan to value clause requiring that the fair market value of the rig shall at all times cover at least 175% of the aggregate outstanding facility amount and any undrawn and uncanceled part of the facility. The agreement also contains various covenants, including, among others, restrictions on incurring additional indebtedness and entering into joint ventures; covenants requiring the approval of our lenders prior to the distribution of any dividends; and restrictions on the repurchase of our Shares; restrictions on changing the general nature of our business; restrictions on removing Tor Olav Trøim from our Board. Furthermore, Tor Olav Trøim is required to maintain ownership of at least six million Shares (subject to adjustment for certain transactions). Our New Bridge

Facility agreement also contains customary events of default which include non-payment, cross default, breach of covenants, insolvency and changes which have or are likely to have a material adverse effect on the relevant obligor's business, ability to perform its obligations under the New Bridge Facility agreement or security documents or jeopardize the security provided thereunder. If there is an event of default, the lenders have the right to declare a default or may seek to negotiate changes to the covenants and/or require additional security as a condition of not doing so. The lenders may also require replacement or additional security if the fair market value of the jack-up rigs over which security is provided is insufficient to meet our market value-to-loan covenant. In addition, our New Bridge Facility contains a "Most Favored Nation" clause giving the lenders a right to amend the financial covenants to reflect any more lender-favorable covenants in any other agreement pursuant to which loan or guarantee facilities are provided to us, including amendments to our Financing Arrangements. Pursuant to the 2021 Amendments, we have agreed with the lenders under the New Bridge Facility that further amendments shall be implemented to the New Bridge Facility. See Section 11.8.13 for further details of the agreed terms and conditions precedent to their effectiveness.

#### *11.5.3.3 Our delivery financing arrangements*

In addition to three jack-up rigs which we have taken delivery of from Keppel against full payment (no delivery finance), we have contracts with Keppel to take delivery of five jack-up rigs under construction. For two of our newbuild jack-up rigs under construction at Keppel and ten additional jack-up rigs which have been delivered from PPL and Keppel, we have agreed to accept and accepted, respectively, delivery financing from the yards subject to the terms described below. Additionally, we have the option to take on delivery financing for four of the remaining jack-up rigs to be delivered from Keppel.

##### *a) PPL Financing*

In October 2017, we agreed to acquire nine premium "Pacific Class 400" jack-up rigs from PPL (the "**PPL Rigs**"). All nine PPL Rigs have been delivered as of the date of this Prospectus. In connection with delivery of the PPL Rigs, our rig-owning subsidiaries as buyers of the PPL Rigs agreed to accept delivery financing for a portion of the purchase price equal to USD 87 million per jack-up rig (the "**PPL Financing**"). The financing also includes a mechanism for certain fees payable in connection with increases in the market values of the relevant PPL Rigs above a certain level from 31 October 2017 until the repayment date. Please see notes 15 and 21 to our Group's Consolidated Financial Statements for more information (see Section 17.3 "*Incorporation by reference*").

The PPL Financing for each PPL Rig is an interest-bearing secured seller's credit, with the borrower either being a rigowner, in which case its obligations are guaranteed by the Company, or the borrower is the Company, with the rigowner as guarantor and provider of security in its assets. Each seller's credit matures on the date falling 60 months from the delivery date of the respective PPL Rig. The PPL Financing bears interest at 3-month USD LIBOR plus a variable marginal rate. Interest accrues and is payable quarterly in arrears. In June 2020, the Company and PPL entered into an agreement that interest for the period from the first quarter of 2020 to the fourth quarter of 2021 accrues and is not paid until the first quarter of 2022 and is subject to payment in kind interest.

The PPL Financing is cross-collateralized and secured by a mortgage on such PPL Rig and an assignment of the insurances in respect of such PPL Rig, contract assignments and share security. The PPL Financing also contains various covenants and the events of default include non-payment, cross default, breach of covenants, insolvency and changes which have or are likely to have a material adverse effect on the relevant obligor's business, ability to perform its obligations under the PPL Financing Arrangements or security documents, or jeopardize the security. In addition, each rig-owning subsidiary is subject to covenants which management consider to be customary in a transaction of this nature. Following amendments in June 2020, cash payments of interest is suspended in relation to these rigs for the period from the first quarter of 2020 to the fourth quarter of 2021, and accrued interest becomes payable in the first quarter of 2022, except for USD 1 million payable per quarter starting in the first quarter of 2020. Accrued, unpaid interest is guaranteed by Borr IHC. The security for the PPL Financing includes share security over the owners of the rigs which were delivered by PPL with finance under the PPL Financing. As of 30 September 2020, we had USD 793.7 million outstanding under our shipyard facilities with PPL, which includes a USD 3.3 million back-end fee per rig payable at maturity.

Pursuant to the 2021 Amendments, we have agreed with PPL that further amendments shall be implemented to the PPL Facilities. See Section 11.8.13 for further details of the agreed terms and conditions precedent to their effectiveness.

##### *b) Keppel Financing*

In May 2018, we agreed to acquire five premium KFELS B class jack-up rigs, three completed and two under construction from Keppel (the "**Keppel H-Rigs**"). As of 30 September 2020, two of the Keppel H-Rigs ("Huldra" and "Heidrun") remain to be delivered. In connection with delivery of the Keppel H-Rigs, Keppel has agreed to provide delivery financing for a portion of the purchase price equal to USD 90.9 million per jack-up rig for the three rigs that has been delivered (the "**Existing Keppel Financing**"), and USD 77.7 million for each of "Huldra" and "Heidrun" that remain to be delivered (the "**Huldra & Heidrun Financing**" and together with the Existing Keppel Financing the "**H-Rig Financing**"). Separately from the H-Rig Financing described below, we may exercise an option to accept delivery financing from Keppel with respect to two additional newbuild jack-up rigs, "Vale" and "Var," acquired in connection with the Transocean Transaction (which together with the Huldra & Heidrun Financing will be referred to as the "**Keppel H&V Financing**"). We will, prior to delivery of each jack-up rig from Keppel, consider available alternatives to such financing. In June 2020, we agreed to defer the delivery of two of the Keppel H-Rigs to the third quarter of 2022 and three of the newbuild jack-up rigs acquired in connection with the Transocean Transaction to 30 June 2022 ("Tivar") and the third quarter of 2022 ("Vale" and "Var"). Pursuant to the 2021 Amendments, we have agreed with Keppel to further postpone the deliveries to May ("Tivar"), July ("Vale"), September ("Var"), October ("Huldra") and December ("Heidrun") 2023. See Section 11.8.13 for further details of the agreed terms and conditions precedent to their effectiveness.

We retain the option to accept delivery financing for four of these rigs upon delivery and have cancelled the Newbuild Facility delivery finance from the banks in relation to the "Tivar" as well as the Keppel 100 million delivery financing for this rig announced in February 2020. We have agreed to pay certain holding and other costs for each of the five rigs in respect of the period from the original delivery dates to the revised delivery date. Payments of such costs fall due in quarterly instalments from the first quarter of 2021 until delivery.

The H-Rig Financing is an interest-bearing secured facility from Offshore Partners Pte Ltd (formerly known as Caspian Rigbuilders Pte. Ltd.) (an affiliate of Keppel), guaranteed by Borr Drilling Limited, which will be made available on delivery of each rig from Keppel and matures on the date falling 60 months from the delivery date of each respective rig. The H-Rig Financing bears interest at 3-month USD LIBOR plus a variable marginal rate, which accrues, and first cash payment of interest is payable beginning on the third anniversary of delivery.

The H-Rig Financing is or will be (as applicable) secured by a mortgage on such Keppel Rig, assignments of certain contracts, earnings and insurances and a charge over the shares of the rig-owning subsidiary which owns each such Keppel Rig. The H-Rig Financing also contain a loan to value clause requiring that the fair market value of each Keppel Rig shall at all times cover at least 130% of the loan and also contains various covenants, including, among others, restrictions on incurring additional indebtedness. Each H-Rig Financing also contains events of default which include non-payment, cross default, breach of covenants, insolvency and changes which have or are likely to have a material adverse effect on the relevant obligor's business, ability to perform its obligations under the H-Rig Financing or security documents, or jeopardize the security.

As of the date hereof, we had the Existing Keppel Financing outstanding.

## 11.6 Investments and divestments

### 11.6.1 Investments

The Group has not since 30 September 2020 made any material investments. For more information on the Company's investments, please see Section 6.3.3 ("*Overview of acquisitions and divestments*"). Other than the five rigs under construction ("Tivar", "Vale", "Var", "Heidrun" and "Huldra"), the Group does not have any investments in progress. The table below sets out the anticipated source of funds related to these rigs. If any of the rigowners should terminate any of these construction contracts, it would lose the initial deposit on such contract. The unfinanced part of these investments will be financed by equity and/or other funds available for Borr Drilling upon delivery.

<b>Rig</b>	<b>Delivery date*</b>	<b>Deposit</b>	<b>Outstanding</b>	<b>Financed</b>	<b>Unfinanced</b>
"Tivar"	Q2 2023	25.0	153.4	-	153.4
"Vale"	Q2 2023	25.0	147.4	130.0	17.4
"Var"	Q3 2023	25.0	147.4	130.0	17.4
"Heidrun"	Q4 2023	57.6	90.9	77.7	13.2
"Huldra"	Q4 2023	57.6	90.9	77.7	13.2
<b>Total</b>		<b>190.2</b>	<b>630.0</b>	<b>415.4</b>	<b>214.6</b>

All amounts in USD million

\*All delivery dates are subject to effectiveness of the 2021 Amendments, cf. Section 11.8.13 ("*2021 Amendments*").

### 11.6.2 Divestments

From time to time, we consider opportunities to sell our standard jack-up rigs if it can be achieved in a manner in which such jack-up rigs are contractually obligated to leave the jack-up drilling market, thereby decreasing the worldwide supply of jack-up rigs available for contract. In 2018, we divested 18 jack-up rigs for total proceeds of USD 37.6 million and recorded a gain of USD 18.8 million. In May 2019, we entered into sale agreements for the sale of the "Eir," "Baug" and "Paragon C20051," none of which were operating or on contract, for cash consideration of USD 3.0 million each. The jack-up rigs have been sold with a contractual obligation not to be used for drilling purposes and so retired from the international jack-up fleet. The sales of "Baug" and "Paragon C20051" were completed in May 2019 for cash consideration of USD 6.0 million and the sale of "Eir" is was completed in October 2020. On 13 March 2020, we sold "B391" for recycling for total proceeds of USD 0.8 million. On 30 April 2020, we sold "B152" and "Dhabi II" with associated backlog for total proceeds of USD 15.8 million, resulting in an estimated recordable gain of USD 11.8 million, which was recorded in the second quarter 2020. On 13 May 2020, we entered into an agreement to sell the semi-submersible "MSS1", built in 1979, for recycling, the transaction closed on 28 August 2020. Total proceeds were USD 2.2 million, and we recorded an impairment charge of USD 18.4 million in the first quarter of 2020. On 28 October 2020, the Company entered into an agreement to sell its cold stacked jack-up drilling rig "Atla" to an independent operator. The sale of the jack-up drilling rig "Atla" was completed in the fourth quarter 2020 together with the previously announced sale of the standard jack-up drilling rig "Eir" for total cash proceeds of USD 13 million. On 2 November 2020, the Company entered into an agreement to sell its cold stacked jack-up rig "Balder" to BW Energy. The completion of the sale is expected in the first quarter 2021, and the Company will receive USD 4.5 million sale proceeds, of which USD 3 million has been paid to the Company. These divestments bring the total number of jack-up rigs divested by us, when completed, and retired from the international jack-up fleet to 27 since the beginning of 2018.

## 11.7 Critical accounting policies and estimates

### 11.7.1 Critical accounting policies and estimates

The Group's significant accounting policies are summarized in Note 2 to the Group's Consolidated Financial Statements for the year ended 31 December 2019, incorporated by reference (see Section 17.3 "*Incorporation by reference*").

The preparation of the Group's Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Group's Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period.

Management believes that the following accounting policies are the most critical in fully understanding and evaluating the Company's reported financial results as they require a higher degree of judgment in their application resulting from the need to make estimates about the effect of matters that are inherently uncertain.

#### 11.7.1.1 Jack-up Rigs

The carrying amount of our jack-up rigs is subject to various estimates, assumptions, and judgments related to capitalized costs, useful lives and residual values and impairments. As of 30 September 2020, and 31 December 2019, the carrying amount of our jack-up rigs was USD 2,850.2 million and USD 2,683.3 million, representing 88.6% and 81.8% of our total assets, respectively.

Jack-up rigs 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. The estimated economic useful life of our jack-up rigs, when new, is 30 years.

We determine the carrying values of our jack-up rigs and related equipment based on policies that incorporate estimates, assumptions, and judgments relative to the carrying values, remaining useful lives and residual values. These assumptions and judgments reflect both historical experience and expectations regarding future operations, utilization, and performance. The use of different estimates, assumptions, and judgments in establishing estimated useful lives and residual values could result in significantly different carrying values for our jack-up rigs, which could materially affect our results of operations.

The useful lives of our jack-up rigs and related equipment are difficult to estimate due to a variety of factors, including technological advances that impact the methods or cost of oil and gas exploration and development, changes in market or economic conditions and changes in laws or regulations affecting the drilling industry. We re-evaluate the remaining useful lives of our jack-up rigs as of and when events occur that may directly impact our assessment of their remaining

useful lives. This includes changes the operating condition or functional capability of our rigs as well as market and economic factors.

The carrying values of our jack-up rigs and related equipment 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. We assess recoverability of the carrying value of an asset by estimating the undiscounted future net cash flows expected to result from the asset, including eventual disposition. If the undiscounted future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value. In general, impairment analyses are based on expected costs, utilization and dayrates for the estimated remaining useful lives of the asset or group of assets being assessed. An impairment loss is recorded in the period in which it is determined that the aggregate carrying amount is not 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.

Our management has identified certain indicators, among others, that the carrying value of our jack-up rigs and related equipment may not be recoverable and our market capitalization was lower than the book value of our equity. These market indicators include the reduction in new contract opportunities, fall in market dayrate and contract terminations. We assessed recoverability of our jack-up rigs by first evaluating the estimated undiscounted future net cash flows based on projected dayrates and utilizations of the rigs. The estimated undiscounted future net cash flows were found to be greater than the carrying value of our jack-up rigs, with sufficient headroom. As a result, we did not need to assess the discounted cash flows of our rigs, and no impairment charges were recorded.

With regard to older jack-up rigs which have relatively short remaining estimate useful lives, the results of impairment tests are particularly sensitive to management's assumptions. These assumptions include the likelihood of the rig obtaining a contract upon the expiration of any current contract, and our intention for the rig should no contract be obtained, including warm/cold stacking or disposal. The use of different assumptions in the future could potentially result in an impairment of our jack-up rigs, which could materially affect our results of operations. If market supply and demand conditions in the jack-up drilling market do not improve, it is likely that we will be required to impair certain jack-up rigs.

#### *11.7.1.2 Revenue*

The Company performs services that represent a single performance obligation under its drilling contracts. This performance obligation is satisfied over time. The Company earns revenues primarily by performing the following activities: (i) providing the drilling rig, work crews, related equipment, and services necessary to operate the rig (ii) delivering the drilling rig by mobilizing to and demobilizing from the drill location, and (iii) performing certain pre-operating activities, including rig preparation activities or equipment modifications required for the contract.

The Company recognizes revenues earned under drilling contracts based on variable dayrates, which range from a full operating dayrate to lower rates or zero rates for periods when drilling operations are interrupted or restricted, based on the specific activities performed during the contract. Such dayrate consideration is attributed to the distinct time period to which it relates within the contract term, and therefore recognized as the Company performs the services. The Company recognizes reimbursement revenues and the corresponding costs as the Company provides the customer-requested goods and services, when such reimbursable costs are incurred while performing drilling operations. Prior to performing drilling operations, the Company may receive pre-operating revenues, on either a fixed lump-sum or variable dayrate basis, for mobilization, contract preparation, customer-requested goods and services or capital upgrades, which the Company recognizes over time in line with the satisfaction of the performance obligation.

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 and therefore, the associated revenue is allocated to the overall performance obligation and recognized rateably over the expected term of the related drilling contract. We record a contract liability for mobilization fees received, which is amortized rateably to dayrate 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, 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.

The Company incurs costs to prepare a rig for contract and deliver or mobilize a rig to the drilling location. The Company defers pre-operating costs, such as contract preparation and mobilization costs, and recognizes such costs on a straight-line basis, consistent with the general level of activity, in operating and maintenance costs over the estimated firm period of drilling.

Revenue in OPEX and Akal, two out of four equity method investments, is recognized on a percentage of completion basis under the cost input method. The services OPEX and Akal deliver are to a single customer, Pemex, and involves delivering integrated well services with payment upon the completion of each well in the contract. Our proportionate share of the investees net result is reflected as a single-line item in the Consolidated Statement of Operations.

#### *11.7.1.3 Financial Instruments*

Marketable debt securities held by us which do not give us the ability to exercise significant influence are considered to be available-for-sale. These are re-measured at fair value each reporting period with resulting unrealized gains and losses recorded as a separate component of accumulated other comprehensive income in stockholders' equity. Gains and losses are not realized until the securities are sold or subject to temporary impairment. Gains and losses on forward contracts to purchase marketable equity securities that do not meet the definition of a derivative are accounted for as available-for-sale securities. We analyse our available-for-sale securities for impairment at each reporting period to evaluate whether an event or change in circumstances has occurred in that period that may have a significant adverse effect on the value of the securities. 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, unless there are mitigating factors that indicate impairment may not be required. If an impairment charge is recorded, subsequent recoveries in value are not reflected in earnings until sale of the securities held as available for sale occurs.

