
VANTAGE DRILLING INTERNATIONAL

CURRENT REPORT - JANUARY 22, 2024

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EXPLANATORY NOTE

On January 10, 2024, Ihab Toma, the Chief Executive Officer of Vantage Drilling International (the “Company”), sent a customary annual letter to employees of the Company (the “Letter to Employees”). On January 17, 2024, the Letter to Employees was obtained by a third party and published portions thereof. Although we do not believe the Letter of Employees included any material, non-public information, out of the abundance of caution, the Company is releasing the Letter of Employees, attached to this Current Report (this “Current Report”) as Exhibit 99.1.

SAFE HARBOR STATEMENT

The Letter to Employees attached as Exhibit 99.1 to this Current Report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. When used, statements which are not historical in nature, including those containing words such as “anticipate,” “assume,” “believe,” “budget,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “would,” “will,” “future” and similar expressions are intended to identify forward-looking statements in this Quarterly Report.

These forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements.

Among the factors that could cause actual results to differ materially are the risks and uncertainties described under “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on March 31, 2023, “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of the Company’s Quarterly Report posted to its website on November 10, 2023 (the “Latest Quarterly Report”), and the following:

- our inability to obtain alternative work for the Platinum Explorer;
- our inability to extend our contracts with current clients, including but not limited to the Tungsten Explorer and the Capella;
- our inability to add new rigs to the management segment of our business;
- reduced expenditures by oil and gas exploration and production companies;
- general economic conditions and conditions in the oil and gas industry, including the worldwide supply and demand for oil and gas, and expectations regarding future prices of oil and gas;
- the small size of our fleet and associated vulnerabilities in the case of prolonged downtime of any of our drilling rigs;
- excess supply of drilling units worldwide;
- competition within our industry;
- growing focus on climate change, including regulatory, social and market efforts to address climate change, and its overall impact on the level of investments being directed to fossil fuel exploration and production companies and the associated products or services;
- our current level of indebtedness and the ability to incur additional indebtedness in the near- and long-term;
- epidemics, pandemics, global health crises, or other public health events and concerns, including any future resurgence of COVID-19, and the effectiveness of associated vaccinations and treatments;
- governmental, tax and environmental regulations and related actions and legal matters, including the actions taken by governments in response to any global health events and crises, as well as the results and effects of legal proceedings and governmental audits, assessments, orders and investigations;
- volatility in the price of commodities due to actions taken by members of OPEC, OPEC+ and other, oil-exploring countries, with respect to oil production levels and announcements of potential changes in such levels, including the ability of members of OPEC+ to agree on and comply with announced supply limitations;
- the potential for increased production from U.S. shale producers and non-OPEC countries driven by current oil prices, including the effect of such production rates on the overall global oil and gas supply, demand balance and commodity prices;
- termination or renegotiation of our management, customer and vendor contracts, and the invoking of force majeure clauses;
- termination or renegotiation of our management and marketing agreements, including any terminations arising directly or indirectly from the consummation of the Aquadrill Merger (as defined in the Latest Quarterly Report);
- losses on impairment of long-lived assets;

- any non-compliance with the U.S. Foreign Corrupt Practices Act, as amended, and any other anti-corruption laws;
- the sufficiency of our internal controls, including exposure arising from the failure to (i) establish and maintain effective internal control over financial reporting in accordance with applicable regulatory requirements, and (ii) fully remediate any material weaknesses identified with respect to such internal controls;
- operating hazards in the offshore drilling industry and the impact of any safety incidents that may occur;
- operations in international markets, including geopolitical, global, regional or local economic and financial market risks and challenges, applicability of foreign laws, including foreign labor and employment laws, foreign tax and customs regimes, and foreign currency exchange rate risk;
- political disturbances, geopolitical instability and tensions, or terrorist attacks, and associated changes in global trade policies and economic sanctions, including, but not limited to, (i) Russia's invasion of Ukraine in February 2022 and the Russo-Ukrainian War and (ii) any impact, effect, damage, destruction and/or bodily harm directly or indirectly relating to the ongoing hostilities in the Middle East;
- adequacy of, or gaps in, insurance coverage upon the occurrence of a catastrophic or other material adverse event;
- effects of new products and new technology on the market;
- the occurrence (or recurrence) of cybersecurity incidents, attacks, intrusions or other breaches to our information technology systems, and our ability to effectively and expeditiously remediate any such matters;
- our small number of customers, related concentration and/or the loss of any customers;
- consolidation of our competitors and suppliers;
- changes in the status of pending, or the initiation of new litigation, claims or proceedings, including our ability to prevail in the defense of any appeal or counterclaim;
- changes in legislation removing or increasing current applicable limitations of liability;
- limited mobility of our drilling units between geographic regions;
- levels of operating, maintenance costs, and capital expenditures that may be contractually or otherwise required to be allocated to any of our drilling rigs;
- our dependence on key personnel;
- availability of workers and the related labor costs;
- increased costs resulting from supply chain constraints, delays and impediments, including, but not limited to, increases in (i) the costs of obtaining supplies, (ii) labor costs, and (iii) freight, transportation and input costs, among others;
- changes in tax laws, treaties or regulations;
- credit risks of our key customers and other third parties we engage commercially;
- compliance with restrictions and covenants in our debt agreements;
- our recent lack of overall profitability and whether we will generate material revenues or profits in the near- and long-term;
- adverse macroeconomic conditions, including (i) inflationary pressures and potential recessionary conditions, as well as actions taken by central banks and regulators across the world in an attempt to reduce, curtail and address such pressures and conditions, and (ii) the effects of adverse developments at financial institutions, including bank failures, that impact general sentiment regarding the stability and liquidity of banks, and the resulting impact on the stability of the global financial markets at large;
- our incorporation under the laws of the Cayman Islands and the limited rights to relief that may be available compared to U.S. law;
- compliance with the Economic Substance Act 2021 (as amended) and the Economic Substance Act 2018 (as amended), among other legislation enacted in the Cayman Islands and Bermuda;
- the impact of any actual or contemplated redemptions of our 9.50% First Lien Notes, including any resulting impact on liquidity and cash flows available for capital expenditures, working capital, growth opportunities and other general corporate purposes;
- the impact of the Company's decision to voluntarily deregister under the Exchange Act; and

