INFORMATION DOCUMENT

VANTAGE DRILLING INTERNATIONAL LTD.

(an exempted company limited by shares incorporated and existing under the laws of Bermuda)

Admission to listing and trading of Shares on Euronext Growth Oslo

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This information document (the "**Information Document**") has been prepared by Vantage Drilling International Ltd. (the "**Company**" or "**Vantage Drilling**" and, together with its consolidated subsidiaries, the "**Group**"), an exempted company limited by shares incorporated under the laws of Bermuda, solely for use in connection with the admission to trading of the Company's shares (the "**Admission**") on Euronext Growth Oslo ("**Euronext Growth**"). The Company's shares (the "**Shares**") have been approved for trading on Euronext Growth, and the Shares will start trading on 28 October 2024 under the ticker symbol "VDI".

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The present Information Document does not constitute a prospectus within the meaning of 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, and repealing Directive 2003/71. The present Information Document has been drawn up under the responsibility of the Company. It has been reviewed by the Euronext Growth Advisor and Euronext Oslo Børs.

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The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") or with any securities regulatory authority of any state or other jurisdiction in the United States of America. The distribution of this Information Document may be restricted by law in certain jurisdictions. Accordingly, this Information Document may not be distributed or published in any jurisdiction where such distribution of publication would constitute a violation of applicable laws and regulations. Persons in possession of this Information Document are required by the Company and the Euronext Growth Advisor to inform themselves about and to observe any such restrictions.

Investing in the Company's Shares involves risks. Prospective investors should read the entire document and, in particular, Section 1 "Risk Factors" and Section 3.5 "Cautionary note regarding forward-looking statements" when considering an investment in the Shares.

Euronext Growth Advisor

DNB Markets, part of DNB Bank ASA

The date of this Information Document is 28 October 2024

IMPORTANT INFORMATION

This Information Document has been prepared solely by the Company only to comply with Euronext Rule Book I and Euronext Rule Book II for Euronext Growth Oslo (the "**Euronext Growth Rule Book**"), to provide information about the Group and its business and in relation to the Admission. This Information Document has been prepared solely in the English language. The responsibility for the accuracy and completeness of the information contained in the Information Document lies with the Company.

For definitions of terms used throughout this Information Document, see Section 12 "Definitions and Glossary". The Company has engaged DNB Markets, a part of DNB Bank ASA, as Euronext Growth advisor (the "**Euronext Growth Advisor**") in connection with the Admission.

This Information Document has been prepared to comply with the admission rules that apply to Euronext Growth. The Information Document does not constitute a prospectus under 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, and has not been reviewed or approved by the Norwegian Financial Supervisory Authority or any other governmental authority.

All inquiries relating to this Information Document should be directed to the Company or the Euronext Growth Advisor. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Euronext Growth Advisorin connection with the Admission. If given or made, such other information or representation must not be relied upon as having been authorized by the Company or the Euronext Growth Advisor.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Group subsequent to the date of this Information Document. Any material new information, material errors or material inaccuracies relating to the information included in this Information Document, which may affect the assessment of the Shares and which arises or is noted between the time when the Information Document is published and before the Admission will be published and announced promptly in accordance with Euronext Growth regulations. Neither the delivery of this Information Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information set forth in this Information Document is correct as of any time since its date.

The contents of this Information Document shall not be construed as legal, business or tax advice. Each reader of this Information Document should consult its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Document, you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

The distribution of this Information Document in certain jurisdictions may be restricted by law. Persons in possession of this Information Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Information Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Specific permission is required from the Bermuda Monetary Authority ("**BMA**"), pursuant to the provisions of the Exchange Control Act 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 notice to the public dated 1 June 2005, has granted general permission for the issue and subsequent transfer of any securities from and/or to a non-resident of Bermuda where any equity securities of such company (which includes the Shares), are listed on an appointed stock exchange, for as long as any equity securities of the company remain so listed. Euronext Growth has been appointed as an appointed stock exchange under Bermuda law and therefore the specific permission of the BMA is not required to be obtained prior to any issuance or transfer of the Shares. In granting such general permission the BMA does not accept any responsibility for the Company's financial soundess or the correctness of any of the statements made or opinions expressed in this Information Document. Neither the BMA nor the Bermuda Registrar of Companies have reviewed or approved this Information Document and no statement to the contrary, explicit or implicit, is authorised to be made in this regard.

This Information Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Norwegian: Oslo tingrett) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Information Document.

Investing in the Company's Shares involves risks. See Section 1 "Risk Factors" of this Information Document.