Where there are indicators that fair value is below the carrying value of our investments, we will evaluate these investments for other-than-temporary impairment. Consideration will be given to (i) the length of time and the extent to which fair value of the investments is below carrying value, (ii) the financial condition and near-term prospects of the investee, and (iii) our intent and ability to hold the investment until any anticipated recovery. Where we determine that there is other-than-temporary impairment, we will recognize an impairment loss in the period.

Marketable equity securities with readily determinable fair value are re-measured at fair value each reporting period with unrealized gains and losses recognized under other total income (expenses), net.

#### *11.7.1.4 Income Tax Positions*

Income taxes, as presented, are calculated in a global tax model which is based on our entire business. Accordingly, the tax results are not necessarily reflective of the results that we would have generated on a stand-alone basis. Income tax expense is based on reported income or loss before income taxes.

As tax law is based on interpretations and applications of the law, which are only ultimately decided by the courts of the particular jurisdictions, significant judgment is involved in determining our provision for income taxes in the ordinary course of our business. We do not recognize the benefit of income tax positions we believe are more likely than not to be disallowed upon challenge by a tax authority, based on the technical merits of each position and having regard to the relevant taxing authority's widely understood administrative practices and precedence.

Deferred tax assets and liabilities are based on temporary differences that arise between carrying values used for financial reporting purposes and amounts used for taxation purposes of assets and liabilities and the future tax benefits of tax loss carry forwards. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The impact of tax law changes is recognized in periods when the change is enacted.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 11.7.1.5 Business Combinations

The Company applies the acquisition method of accounting for business combinations in accordance with ASC 805. The acquisition method requires the total of the purchase price of acquired businesses and any non-controlling interest recognized to be allocated to the identifiable tangible and intangible assets and liabilities acquired at fair value, with any residual amount being recorded as goodwill as of the acquisition date. Costs associated with the acquisition are expensed as incurred. The Company allocates the purchase price of acquired businesses to the identifiable tangible and intangible assets and liabilities acquired, with any remaining amount being recorded as goodwill.

The estimated fair value of the jack-up rigs in a business combination is derived by using a market and income-based approach with market participant-based assumptions. When we acquire jack-up rigs there may exist unfavorable contracts which are recorded at fair value at the date of acquisition. An unfavorable contract is a contract that has a carrying value which is higher than prevailing market rates at the time of acquisition. The net present value of such contracts when lower than prevailing market rates, is recorded as an onerous contract at the purchase date.

In a business combination, contract backlog is recognized when it meets the contractual-legal criterion for identification as an intangible asset when an entity has a practice of establishing contracts with its customers. We record an intangible asset equal to its fair value on the date of acquisition. Fair value is determined by using multi-period excess earnings method. The multi-period excess earnings method is a specific application of the discounted cash flow method. The principle behind the method is that the value of an intangible asset is equal to the present value of the incremental after-tax cash flows attributable only to the subject intangible asset after deducting contributory asset charges. The asset is then amortized over its estimated remaining contract term.

#### 11.7.1.6 Lease Liabilities

We apply ASU No. 2016-02 (Topic 842), as amended, which generally requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use (ROU) assets on the balance sheet and to provide enhanced disclosures surrounding the amount, time and uncertainty of cash flows arising from lease agreements. As lessee, we have made the accounting policy election to not recognize a right-of-use asset lease and lease liability for leases with a term of 12 months or less.

Many of our leases contain variable non-lease components such as maintenance, taxes, insurance, and similar costs for the spaces we occupy. For new and amended leases beginning in 2019 and after, the Company has elected the practical expedient not to separate these non-lease components of leases for classes of all underlying assets and instead account for them as a single lease component for all leases. We straight-line the net fixed payments of operating leases over the lease term and expense the variable lease payments in the period in which we incur the obligation to pay such variable amounts. These variable lease payments are not included in our calculation of our ROU assets or lease liabilities.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Certain of our lease agreements include options to extend or terminate the lease, which we do not include in our minimum lease terms unless management is reasonably certain to exercise.

Our drilling contracts contain a lease component related to the underlying drilling equipment, in addition to the service component provided by our crews and our expertise to operate such drilling equipment. We have concluded the non-lease service of operating our equipment and providing expertise in the drilling of the client's well is predominant in our drilling contracts. We have applied the practical expedient to account for the lease and associated non-lease components as a single component. With the election of the practical expedient, we will continue to present a single performance obligation under the new revenue guidance in Accounting Standards Codification ("**ASC**") Topic 606, "Revenue from Contracts with Customers."

### 11.8 Significant changes

Below changes in the Company's financial or trading position have occurred since 31 December 2019, as also discussed in Section 6.3 ("*History and important events*") and Section 9 ("*Capitalisation and Indebtedness*"). There are no other significant changes in the issuers financial position.

#### 11.8.1 Delivery of Heimdal

On 15 January 2020, we took delivery of "Heimdal" from Keppel. The final delivery instalment was USD 86.4 million, excluding back end fee, and we accepted delivery financing for the same amount.

#### *11.8.2 Sale of Paragon B391*

On 13 March 2020, we agreed with an external third party to sell the "Paragon B391" for a total consideration of USD 0.8 million, resulting in a loss of USD 0.4 million recorded in the first quarter 2020. The transaction closed in March 2020.

#### *11.8.3 Delivery of Hild*

On April 22, 2020, we took delivery of "Hild" from Keppel. The final delivery instalment was USD 86.4 million, excluding back end fee, and we accepted delivery financing for the same amount.

#### *11.8.4 Coronavirus (COVID-19)*

Our business could be materially and adversely affected by the risks, or the public perception of the risks and travel restrictions related to the novel coronavirus (COVID-19) pandemic. On 13 April 2020, we announced that several of our customers have elected to terminate contracts or stop operations due to COVID-19; the net impact on total revenue backlog was USD 19 million.

We are currently experiencing the impact of current unprecedented market conditions and the global market reaction to the COVID-19 pandemic, in particular as a result of the practical issues arising from government-imposed travel restrictions, border closures and quarantines. Safety is our primary focus and we have implemented changes to working arrangements to protect everyone working on our rigs and at our onshore sites. We also respect similar arrangements put in place by our customers and suppliers to safeguard the safety and well-being of their personnel. Some of our customers are unable to continue safe operations in the current circumstances, are experiencing difficulties in their respective supply chains and have announced cost-saving initiatives. Further, a number of customers have contractual rights in place to suspend operations in certain circumstances, and we could be subject to further suspension notices in light of market conditions. At this stage, the Company cannot predict with reasonable accuracy the duration of such suspensions if exercised or other potential consequences of the pandemic or the impact on the Company.

#### *11.8.5 Settlement of forwards and subsequent sale of shares*

In May 2020, the Company exited all its forward contracts for shares in Valaris PLC with realised losses of USD 91.0 million since entering into the position. The total losses on these forward contracts were covered partly by restricted cash on the balance sheet. After taking delivery of the shares under the forward contracts, the Company sold all of the 4.26 million shares for total proceeds of USD 3 million, realising a gain on sale of marketable securities of USD 1.5 million in the second quarter 2020.

#### *11.8.6 Sale of Paragon B152 and Dhabi II*

The Company has sold "Paragon B152" and "Dhabi II" with associated backlog for total proceeds of USD 15.8 million in April, resulting in an estimated accounting gain of USD 11.8 million, which was recorded in the second quarter 2020.

#### *11.8.7 Sale of MSS1*

In May 2020, we signed an agreement to sell the "MSS1" for recycling for proceeds of USD 2.2 million. The book value of the rig was impaired down to its sale value at the end of the first quarter 2020, and the rig was classified as held for sale. The sale closed on 28 August 2020.

#### *11.8.8 Private Placements*

In May 2020, we completed the USD 30 million private placement offering through the subscription and allocation of 46,153,846 Depository Receipts, representing the beneficial interests in the same number of Common Shares, each at a subscription price of USD 0.65 per share, raising gross proceeds of USD 30 million.

In September 2020, we completed private placement through the subscription and allocation of 51,886,793 Depository Receipts, representing the beneficial interests in the same number of Common Shares, each at a subscription price of USD 0.53 per share, raising gross proceeds of USD 27.5 million.

In November 2020, we completed the November subsequent offering through the subscription and allocation of 10,000,000 Shares each at a subscription price of USD 0.53 per share, raising gross proceeds of USD 5.3 million.



### 11.8.9 Amendments with Lenders and Yards

In June 2020, the terms of certain of our Financing Arrangements, including the delivery financing related to our newbuild rigs were amended. The amendments revised certain specified financial covenants that we are required to meet, including minimum free liquidity. Furthermore, the lenders and shipyards under certain of these arrangements agreed to defer certain interest payments and change the dates of certain amortization payments which otherwise would have fallen due in 2021 to 2022 and change delivery time for our five remaining newbuildings to the second quarter ("Tivar") and third quarter ("Var", "Vale", "Heidrun" and "Huldra") of 2022. See Section 6.5.3.2 ("Amendments to Financing Arrangements") and Section 11.5.2.1 ("Financing Arrangements").

On 30 September 2020, the Company announced completion of a private placement raising an additional USD 27.5 million and certain amendments to the Syndicated Facility and Hayfin Facility, subject to certain conditions including the yards agreeing the same. The key announced amendments were: (i) extend the maturity on the Syndicated Facility and the Hayfin Facility to January 2023, (ii) no bank debt amortisation before maturity, (iii) keeping the minimum cash covenant at USD 5 million until expiry of the Syndicated Facility and the Hayfin Facility, (iv) extend the maturity of interest payments due 30 September 2020 and 31 December 2020 with the banks 12 months, and (v) defer requirement to replenish the minimum restricted liquidity account with Hayfin until 30 September 2021.

On 24 December 2020, the Company announced that, subject to the Company successfully raising USD 40 million in new equity and subject to final Board and credit committee approvals, the lenders were supportive of: (i) amending the USD 400 million syndicated bank facilities to defer maturity to Jan 2023; (ii) amending the USD 195 million Hayfin Facility to defer maturity to Jan 2023; (iii) amending the USD 760 million PPL Financing to mature in May 2023 and related interest of USD 107 million in March 2023; (iv) amending the USD 272 million Keppel facility to defer interest to May 2023; (v) amending the USD 620 million in Keppel newbuilding commitments to be deferred to June 2023; the USD 350 million Convertible Bonds remains in place unchanged with a maturity in May 2023. The Company has further agreed amended terms with the lenders pursuant to the 2021 Amendments. See Section 11.8.13 for further details of the agreed terms and conditions precedent to their effectiveness.

### 11.8.10 Appointment of new CEO

On 10 August 2020, we announced the appointment of Patrick Schorn as new Chief Executive Officer of Borr Drilling starting 8 September 2020.

### 11.8.11 Appointment of new CFO

On 27 December 2020, we announced the appointment of Magnus Vaaler as new Chief Financial Officer of Borr Drilling with effect from 28 December 2020.

### 11.8.12 Sales of cold stacked jack-up drilling rigs

On 28 October 2020, the Company entered into an agreement to sell its cold stacked jack-up drilling rig "Atla" to an independent operator. The sale of "Atla" closed on 4 November 2020 together with the previously announced sale of the standard jack-up drilling rig "Eir". This resulted in total cash proceeds of USD 13 million.

On 2 November 2020, the Company entered into an agreement to sell its cold stacked jack-up rig "Balder" to BW Energy. The Company received USD 3.0 million of the total USD 4.5 million sale proceeds shortly after entering into the sale agreement and the remaining USD 1.5 million will be received at the closing of the sale which is expected in the first quarter of 2021.

### 11.8.13 2021 Amendments

The Company has agreed with Keppel, PPL and the lenders under the New Bridge Facility and the Syndicated Facility to amend the terms of the PPL Facilities, the Existing Keppel Facilities and the terms for delivery of the undelivered rigs from Keppel, the New Bridge Facility and the Syndicated Facility. The contemplated amendments (the "**2021 Amendments**") are described in (a)-(e) below. *The 2021 Amendments are subject to conditions, executing and implementing documentation giving effect to the agreed principles by 31 January 2021, a process which involves each secured creditor reviewing and approving each other secured creditor's final terms and agreements.*

(a) Keppel

Amendments include:

- Delivery dates for the five undelivered rigs are extended to the following: for the Tivar, May 2023, for the Vale, July 2023, for the Var, September 2023, for the Huldra, October 2023, and for the Heidrun, December 2023.
- All purchase price instalments, holding costs and cost cover payments in respect of the five undelivered rigs are deferred until 2023, other than interim payments totalling USD 6 million in 2021, and USD 12 million in 2022.
- Maturity dates for the loans of the three delivered rigs are extended by one year.
- Interest payment date in respect of the delivered vessels deferred by one year to the fourth anniversary of each loan.
- Limitations on certain payments to other creditors other than certain permitted payments.
- Rights to Keppel to terminate newbuilding contracts with no refund or other compensation to the rigowner(s) if it receives an offer from a third party, unless Borr purchases the rigs at the contract price within a certain time period.

Conditions precedent include:

- Agreement reached with lenders under the New Bridge Facility and the Syndicated Facility, PPL and Hayfin to extend maturities, and approval of these agreements by Keppel.
- Satisfactory long form amendment documentation and customary CPs.

(b) PPL

Amendments include:

- Date for repayment of Seller's Credit on the rigs are amended to May 2023
- All interest on the Seller's Credit for the rigs is deferred until March 2023 and capitalised other than USD 6 million of interim payments due in 2021 and USD 12 million of interim payments due in 2022.
- Capitalised interest guaranteed by Borr IHC Limited.
- Requirement to provide additional security if value of any rig falls below \$70m in 2021, \$75m in 2022 or \$80m thereafter.
- Minimum liquidity covenants to match the levels in the USD 450 million Syndicated Senior Secured Credit Facilities.
- Purchase option in respect of the "Gyme" in order to repay the secured debt on the relevant rig, with the right for the company to repay/refinance loan and retain rig within a certain time period.
- Limitations on certain payments to other creditors other than certain permitted payments.
- Certain other undertakings and covenants amended.

Conditions precedent include:

- Successful private placement in a minimum gross amount of USD 40 million.
- Agreement reached with lenders under the New Bridge Facility and the Syndicated Facility, Keppel and Hayfin, and approval of these agreements by PPL.
- Satisfactory long form amendment documentation and customary CPs.

(c) Hayfin

Amendments include:

- The maturity date for the loans is extended to the first quarter of 2023
- The requirement to replenish the restricted cash in the minimum liquidity accounts is extended until 1 October 2021
- The VTL covenant ratio is reduced from 170% to 140%.
- Limitations on certain payments to other creditors other than certain permitted payments.
- Purchase option in respect of the "Thor" and "Skald" in order to repay the secured debt on the relevant rig, with the right for the company to repay/refinance loan and retain rig within a certain time period.
- Certain other undertakings and covenants amended.

Conditions precedent include:

- Successful private placement in a minimum gross amount of USD 40 million.
- Agreement reached with lenders under the New Bridge Facility and the Syndicated Facility, Keppel and PPL, and approval of these agreements by Hayfin.
- Satisfactory long form amendment documentation and customary CPs.

(d) USD 450 million Syndicated Senior Secured Credit Facilities

Amendments include:

- All amortizations and facility reductions incl. final maturity pushed out to January 2023.
- Certain interest payments due in 2020 deferred by one year into 2021.
- Minimum liquidity requirements reduced to the following: Company to maintain minimum liquidity of at least USD 5 million in cash during 2021, to be stepped up to USD 10 million from year end 2021 and further to USD 15 million from end of second quarter 2022.
- Minimum book equity ratio level reduced, and to be equal to at least 25% in 2021, 30% in 2022 and 35% from 2023.
- Debt service cover ratio covenant to be waived until final maturity.
- Minimum loan to value covenant level reduced from 175% to 140%.
- Certain other covenants amended.

Conditions precedent include:

- Successful private placement in a minimum gross amount of USD 40 million.
- Agreement reached with Keppel, PPL and Hayfin, and approval of these agreements by the bank lenders.
- Satisfactory long form amendment documentation and customary CPs.

(e) New Bridge Revolving Credit Facility

Amendments include:

- All principal maturities and facility reductions incl. final maturity pushed out to January 2023.
- Certain interest payments due in 2020 deferred by one year into 2021.
- Minimum liquidity requirements reduced to the following: Company to maintain minimum liquidity of at least USD 5 million in cash during 2021, to be stepped up to USD 10 million from year end 2021 and further to USD 15 million from end of second quarter 2022.
- Minimum book equity ratio level reduced, and to be at all times equal to at least 25%.
- Debt service cover ratio covenant to be waived until final maturity.
- Minimum loan to value covenant level reduced from 175% to 140%.
- Certain other covenants amended.

Conditions precedent include:

- Successful private placement in a minimum gross amount of USD 40 million.
- Agreement reached with Keppel, PPL and Hayfin, and approval of these agreements by the bank lenders.
- Satisfactory long form amendment documentation and customary CPs.