- our ability to identify and complete strategic and/or transformational transactions, including acquisitions, dispositions, joint ventures and mergers, as well as the impact that such transactions may have on our operations and financial condition.

Many of these factors are beyond our ability to control or predict. Any, or a combination of these factors, could materially affect our future financial condition or results of operations and the ultimate accuracy of the forward-looking statements. These forward-looking statements are not guarantees of our future performance, and our actual results and future developments may differ materially from those projected in the forward-looking statements. Management cautions against putting undue reliance on forward-looking statements or projecting any future results based on such statements or present or prior earnings levels.

In addition, each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements. We may not update these forward-looking statements, even if our situation changes in the future. All forward-looking statements attributable to us are expressly qualified by these cautionary statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in reports or filings we may post on our website or otherwise make available to our investors or creditors, which may be obtained by contacting us. These reports and filings are also available through our website at www.vantagedrilling.com. The contents of our website are not part of this Current Report.

Unless the context indicates otherwise, all references to the “Company,” “Vantage Drilling International,” “we,” “our” or “us” refer to Vantage Drilling International and its consolidated subsidiaries. References to “VDI” refer to Vantage Drilling International, a Cayman Islands exempted company and the group parent company.

EXHIBITS

Exhibit 99.1 – Letter to Employees, dated January 10, 2024

See attached.



Dear Vantage Team,

Happy New Year to you and your families. As I do at the beginning of each year, I would like to reflect on what we accomplished during the previous year and share my thoughts for the year that has arrived.

In many regards, 2023 was a successful year for the Company and for the industry, where the industry recovery continued into its third year. Indeed, the strength in the offshore drilling sector prompted us in early 2023 to change two of our “Wildly Important Goals (WIGs)” to reflect a more robust market: we changed WIG-2 from a focus on “Putting our Rigs Back to Work” to adding “and securing higher Dayrates” and WIG-3 from “Reducing Costs and Preserving Cash” to “Achieving Excellent Stakeholder Returns”. As I will discuss in detail below, 2023 was an important turnaround year for the company. We have put the COVID-19 period behind us, improved our safety performance, re-contracted our rigs at higher rates, grown from around 920 people to 1070 people, achieved our healthiest financial performance since before the Company’s 2016 reorganization and we refinanced our debt. These and other milestones were on the back of, and could not happen without, the Company’s strong safety track record and operational performance.

As usual, I will provide you a review of our accomplishments and focus areas against each of our 3 WIGs.

WIG #1 – Maintaining our Stellar Safety and Operational Performance:

The pillars of Quality, Health, Safety, Environment and Sustainability (QHSE&S) are integral to our commitment to excellence and responsible corporate citizenship. They guide our efforts to create a workplace that prioritizes the well-being of our employees, minimizes our environmental impact, and ensures the long-term sustainability of our operations. As I state every year, our people are our most important asset, and our number one priority is and will always be your safety, as well as protecting the environment where we work.

In 2023, our annual work hours increased by over 400,000 hours as our rigs continued to operate for many different clients in many different locations across the globe, yet we still achieved better results than 2022.