## 12 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

### 12.1 Introduction

The Board is responsible for the overall management of the Company and may exercise all of the powers of the Company not reserved for the Company's shareholders by the Bye-laws and Bermuda law.

The Bye-Laws state that the number of Directors shall not be less than two. The shareholders shall, at the Annual General Meeting (the "**Annual General Meeting**"), and may in a general meeting by Resolution, determine the minimum and the maximum number of Directors and may by resolution determine that one or more vacancies in the Board shall be deemed casual vacancies for the purpose of these Bye-laws. The Directors are, unless there is a casual vacancy, elected by the shareholders at the annual general meeting or any special general meeting called for that purpose. If there is a casual vacancy, the Board may appoint a Director to fill the vacancy always provided a quorum of Directors remains in office. The Directors serve until the next annual general meeting following his/her election or until his/her successor is elected.

### 12.2 The Board of Directors

#### 12.2.1 Overview of the Board of Directors

The Bye-laws provide that the Board shall consist of a minimum of two. The shareholders have currently approved a maximum of seven Board Members. The names, positions, and current term of office of the Board Members as at the date of this Prospectus are set out in the table below.

<b>Name</b>	<b>Position</b>	<b>Served since</b>	<b>Term expires</b>
Pål Kibsgaard	Director and Chairman	October 2019	AGM 2021
Tor Olav Trøim	Director and Vice Chairman	August 2017	AGM 2021
Kate Blankenship	Director	February 2019	AGM 2021
Neil Glass	Director	December 2019	AGM 2021
Georgina Sousa	Director and Company Secretary	February 2019	AGM 2021

The composition of the Board is in compliance with the independence requirements of the Corporate Governance Code (as defined below), meaning that (i) the majority of the shareholder elected members of the Board are independent of the Company's executive management and material business contacts, (ii) at least two of the shareholder elected Board Members are independent of the Company's main shareholders (shareholders holding more than 10% of the securities), and (iii) no member of the Company's management serves on the Board.

The Company's registered office address at S.E. Pearman Building, 2nd floor, 9 Par-la-Ville Road, Hamilton HM11, Bermuda, serves as the c/o address for the Board Members in relation to their directorships of the Company.

The securities and options to acquire securities that are held by the Board Members as at the date of this Prospectus are set out in Section 12.4.3 below. See Section 12.5 "Bonus programme and share incentive scheme" for a description of the Company's long term share incentive programme adopted by the Board.

#### 12.2.2 Brief biographies of the Board Members

Set out below are brief biographies of the Board Members who constitute the Board, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a Board Member is or has been a member of the administrative management or supervisory bodies or partner in the five years dating back from the date of this Prospectus.

#### **Pål Kibsgaard**

*Director and Chairman*

Pål Kibsgaard has served as a Director and Chairman on our Board since October 2019. Mr. Kibsgaard is also member a of the Compensation Committee and a member of the Nominating and Governance Committee. Mr. Kibsgaard has held a variety of global senior management positions at Schlumberger Limited, including Chairman and CEO, COO, President of the Reservoir Characterization Group, Vice-President of Engineering, Manufacturing, and Sustaining and Vice-President of Human Resources. Earlier in his Schlumberger career, Mr. Kibsgaard was a geomarket manager for the Caspian region after holding various field positions in sales, marketing, and customer support. Mr. Kibsgaard is currently the Chief Executive Officer of Kattera, a construction technology company located in California and has served as a director of Kattera for the past three years. Mr. Kibsgaard holds a Masters degree from the Norwegian Institute of

Technology and is a petroleum engineer. Mr. Kibsgaard is a Norwegian citizen and a resident of the United States of America.

*Current directorships and management positions:* ..... *Borr Drilling Limited (Director and Chairman), Katerra (Director and Chief Executive Officer).*

*Previous directorships and management positions last five years:* ..... *Schlumberger Limited (Chairman, CEO, COO), Reservoir Characterization Group (President).*

### **Tor Olav Trøim**

*Director and Vice Chairman*

Tor Olav Trøim has served as a Director on our Board since our incorporation and was our founder. He served as the Chairman of the Board from August 2017 until September 2019. Mr. Trøim is the founder and sole shareholder of Magni Partners. He is the senior partner (and an employee) of Magni Partners' subsidiary, Magni Partners Limited, in the U.K. Mr. Trøim is a beneficiary of the Drew Trust, the sole shareholder of Drew. Mr. Trøim has 30 years of experience in energy related industries in various positions. Before founding Magni Partners in 2014, Mr. Trøim was a director of Seatankers Management Co. Ltd. from 1995 until September 2014. He was the Chief Executive Officer of DNO AS from 1992 to 1995 and an Equity Portfolio Manager with Storebrand ASA from 1987 to 1990. Mr. Trøim graduated with an MSc degree in naval architecture from the University of Trondheim, Norway in 1985. Mr. Trøim is a Norwegian citizen and a resident of the United Kingdom.

*Current directorships and management positions:* ..... *Borr Drilling Limited (Director), Magni Partners (Bermuda) Limited (Founding Partner), Golar LNG Limited (Chairman), Golar LNG Partners LP (Chairman), Hygo Energy Transition Ltd. (Chairman), Stolt-Nielsen SA. (Director), Magni Sports AS (director), Vami AS (director) and Vålerenga Fotball AS (Director).*

*Previous directorships and management positions last five years:* ..... *Avida Finans AB (Director)*

### **Kate Blankenship**

*Director*

Kate Blankenship has served as a Director on our Board and as Chair of our Audit Committee since February 2019. Mrs. Blankenship also serves as Chair of the Compensation Committee. Mrs. Blankenship is a member of the Institute of Chartered Accountants in England and Wales and graduated from the University of Birmingham with a Bachelor of Commerce in 1986. Mrs. Blankenship joined Frontline Ltd in 1994 and served as its Chief Accounting Officer and Company Secretary until October 2005. Among other positions, she has served on the board of numerous companies, including as director and audit committee Chairperson of North Atlantic Drilling Ltd. from 2011 to 2018, Archer Limited from 2007 to 2018, Golden Ocean Group Limited from 2004 to 2018, Frontline Ltd. from August 2003 to 2018, Avance Gas Holding Limited from 2013 to 2018, Ship Finance International Limited from October 2003 to 2018, Golar LNG Limited from 2003 to 2015, Golar LNG Partners LP from 2007 to 2015, Seadrill Limited from 2005 to 2018 and Seadrill Partners LLC from 2012 to 2018. Mrs. Blankenship is a United Kingdom citizen and resident.

*Current directorships and management positions:* ..... *Borr Drilling Limited (Director, Audit Committee Chairperson and Compensation Committee member), 2020 Bulkera Ltd. (Director and Audit Committee Chairperson), Diamond S Shipping Inc. (Director and Audit Committee Chairperson), Hygo Energy Transition (Director).*

Previous directorships and management positions last five years: .....

Frontline Ltd (Director and audit committee Chairperson), North Atlantic Drilling Ltd (Director and audit committee Chairperson), Archer Limited (Director and audit committee Chairperson), Golden Ocean Group Limited (Director and audit committee Chairperson), Avance Gas Holding Limited (Director and audit committee Chairperson), Ship Finance International Limited (Director and audit committee Chairperson), Golar LNG Limited (Director and audit committee Chairperson), Golar LNG Partners LP (Director and audit committee Chairperson), Seadrill Limited and Seadrill Partners LLC (Director and audit committee Chairperson).

**Neil Glass**

Director

Neil Glass has served as a Director on our Board since December 2019 and also serves as Chair of our Nominating and Governance Committee and is an Audit Committee Member. Mr. Glass worked for Ernst & Young for 11 years: seven years with the Edmonton, Canada office and four years with the Bermuda office. In 1994, he became General Manager and in 1997 the sole owner of WW Management Limited, tasked with overseeing the day-to-day operations of several international companies. Mr. Glass has over 20 years' experience as both an executive director and as an independent non-executive director of international companies. Mr. Glass is a member of both the Chartered Professional Accountants of Bermuda and of Alberta, Canada, and is a Chartered Director and Fellow of the Institute of Directors. Mr. Glass graduated from the University of Alberta in 1983 with a degree in Business. Mr. Glass is a Canadian citizen and a resident of Bermuda.

Current directorships and management positions: .....

Borr Drilling Limited (Director, Nominating and Governance Committee, Chairperson and Audit Committee Member), 2020 Bulkiers Ltd. (Director and Audit Committee Member), Golar LNG Partners LP (Director and Audit Committee Member), WW Management Limited (Owner and Director).

Previous directorships and management positions last five years: .....

N/A

**Georgina Sousa**

Director

Georgina Sousa has served as a Director on our Board and our Company Secretary since February 2019. Ms. Sousa was employed by Frontline Ltd. as Head of Corporate Administration from February 2007 until December 2018. She previously served as a director of Frontline from April 2013 until December 2018, Ship Finance International Limited from May 2015 until September 2016, North Atlantic Drilling Ltd. from September 2013 until June 2018, Sevan Drilling Limited from August 2016 until June 2018, Northern Drilling Ltd. from March 2017 until December 2018, and FLEX LNG LTD. from June 2017 until December 2018. Ms. Sousa also served as a Director of Seadrill Limited from November 2015 until July 2018, Knightsbridge Shipping Limited (the predecessor of Golden Ocean Group Limited) from 2005 until 2015 and Golar LNG Limited from 2013 until 2015. Ms. Sousa served as Secretary for all of the abovementioned companies at various times during the period between 2005 and 2018. She served as secretary of Archer Limited from 2011 until December 2018 and Seadrill Partners LLC from 2012 until 2017. Ms. Sousa is a U.K. citizen and a resident of Bermuda.

Current directorships and management positions: .....

Borr Drilling Limited (Director and Secretary), Golar LNG Limited (Director & Secretary), Golar LNG Partners LP (Director & Secretary) 2020 Bulkiers Ltd. (Director & Secretary), Hygo Energy Transition Ltd. (Secretary & Director).

Previous directorships and management positions last five years: .....

Frontline Ltd. (Director and Secretary), Ship Finance Limited (Director and Secretary), North Atlantic Drilling Ltd. (Director and Secretary), Sevan Drilling Limited (Director and Secretary), Northern Drilling Ltd. (Director and Secretary), FLEX LNG Ltd. (Director and Secretary), Seadrill Limited (Director and Secretary), Golden Ocean Group Limited (Director and Secretary).

## 12.3 Management

### 12.3.1 Overview

The ultimate responsibility for the management of the Company is vested in the Board.

The Board has decided that the Company’s management requirements shall be contracted in from subsidiaries. In doing so the Board will, at all times, retain sole authority on all significant strategic and operating decisions and on issues that are either of an unusual nature or of major importance to the Company and its activities. Similar to structures commonly used by other rig companies, the Group’s rigs are all owned by separate subsidiaries or associated companies. Borr Drilling Management (UK) Limited and Borr Drilling Management AS, both wholly-owned subsidiaries, support the Group in the implementation of the Board’s decisions and management of the Group.

The Group’s Management team have historically been employed in Borr Drilling Management AS and Borr Drilling Management DMCC. In connection with the Group’s transfer of certain functions to the United Kingdom in 2019 the Executive Officers are now employed in either Borr Drilling Management (UK) Limited or Borr Drilling Management AS. Their individual services are integrated in the services Borr Drilling Management (UK) Limited and Borr Drilling Management AS provides to the Company and the Group pursuant to a Management Agreement.

The securities and options to acquire securities that are held by members of the Executive Officers as at the date of this Prospectus are set out in Section 12.4.3 below. See Section 12.5 “Bonus programme and share incentive scheme” for a description of the Company’s long term share incentive programme adopted by the Board.

The Management Agreements set out the terms upon which Borr Drilling Management (UK) Limited and Borr Drilling Management AS provide administrative services to the Group. The Management Agreements clearly reserves the authority to set goals for the Company (within the scope of the Memorandum of Association and the Bye-laws), to approve strategy and plans and to take any and all decisions of an unusual nature or major importance with the Board. The authority granted to Borr Drilling Management (UK) Limited and Borr Drilling Management AS, as managers under the Management Agreements, is to take decisions required for the day-to-day management of the Group within limits defined by the Board and the individual board of directors of the rig owning subsidiaries.

The names of the members of Executive Officers as at the date of this Prospectus, and their respective positions, are presented in the table below:

<b>Name</b>	<b>Current position within the group</b>	<b>Employed with the Group since</b>
Patrick Schorn	Chief Executive Officer (1) of Borr Drilling Management (UK) Limited	September 2020
Magnus Vaaler	Chief Financial Officer (2) of Borr Drilling Management AS	January 2018 (as CFO since 28 December 2020)

(1) Svend Anton Maier served as the Group’s Chief Executive Officer from January 2018 until 7 September 2020.

(2) Rune Magnus Lundetræ served as the Group’s Chief Financial Officer from August 2017 until 31 December 2019, Francis Millet served from January 2020 until 31 October 2020 and Christoph Bausch served from 1 November to 28 December 2020.

Borr Drilling Management (UK) Limited’s registered business address at 20 North Audley Street, Mayfair, London, UK W1K 6LX and Borr Drilling Management AS’ registered business address at Fidjof Nansens plass 4, 0160 Oslo, Norway serves as c/o address for the members of the Executive Officers in relation to their employment with the Group.

### 12.3.2 Brief biographies of the members of the Executive Officers

Set out below are brief biographies of the members of the Executive Officers, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company



and names of companies and partnerships of which a member of the management is or has been a member of the administrative, management or supervisory bodies or partner during the previous five years.

### **Patrick Schorn**

*CEO*

Patrick Schorn served as a Director on our Board from 10 January 2018 until 8 September 2020. Mr. Schorn served as the Executive Vice President of Wells for Schlumberger Limited until 31 August 2020. Prior to that role, he held various global management positions including President of Operations for Schlumberger Limited, President Production Group, President of Well Services, President of Completions and GeoMarket Manager Russia. He began his career with Schlumberger Limited in 1991 as a Stimulation Engineer in Europe and held various management and engineering positions in France, United States, Russia, U.S. Gulf of Mexico and Latin America. Mr. Schorn holds a Bachelor of Science degree in Oil and Gas Technology from the University "Noorder Haaks" in Den Helder, the Netherlands. Mr. Schorn is a Dutch citizen and a resident of the United Kingdom.

*Current directorships and management positions: .....* *Borr Drilling Management (UK) Limited (Chief Executive Officer).*

*Previous directorships and management positions last five years: .....* *Borr Drilling Limited (Director & Compensation Committee), Schlumberger Limited (President of Operations), Well Services (EVP, President of Operations), New Ventures (EVP, President of Operations).*

### **Magnus Vaaler**

*CFO*

Magnus Vaaler became CFO of Borr Drilling in December 2020 from the position as VP Investor Relations and Treasury. Mr Vaaler has been working in the Company's Finance department since January 2018 with Treasury, Finance and Investor relations. Mr. Vaaler brings many years of finance, oil and offshore industry experience from three years as VP Finance in "Offshore Merchant Partners", a portfolio company of Hitecvision, and seven years as Treasurer and VP Finance in Frontline Ltd., listed on NYSE and OSE. Mr. Vaaler holds a Bachelor of Commerce degree from University College Dublin. Mr. Vaaler is a Norwegian citizen and resident.

*Current directorships and management positions: .....* *Borr Drilling Management AS (Chief Financial Officer), Løstegård AS (Director)*

*Previous directorships and management positions last five years: .....* *N/A*

## **12.4 Remuneration and benefits**

### **12.4.1 Remuneration of the Board of Directors**

During the year ended 31 December 2019, the Company paid its Directors aggregate fees of USD 737,524.

### **12.4.2 Remuneration of the management**

The Company offers competitive remuneration to members of management based on current market standards, company- and individual performance. The remuneration to the senior management team has four components. The first component is each individual's fixed salary. This is set based on the individual's position and responsibility and the international salary level for comparable positions in the industry. The second component is local compensation such as housing allowance, mandatory pension payments, etc. The third component is a variable bonus. This is discretionary. Bonuses will be granted based on the performance of the Group and each individual in relation to targets set annually. The fourth component is share options, see Section 12.5 ("*Bonus programme and share incentive scheme*").

During the year ended 31 December 2019, we paid our directors and executive officers aggregate compensation of USD 6.1 million. In addition, compensation expense in the aggregate amount of USD 0.1 million was expensed for the pension and retirement benefits. In addition to cash compensation, during 2019 an expense of USD 0.7 million relating to stock options granted to certain executives was recognized. The above include remuneration paid to Mr. Rune Magnus

Lundetræ who served as the Group's CFO from August 2017 to 31 December 2019 and remuneration paid to Mr. Svend Anton Maier who served as the Group's CEO from January 2018 to 7 September 2020.

The table below sets out the remuneration paid to the Executive Officers in 2019 (in USD):

<b>Name</b>	<b>Salary and Bonus</b>	<b>Benefits in kind</b>	<b>Pensions costs</b>	<b>Total remuneration</b>
Svend Anton Maier (1)	2,470,280	195,896	86,786	2,752,962
Rune Magnus Lundetræ (2)	2,621,487	186,179	N/A	2,807,666

(1) Svend Anton Maier served as the Group's Chief Executive Officer from January 2018 until 7 September 2020.

(2) Rune Magnus Lundetræ served as the Group's Chief Financial Officer from August 2017 until 31 December 2019.

#### 12.4.3 Shareholdings of Board Members and Executive Officers in the Company

The members of Executive Officers and Board Members that hold securities and options of the Company are set out below (\*).

<b>Name</b>	<b>Position</b>	<b>No # of securities</b>	<b>No # of options</b>
Tor Olav Trøim (1)	Director	14,230,718	-
Pål Kibsgaard (2)	Director and Chairman	452,069	-
Magnus Vaaler (3)	CFO	840	70,000
Patrick Schorn (4)	CEO	1,000,000	-
Kate Blankenship (5)	Director	100,000	30,000
Georgina Sousa (6)	Director	—	10,000
Neil Glass (7)	Director	—	-

(\*) Our post-reverse share split began to trade on the OSE on 26 June 2019. The table above reflects our reverse share split.

(1) Represents shares beneficially owned by Tor Olav Trøim, including those held by Drew Holdings Ltd., Magni Partners (Bermuda) Ltd and their respective subsidiaries and affiliates, as the context may require.

(2) Pål Kibsgaard was appointed on 27 September 2019.

(3) Magnus Vaaler was appointed on 27 December 2020 with effect from 28 December 2020.

(4) Patrick Schorn was appointed as CEO on 10 August 2020 with effect from 8 September 2020.

(5) Kate Blankenship was appointed on 26 February 2019.

(6) Georgina Sousa was appointed on 27 February 2019.

(7) Neil Glass was appointed on 31 December 2019.

#### 12.5 Bonus programme and share incentive scheme

The Board has adopted a long-term incentive plan (the "LTI Plan") and has authorized the issuance of up to 3,494,000 options pursuant to awards under our long-term incentive program, of which 1,724,001 options remain unallocated for further awards and recruitments. Any person who is contracted to work at least 20 hours per week in our service, the members of our Board and any person who is a member of the board of any of our subsidiaries is eligible to participate in our long-term incentive plan. The purpose of our long-term incentive programme is to align the long-term financial interests of our employees and directors with those of our shareholders, to attract and retain those individuals by providing compensation opportunities that are competitive with other companies, and to provide incentives to those individuals who contribute significantly to our long-term performance and growth.

The LTI Plan is based on the granting of options to subscribe to new securities. Such options will, typically, be granted with a term of five years. The Board has the authority to set the subscription price, vesting periods, and the terms of the options. No consideration will be paid by the recipients for the options. When an individual ceases to be eligible to retain options, for example by leaving the Group, unvested options will lapse. Vested options must, in the same situation, be exercised within a certain period after the termination date.

The following table sets forth the basis for the share option expense with respect to the share options (for our ordinary shares) that have been granted to the Company's directors and executive officers for the financial year ended 31 December 2019. No options were granted in the nine months ending 30 September 2020.

<b>Named of Officer or Director</b>	<b>Share Options</b>		
	<b>Number of securities underlying unexercised options (#)</b>	<b>Option exercise price</b>	<b>Option expiration date</b>

Kate Blankenship, <i>Director</i>	30,000 USD	17.50	March 11, 2024
Georgina Sousa, <i>Director and Company Secretary</i>	10,000 USD	17.50	March 11, 2024
Magnus Vaaler, <i>Chief Financial Officer (from 28 December 2020)</i>	70,000 USD	24.35	July 6, 2023
Svend Anton Maier, <i>Former Chief Executive Officer, until 7 September 2020</i>	258,000 USD 242,000 USD	17.50 24.35	June 12, 2022 July 6, 2023
Rune Magnus Lundetræ, <i>(1) Former Chief Financial Officer (until 31 December 2019)</i>	172,000 USD 35,500 USD	17.50 24.35	June 12, 2022 <sup>(1)</sup> July 6, 2023 <sup>(1)</sup>

(1) Options issued to Rune Magnus Lundetræ expired on 31 March 2020.

The following table sets forth the number of share options granted and weighted average exercise price during the nine months to 30 September 2020 and for the year ended 31 December 2019.

Number and weighted average exercise price stock options:	Nine months to 30 September 2020		Twelve months to 31 December 2019	
	Number	Weighted Average Exercise Price (in USD)	Number	Weighted Average Exercise Price (in USD)
<b>Outstanding at start of period</b>	<b>2,357,498</b>	<b>22.0</b>	<b>2,615,000</b>	<b>22.0</b>
Granted during the year	-	17.5	460,000	17.5
Forfeited during the year	(350,000)	18.94	(717,500)	22.34
<b>Outstanding at end of period</b>	<b>2,007,498</b>	<b>21.27</b>	<b>2,357,500</b>	<b>20.92</b>
Exercisable at end of period	1,252,331	20.66	810,999	20.04

Otherwise, as at the date of this Prospectus; no options, or similar rights to acquire securities in the Company have been granted to any members of the Executive Officers or Directors. Reference is made to Section 14.8 "Other financial instruments".

## 12.6 Benefits upon termination

None of the Group's employment agreements entitle any benefits for the employee upon termination.

## 12.7 Pension and retirement benefits

The Group provides its employees with pension arrangements customary in the relevant jurisdiction of employment.

## 12.8 Loans and guarantees

The Group has not granted any loans or guarantees or other commitments to any of its Directors, members of management or to any other employees.

## 12.9 Employees

As of 30 September 2020, the Group had 516 employees with 409 working offshore and 107 working onshore. In addition, we engaged 950 contractors, of which 898 worked offshore and 52 worked onshore. These employees and contractors have extensive technical, operational and management experience in the jack-up segment of the shallow-water offshore drilling industry.

Some of our employees and our contracted labour are represented by collective bargaining agreements. 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 have restricted 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. We consider our relationships with the various unions as stable, productive, and professional.

We seek to employ national employees and contractors wherever possible in the markets in which our rigs operate. This enables us to strengthen customer and governmental relationships, particularly with NOCs, and results in a more competitive cost base as well as relatively lower employee turnover.

### **12.10 Nominating and Governance committee**

The Company has established a nominating and governance committee comprised of Mr. Glass and Mr. Kibsgaard who are independent directors according to the NYSE's standards for independence. The nominating and governance committee is appointed by the Board to assist the Board in (i) identifying individuals qualified to become members of the Board, consistent with criteria approved by the Board, (ii) recommending to the Board the director nominees to stand for election at the next general meeting of shareholders, (iii) developing and recommending to the Board a set of corporate governance principles applicable to our directors and employees, (iv) recommending committee structure, operations and reporting obligations to the Board, (v) recommending committee assignments for directors to the Board and (vi) overseeing an annual review of Board performance.

### **12.11 Audit committee**

The Company has an audit committee currently consisting of two members, Mrs. Blankenship and Mr. Glass, who are both independent.

Under our audit committee charter, the audit committee is responsible for overseeing the quality and integrity of the Group's Consolidated Financial Statements and our accounting, auditing and financial reporting practices; reviewing, evaluating and advising the Board concerning the adequacy of our accounting systems and maintenance of our books and records and our internal controls; our compliance with legal and regulatory requirements; the independent auditor's qualifications, independence and performance; and our internal audit function.

### **12.12 Compensation committee**

The Company has established a compensation committee and the members are currently Mrs. Blankenship and Mr. Kibsgaard both of whom are independent directors. The compensation committee is responsible for establishing general compensation guidelines and policies for executive employees. The compensation committee determines the compensation and other terms of employment for executive employees (including salary, bonus, equity participation, benefits, and severance terms) and reviews, from time to time, our compensation strategy and compensation levels in order to ensure we are able to attract, retain and motivate executives and other employees. The compensation committee is also responsible for approving any equity incentive plans or arrangements and any guidelines or policies for the grant of equity incentives thereunder to our employees. It oversees and periodically reviews all annual bonuses, long-term incentive plans, stock options, employee pension and welfare benefit plans and also reviews and makes recommendations to the Board regarding the compensation of directors for their services to the Board.

### **12.13 Corporate governance**

It is the opinion of the Board that the Company, subject to the following exceptions, complies with the Norwegian Code of Practice for Corporate Governance as of 17 October 2018 (the "**Code**") at the date hereof:

1. The Board's authority to increase the Company's issued share capital is limited to the extent of its authorized but not issued share capital at any time and is not restricted to specific purposes.
2. The appointment of an audit committee, a nomination committee and a compensation committee are not required under Bermuda law. The Company has established each of these committees.
3. The Bye-laws permit the Board to grant share options to employees without requiring that the general meeting be presented with the volume or other terms and conditions of such scheme.
4. The Bye-laws permit general meetings being summoned with 7 days' notice (the notice period being exclusive of the day on which the notice is served and the day on which the meeting to which it relates is to be held). The effective notice period from the date a notice is announced until it is deemed to be received by a shareholder is, however, 11 days.
5. Pursuant to the Memorandum of Association the objects for which the Company was formed and incorporated are unrestricted.
6. The Board will consider and determine, on a case-by-case basis, whether independent third-party evaluations are required when entering into agreements with close associates.

7. The chairman of the Board is elected by the Board and not by the shareholders as recommended in the Code. This follows normal procedures under Bermuda law.
8. There is no requirement in Bermuda law for the Board to prepare guidelines for its own work or management and the Board has so far not done so.
9. The Bye-Laws requires the Board to decline to register a transfer of the Company's shares in a situation where the Board is of the opinion that such transfer might breach any applicable law or requirement of any authority or stock exchange until it has received such evidence as it needs to satisfy itself that no such breach will occur.

#### **12.14 Conflict of interests**

During the last five years preceding the date of this Prospectus, none of the Board Members or the members of the management has, or had, as applicable:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company, or
- been declared bankrupt or been associated with any bankruptcy, receivership, or liquidation in his or her capacity as a founder, director, or senior manager of a company.

To the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the management or the Board, including any family relationships between such persons.

There are no arrangements or understandings with major shareholders, customers, suppliers, or others, pursuant to which any of the current Board members or members of the management was selected as a member of the Board or management of the Company.

## **13 RELATED PARTY TRANSACTIONS**

### **13.1 Introduction**

Below is a summary of the Group's related party transaction for the period from 31 December 2019 and up to the date of this Prospectus. For further information on historical related party transactions of the Group, please refer to note 28 (page 162) of the Group's Consolidated Financial Statements for 2019 (see Section 17.3 "*Incorporation by reference*").

### **13.2 Transactions carried out with related parties in the period from 1 January 2020 to the date of the Prospectus**

Since 1 January 2020 and up to the date of this Prospectus, the Group has had the following related party transactions:

#### *13.2.1 Equity offering*

The following primary insiders of Borr Drilling have subscribed for and been allocated the following Depository Receipts in the private placement completed in May 2020 at a price per Depository Receipt of USD 0.65 each:

- Pål Kibsgaard, Chairman of the Board, 230,769 Depository Receipts.
- Companies affiliated with Director and Vice Chairman Tor Olav Trøim, 769,231 Depository Receipts.
- Jan Rask, former Director of Borr Drilling, 76,923 Depository Receipts.

The following primary insiders of Borr Drilling have subscribed for and been allocated the following Depository Receipts in the private placement completed in September 2020 at a price per Depository Receipt of USD 0.53 each:

- Pål Kibsgaard, Chairman of the Board, 120,000 Depository Receipts.
- Tor Olav Trøim, Director and Vice Chairman, 4,579,377 Depository Receipts.
- Kate Blankenship, Director, 100,000 Depository Receipts.
- Patrick Schorn, CEO, 981,000 Depository Receipts.

#### *13.2.2 Agreements and other Arrangements with Magni Partners Limited ("Magni")*

Mr. Tor Olav Trøim is Director and Vice Chairman of our Board and is the sole owner of Magni. Magni is party to a Corporate Support Agreement with the Company pursuant to which it is providing strategic advice and assistance in sourcing investment opportunities, financing etc. This agreement was formalized on 15 March 2017.

Pursuant to the corporate support agreement with Magni Partners Limited, costs of USD 0.7 million were paid in the period from 1 January 2020 and up to 30 September 2020.

#### *13.2.3 Agreements and other Arrangements with Schlumberger Limited*

We have obtained certain rig and other operating supplies from Schlumberger and may continue to obtain such supplies in the future. Purchases from Schlumberger were USD 6.9 million during in the period from 1 January 2020 and up to 30 September 2020.

#### *13.2.4 Transactions with entities over which we have significant influence*

##### *13.2.4.1 Mexico Joint Ventures*

During 2019 we entered into a joint venture with CME to provide integrated well services to Pemex. We own 49% of the equity of Opex and Akal. We provide five jack-up rigs on bareboat charters to two other joint venture companies, Perfomex and Perfomex II, which provide the jack-up rigs under traditional dayrate contracts to Opex and Akal. Opex and Akal charter the jack-up rigs, along with well services from, among other contractors, one of our principal shareholders, Schlumberger, and logistics and administration services from CME, and provides integrated well services to Pemex.

#### *13.2.4.2 Opex*

We provide management services at a cost-plus basis. The revenue from these services can be found within the related party revenue line in our Consolidated Statements of Operations. From 1 January 2020 and up to 30 September 2020, we provided services worth USD 1.0 million.

#### *13.2.4.3 Perfomex*

We provide three rigs on a bareboat basis for Perfomex to service its contract with OPEX. The revenue from these contracts can be found within the related party revenue line in our Consolidated Statements of Operations. From 1 January 2020 and up to 30 September 2020 we recognized USD 23.6 million of revenue. We also provide international and local personnel for the offshore operations of the rigs and administrative services on a cost-plus basis. From 1 January 2020 and up to 30 September 2020, we recognized USD 9.2 million of related party revenue from the provision of these services.

#### *13.2.4.4 Perfomex II*

We provide two rigs on a bareboat basis for Perfomex II to service its contract with Akal. The revenue from these contracts can be found within the related party revenue line in our Consolidated Statements of Operations. From 1 January 2020 and up to 30 September 2020, we recognized USD 1.9 million of revenue. We also provide international and local personnel for the offshore operations of the rigs and administrative services on a cost-plus basis of USD 5.4 million of related party revenue from the provision of these services.

## 14 CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the securities and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Memorandum of Association and Bye-laws applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Memorandum of Association and applicable law.

### 14.1 Company corporate information

The Company was founded on 8 August 2016 under the name "Magni Drilling Limited". Following a name change on 13 December 2016, the Company's registered name is Borr Drilling Limited, and the commercial name is Borr Drilling. The Company is subject to Bermuda law in general and the Companies Act 1981 of Bermuda in particular. The original directors (not being provisional directors) were Erling Lind, Michelle Wolfe and Bjørn Isaksen.

The Company's registration number is 51741. The Company's LEI (Legal Entity Identifier) number is 213800J2JPCTXLHQ5R78. The Company's registered office is located at S.E. Pearman Building, 2nd Fl, 9 Par-la-Ville Road, Hamilton HM11, Bermuda, and the Company's main telephone number at that address is +1 (441) 737-0152. The Company's website can be found at <http://borrdrilling.com/>. The content of such website is not incorporated by reference into or otherwise form part of this Prospectus.

The underlying Common Shares, which are in the currency of USD, have been created and issued by the Company under the Bermuda Companies Act. The Depository Receipts, being the depository receipts that represents the beneficial interests in the same number of the Common Shares, created under Norwegian law, in the currency of USD, are registered in a sub-register of shareholders in electronic form in the VPS, and the Registrar is engaged to keep this. The Registrar is, as a basis for this, recorded as the nominal owner of certain of the Common Shares, registered in a sub-register of the Company's register of members kept at the Company's registered office in Bermuda, represented by the same number of Depository Receipts. The Depository Receipts are registered in book-entry form with the VPS under ISIN BMG1466R2078. The Company's register of shareholders in the VPS is administrated by the Registrar.

### 14.2 Legal structure

The Company is the ultimate parent company in the Group. The Company is a holding company. The operations of the Group are and will continue to be carried out by individual companies within the Group.

Each rig is owned by a subsidiary wholly owned by Borr IHC or other holding subsidiaries of the Company and the purpose of such rig owners is to hold and operate such asset only, see the chart below.

The Company's subsidiaries Borr Drilling Management (UK) Limited and Borr Drilling Management AS provide management services to the Group as further described in section 12.3 ("Management") above.