We had a number of very impressive highlights in 2023, most notably the Platinum Explorer achieving four years recordable incident free and the Topaz Driller achieving two years recordable incident free. The Qatar-Supported Jackups had a very good year with all three rigs achieving major incident free milestones. The Sapphire Driller continues to be the shining light, achieving five years recordable incident free while both the Emerald Driller and Aquamarine Driller achieved one-year recordable incident free. In May, the Sapphire Driller was recognized by the IADC SAPC for having the regional’s “Best Recordable incident-rate”. These are fantastic achievements and clear indications that the Perfect Day Leadership program continues to create a safe workplace for everyone.

Our commitment to environmental stewardship is ingrained in our corporate ethos. In 2023, we also resolved to bring greater focus to our efforts on Sustainability. We established an Environmental, Social and Governance (ESG) working group, consisting of the Company’s leaders across multiple disciplines, who met regularly throughout the year and published the Company’s very first Sustainability Report, something that we are very proud of. We believe that by integrating sustainability into our decision-making processes we not only future-proof our business but also contribute positively to society.

While our safety performance in 2023 shows improvement on 2022, we cannot let our guard down and must continue to strive for an incident-free work environment, *a Perfect Day, Every Day*, so that everyone goes home to their families safe and sound.

From an operational perspective, we had a good year but with some challenges along the way especially with the Tungsten Explorer working in Namibia in the extremely challenging water depths of over 10,000 feet and with significant weather during the southern hemisphere winter months. We had several downtime events related mainly to Subsea BOP issues. This has resulted in us now doing a comprehensive review of our overall subsea management system and implementing changes that will significantly improve our subsea maintenance procedures and standards and our performance across the fleet.

As regards the other owned rigs, the PLX had a very good year operationally with ONGC and continued with completion operations off the East Coast of India. The ONGC and Oil Ministry dignitaries visited the rig several times and left impressed with the performance and dedication of the PLX team. The Soehanah had a good year with Medco and in September we took the rig out of service and mobilized it to Batam for maintenance works and upgrades, to paint it Vantage blue like its sister rigs, as well



as commencing the accommodation improvements, which is continuing offshore. The Topaz Driller had a busy year, initially operating for Petrobel in Egypt until July then mobilizing to Morocco via Las Palmas for a well with Eni. This was completed in mid-December and the rig then set sail for Ivory Coast on a tow of 2,376 nautical miles, which is the longest wet tow in the history of Vantage. Despite the changes in country and crews the Topaz Driller had an excellent year with regards to safety and operational performance.

For the Supported Jackups, the rigs in Qatar continued their safe and efficient operations throughout the year with the Emerald Driller working for TotalEnergies and Sapphire Driller and Aquamarine Driller for NOC and we continued to support ADES who are managing the rigs in country.

Finally, we had a good year managing the Seadrill assets, Polaris, Capella and Aquarius. The Polaris worked all year with ONGC in India mainly on completion activities but is finishing the campaign with an exploration well. It is expected that the contract will conclude around the end of January and we will then sail to Singapore via Kakinada to hand the rig back to Seadrill, which is expected to be completed by early March. After a short period of stacking, the Capella mobilized for a well in Mozambique with Eni in March. While in Mozambique we encountered some challenging environmental conditions which initially hampered forward progress, but the well was completed safely in early June, and we then mobilized back East to Balikpapan in Indonesia to work for Eni there. We successfully drilled a significant gas discovery well there and then mobilized offshore Banda Aceh for a well with Mubadala, which was also a significant gas discovery. We ended the year commencing operations for Harbour Energy, also in Banda Aceh. It is expected that the operations of the Capella will continue in Indonesia under Vantage management in 2024 and potentially into 2025 as the clients exercise current contract options. The Aquarius operational readiness project made excellent progress under Vantage but was stopped once Aquadrill's sale to Seadrill was completed and the rig was successfully handed over to Seadrill in early Q3-2023.

In 2024, we look forward to delivering safe and successful campaigns with the Tungsten Explorer, Capella, Topaz Driller and Soehanah, conducting a safe and efficient shipyard stay with the Platinum Explorer and putting it back to work as an upgraded drillship, conducting a safe and efficient shipyard stay with the Topaz Driller and having a seamless start for it with CPOC, and finally continuing to support the ADES jackups in Qatar and elsewhere when needed, as per our strategic alliance with them.

WIG #2 - Putting all of our rigs back to work, and now focus on increasing dayrates:

Looking back on 2023 with respect to WIG #2, we have mixed emotions about the overall outcome as we did not prevail with the Platinum Explorer in the latest ONGC tender. Having said that, 2023 was otherwise a very positive year for contracting the rigs and improving dayrates. We are confident in our ability to obtain alternative work for the Platinum Explorer and hope to see minimum interruption to its utilization beyond its planned shipyard stay and BOP upgrades after the current ONGC contract.