The following table sets out information about the Company's significant subsidiaries:

<b>Company</b>	<b>Registration number</b>	<b>Country of incorporation</b>	<b>% holding</b>
Borr IHC Limited	55669	Bermuda	100
Borr Mexico Ventures Limited	625126	Scotland	100
Borr Galar (UK) Limited	12162524	England	100
Borr Njord (UK) Limited	12299476	England	100
Borr Grid (UK) Limited	625273	Scotland	100
Borr Gersemi (UK) Limited	625315	Scotland	100
Borr Odin (UK) Limited	617410	Scotland	100
Borr (UK) Holdings Limited	617356	Scotland	100
Borr Natt Inc.	92790	Marshall Islands	100
Borr Gerd Inc.	92795	Marshall Islands	100
Borr Groa Inc.	92796	Marshall Islands	100



Borr Gunnlod Inc.	92797	Marshall Islands	100
Borr Gyne Inc.	92794	Marshall Islands	100
Borr Holdings Limited	OC-338105	Cayman Islands	
Prospector Rig 1 Contracting Company Limited	OC-339040	Cayman Islands	100
Prospector Rig 5 Contracting Company Limited	OC-339041	Cayman Islands	100
Borr Jack-Up I Inc.	89738	Marshall Islands	100
Borr Ran Inc.	85685	Marshall Islands	100
Borr Idun Limited	CR-274802	Cayman Islands	100
Borr Mist Limited	CR-274800	Cayman Islands	100
Borr Atla Limited	CR-322241	Cayman Islands	100
Borr Jack-Up XIV Inc.	5827	British Virgin Islands	100
Borr Hild Inc.	92787	Marshall Islands	100
Borr Heimdal Inc.	92789	Marshall Islands	100
Borr Hermod Inc.	92788	Marshall Islands	100
Borr Midgard Holding Ltd.	54739	Bermuda	100
Borr Midgard Assets Ltd.	54738	Bermuda	100
Borr Saga Inc.	89738	Marshall Islands	100
Borr Skald Inc.	89739	Marshall Islands	100
Borr Jack-Up XXXII Inc.	100435	Marshall Islands	100
Borr Tivar Inc.	89740	Marshall Islands	100
Borr Vale Inc.	89741	Marshall Islands	100
Borr Var Inc.	89742	Marshall Islands	100
Borr Heidrun Inc.	92786	Marshall Islands	100
Borr Huldra Inc.	92785	Marshall Islands	100

As at the date of this Prospectus, the Group is of the opinion that its holdings in the entities specified above are likely to have a significant effect on the assessment of its own assets and liabilities, financial condition or profits and losses.

### 14.3 Share capital and share capital history

As per the date of this Prospectus, the Company's issued share capital is USD 11,015,935.20 divided into 220,318,704 Common Shares, with a par value of USD 0.05 each.

The Company's authorised share capital is USD 14,500,000.00 divided into 290,000,000 Common Shares, with a nominal value of USD 0.05 each of which 220,318,704 Common Shares are in issue. All Common Shares have been created and issued in accordance with the requirements of the Bermuda Companies Act and the Bye-Laws, are validly issued and fully paid.

As per 21 January 2021, 162,220,967 of 220,318,704 Common Shares are represented by Depository Receipts.

The Company has one class of Common Shares. As at the date of this Prospectus, there are no share options or other rights to subscribe or acquire securities issued by the Company save as described in Section 14.8 ("*Other financial instruments*") below. Reference is also made to Section 12.4.3 for an overview of Management and Board Members that hold securities and options of the Company.

Neither the Company nor any of its subsidiaries directly or indirectly own securities in the Company. See Section 14.7 ("*Authorisation to acquire treasury* ") for a description of the authorisation granted to the Board to acquire treasury securities.

The table below shows the development in the Company's share capital from inception up to the date of this Prospectus:

Date of registration	Type of change	Change in share capital (USD)	Subscription price per Common Shares (USD)	Nominal value (USD)	New number of Common Shares	New share capital (USD)
8 August 2016	Initial share issue	50.00	10	10	5	50
6 December 2016	Change in par value. Increase in authorised capital	-	-	0.01	5,000	50
9 December 2016	Private placement 77,500,000 Common Shares	775,000	2.00	0.01	77,505,000	775,050
20 March 2017	Exercise of Warrants 5,812,500 new Common Shares	58,125	0.01	0.01	83,317,500	833,175
21 March 2017	Private placement 228,600,000 new Common Shares	2,286,000	3.50	0.01	311,917,500	3,119,175
23 March 2017	Exercise of Warrants 3,875,000 new Common Shares	38,750	0.01	0.01	315,792,500	3,157,925
24 March 2017	Increase in authorised capital	-	-	0.01	315,792,500	3,157,925
25 August 2017	Increase in authorised capital	-	-	0.01	315,792,500	3,157,925
10 October 2017	Private placement 162,500,000 new Common Shares	1,625,000	4.00	0.01	478,292,500	4,782,925
23 March 2018	Private placement of 46,707,500 new Common Shares (Tranche 1)	467,075	4.60	0.01	525,000,000	5,250,000
5 April 2018	Increase in authorised capital	-	-	0.01	525,000,000	5,250,000
30 May 2018	Private placement of 7,640,325 new Common Shares (Tranche 2)	76,403.25	4.60	0.01	532,640,327	5,326,403.27
21 June 2019	Reverse share split	-	-	0.05	106,528,065	5,326,403.25

31 July 2019	Share issue 5,000,000 new Common Shares	250,000	9.30	0.05	111,528,065	5,576,403.25
2 August 2019	Share issue 750,000 new Common Shares	27,500	8.785	0.05	112,278,065	5,613,903.25
27 September 2019	Increase in authorised capital	-	-	0.05	112,278,065	5,613,903.25
4 June 2020	Increase in authorised capital	-	-	0.05	112,278,065	5,613,903.25
5 June 2020	Share issue 46,153,846 new Common Shares	2,307,692.30	0.65	0.05	158,431,911	7,921,595.55
10 August 2020	Increase in authorised capital	-	-	0.05	158,431,911	7,921,595.55
5 October 2020	Share issue 51,886,793 new Common Shares	2,594,339.65	0.53	0.05	210,318,704	10,515,935.20
11 November 2020	Increase in authorised share capital	-	-	0.05	210,318,704	10,515,935.20
30 November 2020	Share issue 10,000,000 new Common Shares	500,000	0.53	0.05	220,318,704	11,015,935.2
8 January 2021	Increase in authorised capital	-	-	0.05	220,318,704	11,015,935.2

As per the date of this Prospectus, and prior to the settlement of the Private Placement, a total of 220,318,704 Common Shares are held by two record holders in the United States, representing 100% of our total outstanding Common Shares, including the Depository Trust Corporation (DTC) which acts as the clearing system for securities traded in major US stock exchanges. Most of our Common Shares beneficially owned in the United States are held through DTC or its nominee, Cede & Co., as the registered holder of the Common Shares. The Registrar is the holder of record for the Depository Receipts that represent the beneficial interests in the Common Shares traded on the OSE. Citibank N.A. ("Citibank") is the DTC participant on behalf of the Registrar.

Other than as set out above, there have been no changes to the Company's share capital or the number of securities of the Company from the start of the period covered by the historical financial information up to the date of this Prospectus.

#### **14.4 Description of the securities**

##### *14.4.1 Introduction*

The Depository Receipts, being the depository receipts that represent the beneficial interests in the same number of Common Shares, are registered in the VPS in book-entry form under the name of a "share" and will be listed and traded on OSE in the form of depository receipts as "shares in Borr Drilling Ltd.", in NOK. Each Depository Receipt will represent one Common Share as registered in the Company's register of members kept in Bermuda and be registered in the name of the Registrar.

Owners of Depository Receipts will not have direct shareholder rights. The rights and obligations of the Registrar are described further in Section 14.11.2 ("*The Registrar Agreement*"). Other than as described in this Section, there are no differences between the rights attached to the Depository Receipts and the Common Shares.

##### *14.4.2 Issuance*

The Registrar has issued and delivered the Depository Receipts to the holders in VPS, in accordance with the Norwegian Act on Registration of Financial Instruments of 5 July 2002 no. 64. All Depository Receipts are issued and registered in book-entry form through the VPS system and the shareholders may obtain statements, showing the number of Depository Receipts held, online or through the VPS account operator who maintains the shareholders' VPS account.

##### *14.4.3 Record dates*

The Company may fix a record date for the determination of the shareholders who will be entitled to receive any dividend or other distribution on or in respect of the Common Shares, to give instructions for the exercise of any voting rights, to

receive any notice or to act in respect of other matters and only such shareholders at such record date will be so entitled or obligated.

#### *14.4.4 Voting rights*

Each Common Share carries one vote. Shareholders may instruct the Registrar to vote for the Depository Receipts in the underlying Common Shares, subject to any applicable provisions of Bermuda law. The Company will furnish voting materials to the Registrar and the Registrar will notify the shareholders of the upcoming vote and arrange to deliver the Company's voting materials to the shareholder. Otherwise, shareholders will not be able to exercise their voting rights unless the steps outlined in Section 14.11 ("*Registration of the securities*") are followed. The Registrar's notice will describe the information in the voting materials and explain how shareholders may instruct the Registrar to vote the underlying Common Shares. The Registrar will only vote or attempt to vote as the shareholders instruct. The Registrar itself will not exercise any voting rights.

#### *14.4.5 Reclassification, recapitalization, and mergers*

If the Company reclassifies, splits up or cancels any of the securities; distributes securities on the Common Shares that are not distributed to shareholders; or recapitalizes, reorganizes, amalgamates, merges, consolidates, liquidates, sells all or substantially all of its assets, or goes into liquidation, receivership or bankruptcy; then the Registrar may choose to either (i) amend the form of the Common Shares, (ii) distribute additional or amended Common Shares, (iii) distribute the cash, securities or other property received in connection with such actions or (iv) sell any securities or property received and distribute the net proceeds as cash. If the Registrar does not choose any of the above, the cash, securities, or other property it receives will constitute deposited securities and each Share will automatically represent its equal share of the new deposited cash, securities or other property, or a combination thereof, as the case may be.

#### *14.4.6 Mandatory provisions of Bermuda law relating to the Common Shares*

##### *14.4.6.1 Foreign exchange*

The Company has been designated as a non-resident of Bermuda for exchange control purposes by the Bermuda Monetary Authority. The Company's securities are to be listed on an appointed stock exchange. For so long as the Company's securities remain listed on an appointed stock exchange, the transfer of securities between persons regarded as resident outside Bermuda for exchange control purposes and the issuance of Securities to or by such persons may be effected without specific consent under the Bermuda Exchange Control Act of 1972 and regulations made thereunder. Issues and transfers of securities between any person regarded as resident in Bermuda and any person regarded as non-resident for exchange control purposes require specific prior approval under the Bermuda Exchange Control Act 1972 unless such securities are listed on an appointed stock exchange. Subject to the foregoing, there are no limitations on the rights of owners of securities in the Company to hold or vote their securities. Given the Company has been designated as non-resident for Bermuda exchange control purposes, there are no restrictions on its ability to transfer funds in and out of Bermuda or to pay dividends to non-Bermuda residents who are holders of securities, other than in respect of local Bermuda currency.

##### *14.4.6.2 Taxes*

See Section 16.1 ("*Bermuda taxation applicable to the Company*") and Section 16.3 ("*The shareholders*") for a description of certain Bermuda taxation consequences of holding the securities.

##### *14.4.6.3 Information*

The Registrar shall provide the Company with the information on the data and withdrawal of securities, the number of securities in circulation, and also information on the transactions on securities, including at least price (if and when made available by the VPS) and units traded, as available to the Registrar in the VPS system.

### **14.5 Ownership structure**

As of 21 January 2021, the Company has one nominal holder of Common Shares, Cede & Co, holding the Common Shares on record as nominee on behalf of the beneficial owners of the Common Shareholders, and 4,906 holders of Depository Receipts listed on OSE.

The table below shows the Company's 20 largest holders of Depository Receipts as recorded in VPS as of 21 January 2021.

#	Name of shareholder	No of Depository Receipts	% of issued Depository Receipts	% of issued Common Shares
1	Euroclear Bank S.A./N.V.	50,087,361	31.02	22.73
2	Goldman Sachs International	23,956,107	14.84	10.87
3	Schlumberger Oilfield Holdings LTD	15,131,700	9.37	6.87
4	Clearstream Banking S.A.	8,180,726	5.07	3.71
5	Drew Holdings Ltd	7,925,770	4.91	3.60
6	Citibank	7,584,674	4.70	3.44
7	BNP Paribas Securities Services	4,852,904	3.01	2.20
8	Nordnet Bank AB	4,012,859	2.49	1.82
9	JPMorgan Chase Bank	2,481,510	1.54	1.13
10	Verdipapirfondet DNB SMB	1,710,509	1.06	0.78
11	Pictet & Cie (Europe) S.A.	1,575,773	0.98	0.72
12	Magni Partners (Bermuda) Ltd	1,568,131	0.97	0.71
13	Borr Drilling Limited	1,459,714	0.90	0.66
14	Danske Bank A/S	1,289,752	0.80	0.59
15	Nordea Bank Abp	1,261,817	0.78	0.57
16	Wealins S.A.	1,181,418	0.73	0.54
17	Avanza Bank AB	1,164,278	0.72	0.53
18	Nordnet Livsforsikring AS	1,129,236	0.70	0.51
19	Saxo Bank A/S	972,142	0.60	0.44
20	Midelfart Capital AS	937,282	0.58	0.43
<b>Total 20 largest</b>		<b>138,463,663</b>	<b>85.76</b>	<b>62.85</b>
Others (Depository Receipts)		22,989,063	14.23	10.43
<b>Total Depository Receipts</b>		<b>161,452,726</b>	<b>100%</b>	
Others (Common Shares)*		58,865,978	-	26.72
<b>Total Common Shares</b>		<b>220,318,704</b>		<b>100%</b>

\*Others (Common Shares) are Common Shares traded on NYSE.

Holders owning 5% or more of the Common Shares, directly or indirectly, have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 15.7 ("*Disclosure obligations*") for a description of the disclosure obligations pursuant to the Norwegian Securities Trading Act.

In so far as known by the Company, as of 21 January 2021, no person other than the members of the administrative, management or supervisory bodies, directly or indirectly, and the shareholders as set out below, has an interest in the Company's capital or voting rights which is notifiable under the Company's national law:

Shareholder	Shareholding	%
Euroclear Bank S.A./N.V.	50,087,361	22.73
Goldman Sachs International	23,956,107	10.87
Schlumberger Oilfield Holdings Ltd.	15,131,700	6.87

The Company is not aware of any persons or entities that directly or indirectly, jointly or severally, will exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. The securities have not been subject to any public takeover bids.

#### 14.6 Authorisations to increase the share capital

As of the date of this Prospectus, the Company's authorised share capital is USD 14,500,000.00 divided into 290,000,000 Common Shares, with a nominal value of USD 0.05 per Share. The Board has been authorised by Bye-law 4 to issue

further Common Shares up to the number of Common Shares representing the authorized share capital from time to time.

#### **14.7 Authorisation to acquire treasury Common Shares**

The Company has, pursuant to Bye-law 9, the ability to acquire and own its own securities. As of the date hereof, the Company holds 1,459,714 Depository Receipts in treasury.

#### **14.8 Other financial instruments**

Other than: (i) the options granted to employees and directors under the LTI Plan as described in Section 12.5 ("*Bonus programme and share incentive scheme*"); and (ii) and Section 11.5.3.1 ("*Convertible Bonds due 2023*"), neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any securities in the Company or its subsidiaries.

#### **14.9 Shareholder rights**

The Company has one class of Common Shares in issue, and all Common Shares in that class provide equal rights in the Company. Each of the Company's Common Shares carries one vote. The rights attaching to the Common Shares are described in Section 14.10 "Summary of certain rights of the Company's shareholders under Bermuda law, the Memorandum of Association and the Bye-laws".

#### **14.10 Summary of certain rights of the Company's shareholders under Bermuda law, the Memorandum of Association and the Bye-laws**

##### *14.10.1 Objects pursuant to the Memorandum of Association*

Pursuant to Section 6 of the Memorandum of Association, the objects for which the Company was formed and incorporated are unrestricted.

##### *14.10.2 Special shareholder meetings*

Bye-law 61 and 69A provides that the Board may, whenever it thinks fit, and shall, when required by the Bermuda Companies Act, convene a special general meeting of the shareholders. Under the Bermuda Companies Act, a special general meeting of shareholders must be convened by the board of directors of a company on the requisition of shareholders holding not less than one-tenth in nominal value of the paid-up capital of the company as at the date the request is made carries the right to vote at a general meeting of the company.

##### *14.10.3 Shareholder action by written consent*

The Bermuda Companies Act provides that, except in the case of the removal of an auditor or director and subject to a company's bye-laws, anything which may be done by resolution of a company in a general meeting or by resolution of a meeting of any class of the members of a company may be done by resolution in writing. The Bye-law 62 provides that such resolution must be signed by a simple majority of all of the shareholders (or such greater majority as may be required by the Bermuda Companies Act or the Bye-laws).

##### *14.10.4 Shareholder meeting quorum; voting requirement; voting rights*

Bye-law 70 provides that, save as otherwise provided, the quorum at any general meeting shall be two or more Shareholders, either present in person or represented by proxy, holding common shares carrying voting rights entitled to be exercised at such meeting. Bye-law 77 provides that except where a greater majority is required by the Bermuda Companies Act or the Bye-laws, any question proposed for consideration at any general meeting shall be decided on by a simple majority of votes cast provided that any resolution to approve an amalgamation or merger shall be decided on by a simple majority of votes cast and the quorum necessary for such meeting shall be two persons holding, or representing by proxy, at least 33 1/3% of the issued common shares of the Company (or the class, where applicable). There is no cumulative voting. Every shareholder of the Company who is present in person or by proxy has one vote for every common share of which he or she is the holder. The Company has not, pursuant to its Bye-laws, applicable laws or regulations made pursuant to law, been given a discretionary right to bar the exercise of voting rights, except pursuant to Bye-law 173 where a registered holder of common shares is in default of its obligations under Bye-law 172 to provide the Company with information about any interests in such common shares held by any person (including, without limitation, the ownership of beneficial interests in such common shares).

#### *14.10.5 Notice of shareholder meetings*

The Bermuda Companies Act requires that all companies hold a general meeting at least once in each calendar year (which meeting shall be referred to as the Annual General Meeting) and that shareholders be given at least five days' advance notice of a general meeting, but the accidental omission to give notice to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice does not invalidate the proceedings of the meeting. Bye-law 67 provides that an annual and special general meeting of shareholders shall be called by not less than 7 days' notice in writing, and that the notice period shall be exclusive of the day on which the notice is served or deemed to be served and of the day on which the meeting to which it relates is to be held. Pursuant to bye-law 152, a notice is deemed to be served or delivered two days after the date on which it is sent by post.

Bye-law 68 provides that if a general meeting is called on shorter notice, it will be deemed to have been properly called if it is so agreed (i) in the case of a meeting called as an annual general meeting by all the shareholders entitled to attend and vote thereat; and (ii) in the case of any other special general meeting by a majority in number of the shareholders having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the common shares giving that right. No shareholder is entitled to attend any general meeting unless a notice in writing of the intention to attend and vote in person or by proxy signed by or on behalf of the shareholder addressed to the company secretary is deposited (by post, courier, facsimile transmission, or other electronic means) at the Company's registered office at least 48 hours prior to the time appointed for holding the general meeting.

#### *14.10.6 Notice of shareholder proposals*

Under the Bermuda Companies Act, shareholders holding not less than one-twentieth of the total voting rights of all shareholders having a right to vote at the meeting to which the requisition relates, or not less than 100 shareholders, may, at their own expense (unless the company otherwise resolves), require a company to give notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting and/or to circulate a statement (of not more than 1000 words) in respect of any matter referred to in a proposed resolution or any business to be conducted at the annual general meeting.

#### *14.10.7 Board meeting quorum; voting requirement*

Bye-law 120 provides that the quorum necessary for the transaction of the business of the Board may, subject to the requirements of the Bermuda Companies Act, be fixed by the Board and, unless so fixed at any other number, shall be a majority of the Directors present in person or by proxy. Questions arising at any meeting of the Board shall be determined by a majority of votes cast. In the event of an equality of votes, the motion shall be deemed to have been lost.

#### *14.10.8 Number of Directors*

Under the Bermuda Companies Act, the minimum number of directors on the board of directors of a company is one. The minimum number of directors may be set higher in the bye-laws of a company (and is set at two by Bye-law 97 of the Company). The maximum number of directors may be set by the shareholders at a general meeting or in accordance with the bye-laws of the relevant company. The maximum number of directors is usually fixed by the shareholders in a general meeting. Only the shareholders may increase or decrease the number of directors last approved by the shareholders.

#### *14.10.9 Removal of Directors*

Bye-law 99 and the Bermuda Companies Act provide that the shareholders of the Company may, at a special general meeting called for that purpose, remove any Director. Any Director whose removal is to be considered at such a special general meeting is entitled to receive not less than 14 days' notice and shall be entitled to be heard at the meeting.

#### *14.10.10 Newly created directorships and vacancies on the Board*

Under the Bermuda Companies Act, the directors shall be elected at each annual general meeting of the company or elected or appointed by the shareholders in such other manner and for such term as may be provided in the bye-laws for the relevant company. Additionally, a vacancy created by the removal of a director at a special general meeting may be filled at that meeting by the election of another director or in the absence of such election, by the other directors. Unless the bye-laws of a company provide otherwise (which the Bye-laws do not) and provided there remains a quorum of directors in office, the remaining directors may fill a casual vacancy on the board. Under Bye-laws 98 and 99, any vacancy in the Board may be filled by the election or appointment by the shareholders at a general meeting, and the Board may also fill any vacancy in the number left unfilled. A Director so appointed will hold office until the next annual general meeting of the Company.

#### *14.10.11 Interested Directors*

Under Bye-law 105, any Director may hold any other office or place of profit with the Company (except that of auditor) for such period and on such terms as the Board may determine and shall be entitled to remuneration as if such Director were not a Director. So long as a Director declares the nature of his interest at the first opportunity at a meeting of the Board or by writing to the Board as required by the Bermuda Companies Act, a Director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any office or employment to which the Bye-laws allow him to be appointed or from any transaction or arrangement in which the Bye-laws allow him to be interested, and no such transaction or arrangement shall be liable to be avoided on the ground of any interest or benefit, and such Director shall count in the quorum and be able to vote at any meeting of the Board at which the matters in question are to be considered.

#### *14.10.12 Duties of the Directors*

The Bermuda Companies Act also imposes a duty on directors and officers of a Bermuda company to: (i) act honestly and in good faith with a view to the best interests of the company they serve; and (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Bye-law 110 provides that the Company's business is to be managed and conducted by the Board. At common law, members of a board of directors owe a fiduciary duty to the company they serve to act in good faith in their dealings with or on behalf of such company and exercise their powers and fulfil the duties of their office honestly. This duty includes the following elements:

- (i) a duty not to make a personal profit from opportunities that arise from the office of director;
- (ii) a duty to avoid conflicts of interest; and
- (iii) a duty to exercise powers for the purpose for which such powers were intended.

The Bermuda Companies Act provides that, if a director or officer has an interest in a material contract or proposed material contract with a company or any of its subsidiaries or has a material interest in any person that is a party to such a contract, such director or officer must disclose the nature of that interest at the first opportunity either at a meeting of directors or in writing to the board of directors. In addition, the Bermuda Companies Act imposes various duties on directors and officers of a company with respect to certain matters of management and administration of such company.

#### *14.10.13 Director liability*

Bye-law 160 provides that no Director or alternate director or officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other such person or any person involved in the formation of the Company, or for any loss or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by the Company, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person with whom any monies, securities, or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default, or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of his duties, or supposed duties, to the Company or otherwise in relation thereto.

The Bermuda Companies Act permits a company to exempt or indemnify any director, officer or auditor from loss or liability in circumstances where it is permissible for the company to indemnify such director, officer or auditor, as indicated in "Indemnification of Directors and Officers" below.

#### *14.10.14 Indemnification of Directors and Officers*

The Bermuda Companies Act permits a company to indemnify its directors, officers and auditor with respect to any loss arising or liability attaching to such person by virtue of any rule of law concerning any negligence, default, breach of duty, or breach of trust of which the director, officer or auditor may be guilty in relation to the company they serve or any of its subsidiaries; provided that the company may not indemnify a director, officer or auditor against any liability arising out of his or her fraud or dishonesty. The Bermuda Companies Act also permits a company to indemnify a director, officer or auditor against liability incurred in defending any civil or criminal proceedings in which judgment is given in his or her favour or in which he or she is acquitted, or when the Supreme Court of Bermuda grants relief to such director, officer, or auditor. The Bermuda Companies Act permits a company to advance moneys to a director, officer, or auditor to defend civil or criminal proceedings against them on condition that these moneys are repaid if the allegation of fraud



or dishonesty is proved against them. The Supreme Court of Bermuda may relieve a director, officer, or auditor from liability for negligence, default, breach of duty or breach of trust if it appears to the court that such director, officer, or auditor has acted honestly and reasonably and, having regard to all the circumstances of the case, ought fairly to be excused.

Bye-laws 161-163 provide that every Director, alternate director, officer, person or member of a duly authorized committee of the Company, resident representative of the Company and their respective heirs, executors or any administrator of the Company, shall be indemnified and held harmless out of the funds of the Company to the fullest extent permitted by Bermuda law against all liabilities, loss, damage or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses properly payable) incurred or suffered by him or her as such Director, alternate director, officer, person or member of a duly authorised committee of the Company or resident representative, and the indemnity contained in the Bye-law shall extend to any person acting as such Director, alternate director, officer, person or committee member or resident representative in the reasonable belief that he or she has been so appointed or elected notwithstanding any defect in such appointment or election. Such indemnity shall not extend to any matter which would render it void pursuant to the Bermuda Companies Act.

#### *14.10.15 Variation of shareholders rights*

As previously stated, the Company currently has one class of Common Shares. Bye-law 13 provides that, subject to the Bermuda Companies Act, all or any of the rights for the time being attached to any class of Common Shares for the time being issued may, from time to time, be altered or abrogated with the consent in writing of the holders of not less than 75% in nominal value of the Common Shares at a general meeting voting in person or by proxy. Bye-law 14 specifies that the rights conferred upon the holders of any Common Shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such Common Shares, be deemed to be altered by the creation or issue of further Common Shares ranking *pari passu* therewith.

#### *14.10.16 Amendment of the Memorandum of Association*

The Bermuda Companies Act provides that the memorandum of association of a company may be amended by a resolution passed at a general meeting of shareholders of which due notice has been given. Except in the case of an amendment that alters or reduces a company's share capital, the holders of an aggregate of not less than 20% in par value of a company's issued share capital or any class thereof, or the holders of not less than 20% of a company's debentures entitled to object to amendments to the memorandum of association, have the right to apply to the Bermuda Supreme Court for an annulment of any amendment to the memorandum of association adopted by shareholders at any general meeting. Upon such application, the alteration will not have effect until it is confirmed by the Bermuda Supreme Court. An application for an annulment of an amendment to the memorandum of association passed in accordance with the Bermuda Companies Act may be made on behalf of persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose. No application may be made by shareholders voting in favour of the amendment.

#### *14.10.17 Amendment of the Bye-laws*

Under Bermuda law, the adoption of a company's bye-laws and any rescission, alteration, or other amendment thereof must be approved by a resolution of the board of directors and by a resolution of the shareholders, provided that any such amendment shall only become operative to the extent that it has been confirmed by a resolution of the shareholders. Bye-law 170 provides a resolution of the shareholders to approve the adoption or amendment of the Bye-Laws shall be decided on by a simple majority of votes cast.

#### *14.10.18 Inspection of books and records; shareholder lists*

The Bermuda Companies Act provides the general public with a right of inspection of a Bermuda company's public documents at the office of the Registrar of Companies in Bermuda. These documents include the Company's Memorandum of Association and all amendments thereto. The Bermuda Companies Act also provides shareholders of a Bermuda company with a right of inspection of a company's bye-laws, minutes of general (shareholder) meetings and the audited financial statements. The Bermuda register of shareholders is also open to inspection by the members of the public free of charge. A Bermuda company is required to maintain its share register at its registered office in Bermuda or upon giving notice to the Registrar of Companies at such other place in Bermuda notified to the Registrar of Companies. A company may, in certain circumstances, establish one or more branch registers outside of Bermuda. A Bermuda company is required to keep at its registered office a register of its directors and officers that is open for

inspection by members of the public without charge. The Bermuda Companies Act does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

#### *14.10.19 Amalgamations, mergers, and business combinations*

The Bermuda Companies Act is silent on whether a company's shareholders are required to approve a sale, lease or exchange of all or substantially all of a company's property and assets. The Bermuda Companies Act does require, however, that shareholders approve amalgamations and mergers. Pursuant to the Bermuda Companies Act, an amalgamation or merger of two or more non-affiliated companies requires approval of the board of directors and the approval of the shareholders of each Bermuda company by a three-fourths majority and the quorum for such a meeting must be two persons holding or representing by proxy more than one-third of the issued common shares of the company, unless the bye-laws otherwise provide (which the Bye-laws do, as set out below). For purposes of approval of an amalgamation or merger, all common shares whether or not otherwise entitled to vote, carry the right to vote. A separate vote of a class of common shares is required if the rights of such class would be altered by virtue of the amalgamation or merger. The Bye-laws provide that the Board may, with the sanction of a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders with the necessary quorum for such meeting of two persons at least holding or representing 1/3 of the issued Common Shares of the Company (or the class, where applicable) amalgamate or merge the Company with another company. Pursuant to the Bermuda Companies Act, a company may be acquired by another company pursuant to a scheme of arrangement effected by obtaining the agreement of such company and of the holders of its Common Shares, representing in the aggregate a majority in number and at least 75% in value of the shareholders (excluding Common Shares owned by the acquirer, who would act as a separate class) present and voting at a court-ordered meeting held to consider the scheme of arrangement. The scheme of arrangement must then be sanctioned by the Bermuda Supreme Court. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Bermuda Registrar of Companies, all holders of common shares could be compelled to sell their common shares under the terms of the scheme of arrangement.

#### *14.10.20 Appraisal rights*

Under the Bermuda Companies Act, a shareholder who did not vote in favour of an amalgamation or merger between non-affiliated companies and who is not satisfied that he or she has been offered fair value for his or her common shares may, within one month of the giving of the notice of the shareholders' meeting to consider the amalgamation, apply to the Bermuda Supreme Court to appraise the fair value of his or her common shares. If the court appraised value is greater than the value received or to be received in the amalgamation or merger, the acquiring company must pay the Court appraised value to the dissenting shareholder within one month of the appraisal, unless it decides to terminate the amalgamation or merger. Under another provision of the Bermuda Companies Act, the holders (the purchasers) of 95% or more of the common shares of a company may give notice to the remaining shareholders requiring them to sell their common shares on the terms described in the notice. Within one month of receiving the notice, any remaining shareholder may apply to the Bermuda Supreme Court for an appraisal of its common shares. Within one month of the court's appraisal, the purchasers are entitled to either acquire all common shares involved at the price fixed by the court or cancel the notice given to the remaining shareholders. Where common shares had been acquired under the notice at a price less than the court's appraisal, the purchasers must either pay the difference in price or cancel the notice and return to each shareholder concerned the common shares acquired and each shareholder must repay the purchaser the purchase price.

#### *14.10.21 Dissenter's rights*

The Bermuda Companies Act also provides that, where an offer is made for common shares or a class of common shares in a company by another company not already owned by, or by a nominee for, the offeror or any of its subsidiaries and, within four months of the offer, the holders of not less than 90% in value of the common shares which are the subject of the offer approve the offer. The offeror may by notice, given within two months from the date such approval is obtained, require the dissenting shareholders to transfer their common shares on the same terms of the offer. Dissenting shareholders will be compelled to sell their common shares to the offeror unless the Bermuda Supreme Court, on application within a one month period from the date of such offeror's notice, orders otherwise.

#### *14.10.22 Shareholder suits*

Class actions and derivative actions are generally not available to shareholders under Bermuda law. Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company's memorandum of association or bye-laws. Furthermore,

consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it. However, generally a derivative action will not be permitted where there is an alternative action available that would provide an adequate remedy. Any property or damages recovered by derivative action go to the company, not to the plaintiff shareholders. When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the court, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the common shares of any shareholders by other shareholders or by the company or that the company be wound up. A statutory right of action is conferred on subscribers to common shares of a Bermuda company against persons (including directors and officers) responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement contained in the Prospectus, but this confers no right of action against the Bermuda company itself. In addition, an action can be brought by a shareholder on behalf of the company to enforce a right of the company (as opposed to a right of its shareholders) against its officers (including directors) for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

#### *14.10.23 Pre-emptive rights*

Under the Bermuda Companies Act, no shareholder has a pre-emptive right to subscribe for additional issues of a company's common shares unless, and to the extent that, the right is expressly granted to the shareholder under the bye-laws of a company or under any contract between the shareholder and the company.

The Bye-laws do not provide for pre-emptive rights.

#### *14.10.24 Form and transfer of common shares*

Subject to the Bermuda Companies Act, the Bye-laws and any applicable securities laws, there are no restrictions on trading in the common shares. The Board is however required by Bye-law 43 to decline to register the transfer of any Share to a person where the Board is of the opinion that such transfer might breach any law or requirement of any authority or any stock exchange or quotation system upon which the Common Shares are listed, from time to time, until it has received such evidence as the Board may require to satisfy itself that no such breach would occur.

#### *14.10.25 Issuance of common shares*

The Board's mandate to increase the Company's issued share capital is limited to the extent of the authorised share capital of the Company in accordance with its Memorandum of Association and Byelaws (as may be altered or amended from time to time), which are in accordance with Bermuda law. The authorised share capital of the Company may be increased by a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders.

#### *14.10.26 Capital reduction*

The Company may, by a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders, cancel Common Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Common Shares so cancelled.

#### *14.10.27 Redeemable preference Common Shares*

The Bye-law 58 provides that, subject to the Companies Act and to any confirmation or consent required by law or the Bye-laws, the Company may resolve from time to time to convert any preference shares into redeemable preference shares. The Company has neither issued any preference shares, nor any redeemable preference shares, as at the date of this Prospectus.

#### *14.10.28 Annual accounts*

The Board is required to cause to be kept accounting records sufficient to give a fair presentation in all material respects of the state of the Company's affairs. The accounting records are kept at the Company's registered office or at such other place(s) as the Board thinks fit. No shareholder has any right to inspect any accounting records of the Company except as required by law, a stock exchange or quotation system upon which the securities or listed or as authorized by the Board or by a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders. A copy of every balance sheet and statement of income, which is to be presented before the Company in a general meeting, together with a copy of the auditor's report is to be sent to each the Company's shareholder in accordance with the requirements of Bye-law 150 and the Bermuda Companies Act.

#### *14.10.29 Dividends*

The Company's shareholders have a right to share in the Company's profit through dividends. The Board may from time to time declare cash dividends (including interim dividends) or distributions out of contributed surplus to be paid to the Company's shareholders according to their rights and interests as appear to the Board to be justified by the position of the Company. The Board is prohibited by the Bermuda Companies Act from declaring or paying a dividend, or making a distribution out of contributed surplus, if there are reasonable grounds for believing that (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities. The Board may deduct from a dividend or distribution payable to any shareholder all monies due from such shareholder to the Company on account of calls or otherwise. The Bye-laws provide that any dividend or distribution out of contributed surplus unclaimed for a period of six years from the date of declaration of such dividend or distribution shall be forfeited and shall revert to the Company, and that the payment by the Board of any unclaimed dividend or distribution into a separate account shall not constitute the Company a trustee in respect thereof. There are no dividend restrictions or specific procedures for non-Bermudian resident shareholders under Bermuda law or the Bye-laws and/or the Memorandum of Association.