During 2023, we achieved full market utilization of our owned and managed fleet, an accomplishment not achieved since 2015. We conducted operations on 3 different continents and 8 countries including Namibia, Mozambique and Morocco, all of which were new countries of operation for Vantage. Additionally, we returned to Ivory Coast with the Topaz Driller after more than 14 years since the Sapphire Driller commenced its operational life there with the same client. This has again proven our ability to start-up and deliver successfully to our clients in new countries of operation. We worked for nine different customers in 2023, including Eni, Foxtrot, Harbor Energy, Medco, Mubadala, North Oil Company, ONGC, Petrobel and TotalEnergies. Remarkably, in 2023, our rigs have been involved in some of the most significant discoveries for our clients around the world.

With regard to our owned fleet, the Topaz Driller was the recipient of three contract awards this year including an extension with Petrobel, a short-term contract with Foxtrot in Ivory Coast and a return for Vantage to CPOC in the Joint Development Area of Malaysia and Thailand. On completion of the contract with Foxtrot, the rig will mobilize to Singapore to undergo an extensive upgrades shipyard project before going to work with CPOC on a 2-year firm with 9-months optional program. This award will result in the Topaz Driller being upgraded and able to compete with the higher specification rigs in Southeast Asia for the next decade and thereafter. The Soehanah secured a 776-day contract with Medco, which shall keep the rig working into Q4 2025 in Indonesia. The Platinum Explorer and the crew continued to do very well for ONGC and as a result the client is continuing to look for options as to how to keep the rig in India and not lose it to other regions. Tungsten Explorer commenced operations with TotalEnergies in Namibia in Q1 2023, and whilst it has been challenging with some subsea issues, the rig becomes the first Drillship ever to drill three consecutive wells in more than 10,000ft of water depth.



Our Managed Services business continued its success in 2023. The Capella was able to overcome a difficult location in Mozambique for Eni before mobilizing to Indonesia, where she has delivered and exceeded expectations again for Eni Indonesia, Mubadala and Harbour-Energy; four clients in two different continents is no small feat. The result of this performance is the award of optional wells which will keep the rig working under this contract for a while longer. The Polaris remained with ONGC for the whole of 2023, adding an additional four months to the original contracted work scope. We appreciate the efforts by all of our Polaris crew and the successful campaign they have delivered for ONGC.

In line with WIG#2 of increasing dayrates, we were successful with both the Topaz Driller and the Soehanah as they more than doubled their effective day rates from where they began at the start of 2023. The Capella had priced options exercised with a healthy uplift on the already strong firm term rate and the Tungsten Explorer also enjoyed the client's exercising of the option, which will result in an uplift in rate when the escalation date kicks in. We have also been able to deliver on contracting the rigs on longer-term work scopes, which result in better contract utilization and less uncertainty.

In 2024, we remain focused on finding work for the Platinum Explorer and further extending the Tungsten Explorer and the Capella with their respective clients. We also continue to pursue some opportunities to add rigs under our management to replace the outgoing Seadrill rigs and continue to grow our Managed Services business.

WIG #3 - Achieving Excellent Stakeholder Returns:

As previously stated, at the outset of 2023, WIG#3 was changed to reflect a markedly improved offshore drilling market and focused on materially improving our financial returns. We indeed achieved the highest level of adjusted Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) since 2015.

Apart from financial performance, our focus in the beginning of 2023 was to refinance our debt, which was due to mature in November 2023. We took advantage of a small window in February to refinance our debt, extending the maturity by five years and achieving a reasonable interest rate given the market conditions. This transaction, taken together with transactions in 2022, has positioned the Company to have a healthy balance sheet.

Finally, in the third quarter of 2023 we commenced the process of rightsizing and centralizing the Company's accounting and finance organization in Dubai. We believe these changes will bring efficiencies and will strengthen our internal control environment, which have had some challenges during the last two years.

As for 2024, while in many ways is a transition year for some of our rigs with shipyards stays and preparation time between contracts, I am excited about what the year holds for Vantage. Fundamentally, the industry continues to be in a healthy place, and we are in strong position to take full advantage of this. What gives me the most confidence is that our people are the best in the industry and our strong culture of safety, ethics and operational performance is the foundation of our Company. We will continue to lever off our strong management platform to set us apart.

In 2024, as in past years, we will focus on executing against our WIGs, operating in the most ethical manner, committed to doing the right things, which will continue to put us in the strongest position to succeed with your usual commitment and support.

As I close, I again would like to remind everyone that the Company's success is achieved through all of your hard work and commitment. I would like to thank you for your and your families' sacrifices and wish you all the best for 2024.

Please stay safe and never drop your guard or let your loved ones and the people around you drop their guard.

Sincerely,

Ihab Toma
Chief Executive Officer