All of the above shareholder rights are vested in the nominal shareholder recorded in the Company's register of members in Bermuda. The shareholders must, as per the terms of the Registrar Agreement, exercise these rights through the Registrar by instructing the Registrar to vote their securities on their behalf in the Company's general meeting. Alternatively, the shareholders may demand that their beneficial interests to the Common Shares is listed directly in the Company's register of members. The securities will, in the latter case, no longer be tradable on OSE.

#### *14.10.30 Winding up*

In the event of the winding up and liquidation of the Company, the liquidator may, with the sanction of a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders, and any other sanction required by the Bermuda Companies Act, divide among the shareholders in specie or kind all or any part of the assets of the Company and may for such purposes set such values as he deems fair upon any property to be divided and may determine how such division is to be carried out between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest all or part of the Company's assets in trustees upon such trust for the benefit of the shareholders, however, no shareholder will be compelled to accept any common shares or other assets in respect of which there is any liability.

### **14.11 Registration of the securities**

#### *14.11.1 Introduction*

The Company's register of members is maintained and kept in Bermuda by the Company at the Company's registered office at S.E. Pearman Building, 2nd Fl, 9 Par-la-Ville Road, Hamilton HM11, Bermuda. The Common Shares in the register of members are kept in a registered book-entry form.

All Depository Receipts admitted to trading on OSE must be registered in the VPS, which is Norway's paperless centralized securities registry. To achieve compatibility of the requirements of Bermuda company law as to the registration and transfer of Common Shares with Norwegian requirements, the underlying Common Shares will, for the purpose of Bermuda company law, be entered in the Company's register of members in the name of a registrar, which will hold such Common Shares as nominee on behalf of the beneficial owners. For the purpose of enabling trading in the Common Shares on OSE, the Company will maintain a register in VPS operated by the Registrar as the Company's account operator, where the Depository Receipts, being the depository receipts that represent the beneficial interests in the Common Shares and transfer of the Depository Receipts will be recorded. These arrangements are set out in the Registrar Agreement.

In accordance with market practice in Norway and requirements of VPS and OSE, the investors will be registered in VPS as beneficial owners of the underlying Common Shares and the instruments listed and traded on OSE will be referred to as Depository Receipts in the Company, being the depository receipts that represent the beneficial interests in the Common Shares. For the purpose of Bermuda law, a registrar will, however, be regarded as the owner of the underlying Common Shares and investors registered as owners of the Depository Receipts in VPS will have to exercise, indirectly through the Registrar as their nominee, all rights of ownership relating to the underlying Common Shares. The investors registered as owners in VPS must look solely to the Registrar for the payment of dividends, for the exercise of voting rights attached to the underlying Common Shares, and for all other rights arising in respect of the underlying Common Shares. The Registrar Agreement provides that, whenever the Registrar receives any notice, report, accounts, financial

statements, circular or other similar document relating to the Company's affairs, including notice of a shareholders' meeting, the Registrar shall ensure that a copy of such document is promptly sent to the investors registered as owners in VPS, along with any proxy card form or other relevant materials.

All transactions related to Depository Receipts registered with the VPS must be recorded in the VPS and the transactions are recorded through computerized book-entries. No physical share certificates are or can be issued for Depository Receipts registered with VPS. VPS confirms each entry by sending a notification of the transaction to the relevant investor, regardless of beneficial ownership. The evidence of ownership through the VPS is the only formality required in order to acquire and sell beneficial ownership of the underlying Common Shares on OSE. To affect these entries, the investor must establish a securities account with a Norwegian account operator unless the shareholder's Depository Receipts are registered in the name of a nominee. Norwegian banks, licensed investment firms in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account operators. Subject to the qualifications set out above, the entry of a transaction in VPS is under Norwegian law prima facie evidence in determining the legal rights of parties as towards the issuing company and against a third party claiming an interest in the security.

#### *14.11.2 The Registrar Agreement*

Pursuant to the Registrar Agreement, the Registrar has registered the Depository Receipts in the VPS register, as the underlying Common Shares are registered in the Company's shareholder register in the name of the Cede & Co. Citibank N.A. ("Citibank") is the DTC participant on behalf of the Registrar. The shareholders must look solely to the Registrar for the payment of dividends, for the exercise of voting rights attaching to the Depository Receipts and for all other rights arising in respect of the Depository Receipts. In order to exercise any rights directly as shareholder, a shareholder holder must retire his or her Depository Receipts in the VPS in exchange for Common Shares in order to be entered into the Company's register of members kept at Bermuda. Such exchange will disable trading of such associated Depository Receipts on OSE. Shareholders who wish to retire their Depository Receipts in the VPS must contact the Registrar.

The Company will pay dividends (if any) directly to the Registrar, which in turn has undertaken to distribute the dividends and other declared distributions to the shareholders in accordance with the Registrar Agreement. For further information on future payments of dividends on the Depository Receipts (if any), please refer to Section 7.3 ("*Manner of dividend payments*") for further information. The Registrar will not hold any right to share in profits and any liquidations surplus which are not passed on to the shareholders. The Registrar shall not attend nor vote at any of the Company's general meetings, other than pursuant to an authorization from the shareholders. The shareholders have the right to require the Depository Receipts to be exchanged for underlying Common Shares. If this is exercised by a shareholder, the Registrar may submit an application to the Board and request transfer of underlying Common Shares from the account of the Registrar to a new account in the name of the shareholder. The Board should not unreasonably withhold approval of such applications.

The Registrar Agreement is subject to Norwegian law and, accordingly, all the Depository Receipts are established under Norwegian law. The Company may terminate the Registrar Agreement with three (3) months' prior written notice. The Registrar may terminate the Registrar Agreement with justifiable cause with three (3) months' prior written notice. Either the Company or the Registrar may terminate the Registrar Agreement immediately upon written notice of any material breach of the Registrar Agreement by the other party, unless such breach is rectified within 10 business days. The Company's failure to fulfil payment obligations shall always be considered a material breach of the Registrar Agreement. In the event the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for the purposes of permitting the uninterrupted listing of the Depository Receipts on OSE.

The Registrar's liability for loss has been restricted under the Registrar Agreement. The Registrar has also disclaimed liability for any losses suffered as a result of VPS' errors or negligence. VPS is liable for any direct economic loss resulting from an error in connection with its registration activities unless the error is caused by matters outside the control of VPS and which VPS could not reasonably be expected to avoid or of which VPS could not reasonably be expected to overcome the consequences. The courts may reduce or set aside VPS' liability if the person who has suffered the loss has contributed to the loss wilfully or negligently.

The Depository Receipts are registered with VPS under the ISIN BMG1466R2078.

#### **14.12 Requirement to Provide Information to the Company**

As a company listed on an appointed stock exchange, the Company is exempted from the duty imposed on companies generally by the Companies Amendment Act 2018 to establish and maintain a beneficial ownership register. However, Bye-laws 171 to 173 provide that it is a term of issue of the Company's Common Shares that the Company may by

notice in writing require any registered shareholder to give the Company particulars of such shareholder's past or present interest of any kind in such Common Shares, and where applicable, require such registered shareholder to provide particulars with respect to the interests of any other person in the Depository Receipts. By virtue of these provisions, the Company may require any person holding Common Shares in a nominee or similar capacity to provide the Company with details of the identity of the persons holding beneficial interests in the Company's Common Shares.

**14.13 Shareholder agreements**

There are no shareholders' agreements related to the securities of which the Company is aware.

## **15 SECURITIES TRADING IN NORWAY**

### **15.1 Introduction**

As a company listed on OSE, Borr Drilling will be subject to certain duties to inform the market under the OSE Continuing obligations of stock exchange listed companies, and the insider trading rules in chapter 3 of the Norwegian Securities Trading Act. Furthermore, the Company is subject to Norwegian securities regulations.

### **15.2 Trading and settlement**

Trading of equities on OSE is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on OSE takes place between 09:00 (CET/CEST) and 16:30 (CET/CEST) each trading day, with a pre-trade period between 08:15 (CET/CEST) and 09:00 (CET/CEST), a closing auction between 16:20 (CET/CEST) and 16:25 (CET/CEST) and a post-trade period from 16:25 (CET/CEST) to 17:30 (CET/CEST). Reporting of after exchange trades can be done until 17:30 hours (CET/CEST).

The settlement period for trading on OSE is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction, and that the seller will receive payment after two days.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from a member state of the EEA, or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in another EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this under the Norwegian Securities Trading Act, or, in the case of investment firms in another EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. Such market-making activities do not as such require notification to the Norwegian FSA or OSE, except for the general obligation of investment firms that are members of OSE to report all trades in stock exchange listed securities.

### **15.3 Information, control, and surveillance**

Under Norwegian law, OSE is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of OSE monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or from the time a company has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. OSE may levy fines on companies violating these requirements.

### **15.4 The VPS and transfer of Depository Receipts**

The Company's share register for the Depository Receipts is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and OSE are both wholly-owned by Euronext N.V.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered

shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being the Central Bank of Norway), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is *prima facie* evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of securities may not exercise the rights of a shareholder with respect to such securities unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's Memorandum of Association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

#### **15.5 Shareholder register – Norwegian law**

Under Norwegian law, securities are registered in the name of the beneficial owner of the securities. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their securities in VPS through a nominee. However, foreign shareholders may register their securities in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote in general meetings on behalf of the beneficial owners.

#### **15.6 Foreign investment in securities listed in Norway**

Foreign investors may trade securities listed on OSE through any broker that is a member of the OSE, whether Norwegian or foreign.

#### **15.7 Disclosure obligations**

If a person's, entity's or consolidated group's proportion of the total issued securities and/or rights to securities in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify OSE and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

#### **15.8 Insider trading**

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

#### **15.9 Mandatory offer requirement**

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of securities representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four weeks, make an unconditional general offer for the purchase of the remaining securities in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of securities that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and OSE decides that this is regarded as an effective acquisition of the securities in question.



The mandatory offer obligation ceases to apply if the person, entity, or consolidated group sells the portion of the securities that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify OSE and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining securities in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by OSE before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the securities in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional securities at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered. The settlement must be guaranteed by a financial institution authorised to provide such guarantees in Norway.

In case of failure to make a mandatory offer or to sell the portion of the securities that exceeds the relevant threshold within four weeks, OSE may force the acquirer to sell the securities exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, OSE may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns securities representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining securities of the company (repeated offer obligation) if the person, entity, or consolidated group through acquisition becomes the owner of securities representing 40%, or more of the votes in the company. The same applies if the person, entity, or consolidated group through acquisition becomes the owner of securities representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity, or consolidated group sells the portion of the securities which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered (provided that the person, entity, or consolidated group has not already stated that it will proceed with the making of a mandatory offer).

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining securities in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of securities in the company.

#### **15.10 Compulsory acquisition**

Under Bermuda law, an acquiring party is generally able to acquire, compulsorily, the securities of minority holders in a company. This can be achieved by a procedure under the Companies Act known as a "scheme of arrangement" or by a tender offer, as explained below. A scheme of arrangement may be effected by obtaining the agreement of the company and of holders of common shares, comprising in the aggregate a majority in number representing at least 75% in value of the shareholders (excluding common shares owned by the acquirer) present and voting at a meeting ordered by the Bermuda Supreme Court held to consider the scheme of arrangement. Following such approval by the shareholders, the Bermuda Supreme Court must then sanction the scheme of arrangement. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of common shares could be compelled to sell their common shares under the terms of the scheme of arrangement.

In the case of a tender offer, if an offeror has, within four months after the making of an offer for all the common shares not owned by, or by a nominee for, the offeror, or any of its subsidiaries, obtained the approval of the holders of 90% or more in value of all the common shares to which the offer relates, the offeror may, at any time within two months beginning with the date on which the approval was obtained, require by notice any non-tendering shareholder to transfer its common shares on the same terms, including as to the form of consideration, as the original offer. In such circumstances, non-tendering shareholders could be compelled to transfer their common shares, unless the Bermuda

Supreme Court (on application made within a one-month period from the date of the offeror's notice of its intention to acquire such common shares) orders otherwise.

Where the acquiring party or parties hold not less than 95% of the common shares of a company, by acquiring, pursuant to a notice given to the remaining shareholders, the common shares of such remaining shareholders – when such notice is given, the acquiring party is entitled and bound to acquire the common shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Bermuda Supreme Court for an appraisal of the value of their common shares. This provision only applies where the acquiring party offers the same terms to all holders of common shares whose common shares are being acquired.

The above procedure will require that the sub-register of shareholders of the Company in the VPS is closed down and the beneficial interest in the Common Shares reflected therein is transferred to the primary shareholder register kept by the Company in Bermuda.

#### **15.11 Foreign exchange controls**

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its securities registered with the VPS who are not residents in Norway to dispose of their common shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

## **16 TAXATION**

*Set out below is a summary of certain Bermuda and Norwegian tax matters related to an investment in the Company. The summary regarding Bermuda and Norwegian taxation is based on the laws in force as at the date of this Prospectus, which may be subject to changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. The tax legislation of the investor's Member State and of the issuer's country of incorporation may have an impact on the income received from the securities.*

*The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the securities in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or a tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes. The statements in the summary only apply to shareholders who own Depository Receipts.*

*Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.*

### **16.1 Bermuda taxation applicable to the Company**

Under current Bermuda law, there is no income or profit tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company in Bermuda. The Minister of Finance of Bermuda has, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, as amended, given the Company an assurance that, in the event any legislation is enacted in Bermuda imposing any tax computed on profits, income, capital asset, gain or appreciation, such tax shall not, until after 31 March 2035, be applicable to the Company or any of its operations or the Common Shares or any debentures or other obligations of the Company, except insofar as such tax will be payable by the Company in respect of real property owned or leased by the Company in Bermuda. All entities employing individuals in Bermuda are required to pay a payroll tax and there are other sundry taxes payable, directly, or indirectly, to the Bermuda government. Given the limited duration of this assurance, it is not certain that the Company will not be subject to any Bermuda taxation after 31 March 2035.

### **16.2 Other Jurisdictions**

The Company is, as of the date hereof, not deemed to be a tax resident in any other jurisdictions and does not expect this to change. As for the Group, individual Group Companies will, when operating in a jurisdiction, normally be taxed on its income and capital gain generated in such jurisdiction in accordance with local rules. Finally, some jurisdictions may apply withholding taxes on dividends and other payments by an operating entity to the Company. The Company will, always, seek to organise its activities in a jurisdiction so as to reduce the taxes payable as much as possible within the scope of local legislation.

### **16.3 The shareholders**

#### *16.3.1 Bermuda*

The Company's shareholders will not, based on their shareholding in the Company only, be taxable in Bermuda as of the date hereof. The assurance obtained by the Company from the Minister of Finance of Bermuda referred to in 16.1 "Bermuda taxation applicable to the Company" above covers taxation of the Company's shareholders as well. Hence, in the event that legislation is enacted in Bermuda imposing any tax on the securities or dividends paid on the securities or in the nature of estate duties or inheritance tax on the transfer of securities, such tax shall not, until after 31 March 2035, be applicable on the Company's shareholders except insofar as such shareholders may be tax resident in Bermuda.

### **16.4 Norwegian taxation**

#### *16.4.1 Taxation of dividends*

##### *16.4.1.1 Norwegian Personal Owners*

Dividends distributed to owners of Depository Receipts who are individuals residing in Norway for tax purposes (the "**Norwegian Personal Owners**") are taxable in Norway for such owners currently at an effective tax rate of 31.68% to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax free allowance, shall be multiplied by 1.44 which are then included as ordinary income taxable at a flat rate of 22%, increasing the effective tax rate on dividends received by Norwegian Personal Owners to 31.68%.

The tax-free allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk free interest rate based on the effective rate of interest on treasury bills (Nw.: *statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year and is allocated solely to Norwegian Personal Owners holding shares at the expiration of the relevant calendar year.

Norwegian Personal Owners who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization, of the same share (but may not be set off against taxable dividends or capital gains on other Shares). Furthermore, excess allowance can be added to the cost price of the share and included in the basis for calculating the allowance on the same share the following year.

The Depository Receipts will not qualify for Norwegian share saving accounts (Nw: aksjesparekonto) held by Norwegian Personal Owners since the Company is resident outside the EEA for tax purposes.

#### *16.4.1.2 Norwegian Corporate Owners*

Dividends distributed to owners of Depository Receipts who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes (the "**Norwegian Corporate Owners**"), are taxable as ordinary income in Norway for such owners at a flat rate of 22%.

#### *16.4.1.3 Non-Norwegian Owners*

As a general rule, dividends received by owners not resident in Norway for tax purposes ("**Non-Norwegian Owners**") from Depository Receipts in non-Norwegian companies are not subject to Norwegian taxation unless the Non-Norwegian Owner holds the Depository Receipts in connection with business activities carried out or managed from Norway.

### *16.4.2 Taxation of capital gains on realisation of Depository Receipts*

#### *16.4.2.1 Norwegian Personal Owners*

Sale, redemption, or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Owner through a disposal of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the Norwegian Personal Owner's ordinary income in the year of disposal. The effective tax rate on gain or loss related to shares realized by Norwegian Personal Owners is currently 31.68%; i.e., capital gains (less the tax-free allowance) and losses shall be multiplied by 1.44 which are then included in or deducted from the Norwegian Personal Owner's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 22%, increasing the effective tax rate on gains/losses realized by Norwegian Personal Owners to 31.68%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Owner's cost price of the share, including costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Personal Owners are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 16.4.1.1 ("Norwegian Personal Owners"), relating to taxation of dividends, for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realization of a share will be annulled. Unused allowance may not be set off against gains from realisation of other shares.

If the Norwegian Personal Owner owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Special rules apply for Norwegian Personal Owners that cease to be tax-resident in Norway.

The Depository Receipts will not qualify for Norwegian share saving accounts (Nw: aksjesparekonto) held by Norwegian Personal Owners since the Company is resident outside the EEA for tax purposes.

#### *16.4.2.2 Norwegian corporate owners*

A capital gain or loss derived by a Norwegian Corporate Owner from a disposal of Depository Receipts is taxable or tax deductible in Norway. The taxable gain/deductible loss per Depository Receipt is calculated as the difference between the consideration for the Depository Receipt and the Norwegian Corporate Owner's cost price for the Depository Receipt, including cost incurred in relation to the acquisition or disposal of the Depository Receipt. Such capital gain or loss is included in or deducted from the basis for computation of ordinary income in the year of disposal. Ordinary income is taxable at a rate of currently 22%. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of Depository Receipts disposed of. If the Norwegian Corporate Owners owns Depository Receipts acquired in different points in time, the Depository Receipts that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

#### *16.4.2.3 Non-Norwegian owners*

Gains from the sale or other disposal of shares by a Non-Norwegian Owner will not be subject to taxation in Norway unless the Non-Norwegian Owner holds the shares in connection with business activities carried out or managed from Norway.

#### *16.4.3 Net wealth tax*

The value of the Depository Receipts is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Owners. Currently, the marginal net wealth tax rate is 0.85% of the value assessed. The current value for assessment purposes for listed shares is equal to 55% of the listed value as of 1 January in the year of assessment (i.e., the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly (i.e., to 55%).

Norwegian Corporate Owners are not subject to net wealth tax.

Owners not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Personal Non-Norwegian Owners can, however, be taxable if the ownership is effectively connected to the conduct of trade or business in Norway.

#### *16.4.4 VAT and transfer taxes*

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of Depository Receipts.

#### *16.4.5 Inheritance tax*

A transfer of Depository Receipts through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

## 17 ADDITIONAL INFORMATION

### 17.1 Auditor and advisors

The Company's independent auditor is PricewaterhouseCoopers LLP, with business address at 1 Embankment Place, London WC2N 6RH, United Kingdom. PricewaterhouseCoopers LLP is member of the Institute of Chartered Accountants in England and Wales and has been the Company's auditor since September 2019.

Ro Sommernes advokatfirma DA (Fridtjof Nansens plass 7, P.O. Box 1983 Vika, N-0125 Oslo, Norway) is acting as Norwegian legal counsel to the Company. Skadden, Arps, Slate, Meagher & Flom (UK) LLP (40 Bank Street, Canary Wharf, London, E14 5DS, United Kingdom) is acting as US legal counsel to the Company. Appleby (Bermuda) Limited (Canon's Court, 22 Victoria Street, PO Box HM 1179, Hamilton HM EX, Bermuda) is acting as Bermuda legal counsel to the Company.

### 17.2 Documents on display

Originals of the following documents are held by the Company at the registered office address in Bermuda, but copies will be able for physical inspection at the Company's offices during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus:

- the Company's certificate of incorporation, Memorandum of Association and Bye-laws;
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus;
- the historical financial information of the Company and its subsidiary undertakings for each of the two financial years preceding the publication of this Prospectus; and
- this Prospectus.

The documents on display held at the Company's offices can be inspected at S. E. Pearman Building, 2nd Floor, 9 Par-la-Ville Road, Hamilton HM11, Bermuda.

The above documents are also available at the Company's website at <https://borrdrilling.com/investor-relations/>.

### 17.3 Incorporation by reference

The following table sets forth an overview of documents incorporated by reference in this Prospectus. No information other than the information referred to in the table below is incorporated by reference. Where parts of a document are referenced, and not the document as a whole, the remainder of such document is either deemed irrelevant to an investor in the context of the requirements of this Prospectus, or the corresponding information is covered elsewhere in this Prospectus. Note that the information on [www.borrdrilling.com](http://www.borrdrilling.com) does not form part of the Prospectus unless that information is specifically expressed to be incorporated by reference into the Prospectus.

Section in Prospectus	Page number in Prospectus	Incorporated by reference	Reference document and link
Sections 1.2.2, 4.4, 10.1, 10.2, 11.5.3.3, 11.7.1, 12.11 and 13.1	Pages 6, 21, 60, 73, 75, 91 and 93	The Group's Consolidated Financial Statements (20-F), incl. audit report	<a href="https://borrdrilling.com/news/borrdrilling-limited-files-its-2019-annual-report-on-form-20-f-and-releases-its-2019-sustainability-and-corporate-governance-reports/">https://borrdrilling.com/news/borrdrilling-limited-files-its-2019-annual-report-on-form-20-f-and-releases-its-2019-sustainability-and-corporate-governance-reports/</a>  (Audit report, page 118 and 119)
Sections 1.2.2, 4.4, 9.1 and 10.1	Pages 6, 21, 57 and 60	The Group's Condensed Consolidated Financial Statements (unaudited) per 30.9.2020	<a href="https://borrdrilling.com/wp-content/uploads/2020/11/3rd-Quarter-2020-Results.pdf">https://borrdrilling.com/wp-content/uploads/2020/11/3rd-Quarter-2020-Results.pdf</a>

## 18 DEFINITIONS AND GLOSSARY

In the Prospectus, the following defined terms have the following meanings:

2021 Amendments	The amendments to the Financing Arrangements and delivery dates for undelivered rigs from Keppel agreed with the Company's secured lenders and Keppel in January 2021, as further described in section 11.8.13.
ABC Legislation	The FCPA, the UK Bribery Act and the Bermuda Bribery Act of 2016
Akal	Perforadora Profesional AKAL I, SA de CV
Annual General Meeting	The annual general meeting of the Company
ASC	Accounting Standards Codification
Bbl	Unit of Brent oil
Bermuda Companies Act	The Companies Act 1981 of Bermuda
BMA	Bermuda Monetary Authority
BMV	Borr Mexico Ventures Limited
Board	The board of directors of Borr Drilling Limited
Borr Drilling	Borr Drilling Limited
Bye-laws	The Company's Bye-laws as in force from time to time
BWM Convention	International Convention for the Control and Management of Ships' Ballast Water and Sediments, effective as of 2017
Call Spread Transactions	In connection with the pricing of our Convertible Bonds, the Company (i) purchased from Goldman Sachs International call options over 10,453,612 securities with a strike price of USD 33.4815 and (ii) sold to Goldman Sachs International call options over the same number of securities with a strike price of USD 42.6125
CEO	The Group's designated chief executive officer
CET	Central European Time
CEST	Central European Summer Time
CFO	The Group's designated chief financial officer
CME	Proyectos Globales de Energia y Servicios CME, S.A. DE C.V.
Code	The Norwegian Code of Practice for Corporate Governance as of 30 October 2014
Collaboration Agreement	The March 2017 and October 2017 agreements with Schlumberger
Common Shares	All of the existing common shares and the New Common Shares, collectively
Companies Act	The Companies Act 1981
Company	Borr Drilling Limited, and whenever terms as "we", "our", "us" are used the narrative point of view is that of the Company and on behalf of the Company by the persons responsible for this Prospectus.
Consolidated Financial Statements	The Company's audited consolidated financial statements for the year ended 31 December 2019
Convertible Bonds	Borr Drilling Limited 18/23 3,875% USD Conv issued 23 May 2018 with ISIN NO0010822935
COO	The Group's designated chief operating officer
Delivery Loan	Issuance of convertible Bonds with a principal amount of USD 350 million and secured a USD 432 million delivery loan from Keppel
Depository Receipt	The existing Depository Receipts, the PP Depository Receipts, and the Subsequent Depository Receipts, collectively
Directors	The individual members of the Board at any time
E&P Companies	Companies engaged in the exploration for and/or production of crude oil and natural gas
EEA	The European Economic Area covering the members of the European Union, Norway, Iceland, and Liechtenstein
ES Requirements	The Substance Regulations and the Substance Act
Existing Keppel Financing	The delivery financing provided for by Offshore Partners Pte Ltd in connection with the delivery financing for "Hermod", "Heimdal" and "Hild", constituting a portion of the purchase price equal to USD 90.9 million for each of these rigs
Existing Shipyard Financing	The PPL Financing and the Existing Keppel Financing

FCPA.....	The U.S. Foreign Corrupt Practices Act of 1977
Financing Arrangements.....	The Convertible Bonds, PPL Financing, Existing Keppel Financing, Keppel H&V Financing, Hayfin Facility, Syndicated Facility, and the New Bridge Facility
Fleet.....	All of the Group's Rigs at any time
GDPR.....	General Data Protection Regulations of the European Union
Group.....	The Company and its subsidiaries
Hayfin Facility.....	The USD 195 million senior secured term loan facility agreement with funds managed by Hayfin Capital Management LLP, as lenders, among others, entered into on 25 June 2019 by the Company's 100% controlled subsidiary, Borr Midgard Assets Ltd.
Hercules.....	Hercules British Offshore Limited
Hercules Acquisition.....	The purchase of the Hercules Rigs, completed on 23 January 2017
Hercules Rigs.....	The two jack-up drilling rigs acquired from Hercules, renamed "Frigg" and "Rand"
HSE.....	Health, Safety and Environment
Huldra & Heidrun Financing	The delivery financing for "Huldra" and "Heidrun" which Keppel and Offshore Partners Pte Ltd have agreed to provide in connection with the delivery of these rigs, pursuant to which Offshore Partners Pte Ltd has agreed to provide delivery financing for a portion of the purchase price, being USD 77.7 million for each rig.
H-Rig Financing	The Existing Keppel Financing and the Huldra & Heidrun Financing
IMO.....	The International Maritime Organisation
IRS.....	The Internal Revenue Service
ISIN.....	International Securities Identification Number
IWS JVs	Those of the Joint Ventures related to the ownership of Akal and Opex.
JOBS Act.....	The Jumpstart Our Business Startups Act of 2012
Joint Ventures	The participation in the ownership of the joint venture entities Perfomax, Opex, Akal and Perfomex II together with CME for the purposes of performing integrated drilling services under contracts with Pemex.
Keppel.....	Keppel FELS Limited
Keppel H-Rigs.....	The five premium KFELS B class jack-up rigs, three completed ("Heimdal", "Hermod" and "Hild") and two under construction from Keppel ("Huldra" and "Heidrun")
Keppel H&V Financing	The delivery financing facilities with Keppel for four of the five rigs ("Huldra", "Heidrun", "Var" and "Vale") to be delivered from Keppel in 2023 (date subject to the effectiveness of the 2021 Amendments), in the amount of USD 415.3 million.
Listing.....	The listing of the Depository Receipts on OSE
LOA.....	Letter of arrangement
LOI.....	Letter of intent
LTI Plan.....	Long-term incentive plan for the Group's employees and directors
Magni.....	Magni Partners (Bermuda) Limited
Managers.....	Clarksons Platou Securities AS, Fearnley Securities AS and SpareBank 1 Markets AS.
Master Agreement.....	A master agreement executed for the sale of 14 standard jack-up drilling rigs en bloc to a non-drilling company
New Bridge Facility.....	The USD 100 million senior secured revolving loan facility agreement originally entered into with DNB Bank ASA and Danske Bank, as lenders, entered into on 25 June 2019, as amended
New Common Shares.....	The underlying common shares each with a par value of USD 0.05, each represented by the PP Depository Receipts
PP Depository Receipts.....	The depository receipts to be listed in connection with the Private Placement
NOCs.....	National governments
Non-Norwegian Owners.....	Owners not resident in Norway for tax purposes
Norwegian Corporate Owners.....	Limited liability companies (and certain similar entities) domiciled in Norway for tax purposes



Norwegian FSA.....	The Financial Supervisory Authority of Norway (Nw. "Finanstilsynet")
Norwegian Securities Trading Act .....	The Norwegian securities trading act of 29 June 2007 no. 75 (Nw. "Verdipapirhandelloven")
Norwegian Personal Owners.....	Individuals residing in Norway for tax purposes
NYSE .....	New York Stock Exchange
OPEC .....	Organization of Petroleum Exporting Countries
Operadora .....	Operadora Productora y Exploradora Mexicana, S.A. de C.V.
Opex.....	Opex Perforadora S.A. de C.V.
OSE.....	The Oslo Stock Exchange
Paragon .....	Paragon Offshore Limited
Paragon Rigs.....	Paragon's two premium jack-up rigs, 20 standard jack-up rigs (built before 2001) and one semi-submersible rig (built in 1979)
Paragon Transaction .....	The Company's acquisition of 99.41% of the shares of Paragon for a total consideration of USD 240 million on 29 March 2018
Pemex .....	Petroleo Mexicanos
Perfomex.....	Perforaciones Estrategicas e Integrales Mexicana S.A. de C.V.
Perfomex II .....	Perforaciones Estrategicas e Integrales Mexicana II, SA de CV
PPL.....	PPL Shipyard Pte Ltd.
PPL Acquisition.....	The acquisition of the PPL Rigs of approximately USD 1.3 billion
PPL Financing.....	In connection with delivery of the PPL Rigs, the Company's rig-owning subsidiaries as buyers of the PPL Rigs agreed to accept delivery financing for a portion of the purchase price equal to USD 87 million per jack-up rig
PPL Rigs .....	The nine premium "Pacific Class 400" jack-up rigs from PPL
Private Placement.....	The private placement of USD 46,000,000 of PP Depository Receipts, completed in January 2021
Prospectus.....	This prospectus issued on 26 January 2021 with all attachments hereto
Prospectus Regulation .....	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and as implemented in Norway
PwC UK.....	PricewaterhouseCoopers LLP
QHSE.....	Quality, Health, Safety and Environment
Registrar .....	DNB Bank ASA, Global Companies Registrars Section, P.O. Box 1600 Sentrum, 0021 Oslo, Norway
Registrar Agreement.....	An agreement between the Company and the Registrar setting forth the terms upon which the Registrar shall establish and operate a register of the beneficial ownership interests in the Shares
Ring Fenced Entities .....	The rig-owning subsidiaries who provide security as owners of the mortgaged rigs in connection with the Hayfin Term Loan Facility.
Schlumberger .....	Schlumberger Limited and affiliates and where this term is used to refer to our principal shareholder, means Schlumberger Oilfield Holdings Limited
SEC .....	The US Security Exchange Commission
SGM .....	The Special General Meeting
Substance Act .....	The Economic Substance Act 2018
Substance Regulations .....	The Economic Substance Regulations 2018
Syndicated Facility.....	The senior secured credit facilities agreement originally entered into with DNB Bank ASA, Danske Bank, Citibank N.A., Jersey Branch and Goldman Sachs Bank USA, as lenders, among others, entered into on 25 June 2019
Tender Offer Agreement.....	A tender offer agreement with Paragon regarding a tender offer for the acquisition of all the outstanding shares of Paragon
Total Contract Backlog	Firm commitments for contract drilling services represented by definitive agreements. Total Contract Backlog is calculated as the maximum contract drilling dayrate revenue that can be earned from a drilling contract based on the contracted operating dayrate. Total Contract Backlog excludes revenue and related party revenue resulting from our Joint Ventures, mobilization and demobilization fees, contract preparation, capital or upgrade reimbursement, recharges, bonuses and other revenue sources and is not adjusted for planned

out-of-service periods during the contract period. The contract period excludes additional periods that may result from the future exercise of extension options under our contracts, and such extension periods are included only when such options are exercised. The contract operating dayrate may temporarily change due to, among other factors, mobilization, force majeure, weather or repairs.

Total Recordable Incident Frequency

A measure of the rate of recordable workplace injuries which, as defined by the International Association of Drilling Contractors, is derived by multiplying the number of recordable injuries during the twelve-month period prior to the specified date by 1,000,000 and dividing this value by the total hours worked in that period by the total number of employees. An incident is considered "recordable" if it results in medical treatment over certain defined thresholds (such as receipt of prescription medication or stitches to close a wound) as well as incidents requiring the injured person to spend time away from work.

Transocean .....

Transocean Inc.

Transocean Transaction.....

The transaction with Transocean for the purchase of all of certain Transocean subsidiaries owning 10 jack-up rigs and the rights under five newbuilding contracts with Keppel, entered into on 15 March 2017

U.K. Bribery Act .....

The Bribery Act 2010 of the United Kingdom

US GAAP .....

Generally Accepted Accounting Principles in the United States of America

U.S. Securities Act.....

United States Securities Act of 1933, as amended

VAT .....

Value Added Tax

VPS .....

The Norwegian Central Securities Depository ("Verdipapirsentralen")