ENFORCEMENT OF CIVIL LIABILITIES

Vantage Drilling International Ltd. is an exempted company limited by shares incorporated and existing under the laws of Bermuda. As a result, the rights of holders of the Shares will be governed by the laws of Bermuda and the Company's memorandum of association ("**Memorandum of Association**") and bye laws (the "**Bye-laws**"). The rights of shareholders under the laws of Bermuda may differ from the rights of shareholders of companies incorporated in other jurisdictions. Certain members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the senior management of the Company (the "**Management**") are residents of the United States. Virtually all of the Company's assets and the assets of the Board Members and members of Management are located outside the United States. As a result, it may be impossible or difficult for investors in the United States to effect service of process upon the Company, the Board Members and members of Management in the United States or to enforce against the Company or those persons judgments obtained in U.S. courts, whether predicated upon civil liability provisions of the federal securities laws or other laws of the United States.

Bermuda's reciprocal enforcement of judgement legislatioon does not apply to judgements from the United States, however, civil and commercial money judegement may be enforced at common law. Uncertainty exists as to whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions against the Company or the Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Bermuda. Bermuda is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and so foreign arbirtal awards are enforceable in Bermuda provided the requirements of the convention have been met.

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1. RISK FACTORS

An investment in the Company and the Shares involves inherent risk. Investors should carefully consider the risk factors and all information contained in this Information Document, including the financial statements and related notes. The risks and uncertainties described in this Section 1 "Risk factors" are the material known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares 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 risk factors included in this Section 1 are presented in a limited number of categories, where each risk factor is sought placed in the most appropriate category based on the nature of the risk it represents. Within each category the risk factors deemed most material for the Group, taking into account their potential negative affect for the Company and its subsidiaries and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision.

If any of the following risks were to materialize, individually or together with other circumstances, this could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in loss of all or part of an investment in the Shares. The risks and uncertainties described below are not the only risks the Group may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.1. Risks related to Group and the industry in which it operates

1.1.1. The size of the Group's fleet makes the Group vulnerable to the effects of prolonged downtime of any of its drilling rigs

The Group's financial condition is substantially dependent on the continued and effective performance of the Group's existing fleet of drilling rigs. As of the date of this Information Document, the Group's fleet consists of two drillships: the Tungsten Explorer and the Platinum Explorer, and two jack-up rigs: the Topaz Driller and the Soehanah. On 6 February 2024, the Group entered into a binding memorandum of understanding (the "**TE-Vantage MOU**") with TotalEnergies to create a joint venture (the "**TE-Vantage JV**") under which, among other things, the Group has agreed to sell the Tungsten Explorer to the TE-Vantage JV (the "**TE-Vantage JV Transaction**") (see Section 6.9.2 "*The TE-Vantage JV Transaction*" for further information). The aforementioned transaction is subject to definitive agreements being entered into. Further, on 8 September 2024, the Group entered into agreements to sell the Topaz Driller and the Soehanah (the "**ADES Transactions**"). The ADES Transactions are subject to closing conditions, including but not limited to, the entry into of management agreements pursuant to which the Group is expected to manage the two jack-up rigs for a period of three years each (see Section 6.9.4 *"Agreements with ADES"*, under the subheading *"The sale of the Group's jack-up rigs to ADES and the Group's management of the rigs going forward*" for further information).

Given the small size of the Group's managed, owned or supported fleet, the continued and ongoing operational performance of the Group's rigs are critical to the Group's business and makes the Group vulnerable to extended and ongoing downtime. In 2023, the Group experienced several occurrences of downtime related to the Tungsten Explorer. These issues have continued in 2024. Specifically, the Tungsten Explorer experienced over 60 days and 16 days of downtime related to surface and subsea/BOP equipment failure in 2023 and 2024, respectively.

Furthermore, under certain circumstances, the Group's contracts may permit customers to terminate contracts early without the payment of any termination fees, including as a result of non-performance, periods of downtime and impaired performance arising from equipment and/or operational issues, and sustained periods of downtime in connection with force majeure events (see Section 1.1.5 "*Risks relating to the customer's termination or renegotiation of their contracts with the Group*" below for further information). Any downtime or suspension of operations of the Group's fleet, including as a result of, among other factors, equipment breakdowns, repairs and maintenance, supply chain constraints and related supply shortages, labor strikes and other work stoppages, severe weather or harsh operating conditions, force majeure events and pandemic-related delays, could have a material and adverse effect on the Group's profitability and ability to generate revenue.

1.1.2. A small number of customers account for a significant portion of the Group's total operating revenue

The Group derives a significant portion of its revenues from a few customers. Four customers accounted for approximately 87% of the Group's revenue during the fiscal year ended 31 December 2023. Consequently, the Group's financial condition and results of operations could be materially and adversely affected if any one of these customers interrupts or curtails their activities, fails to pay for the services that have been performed, terminates their contracts, fails to renew their existing contracts or refuses to award new contracts and the Group is unable to enter into contracts with new customers on comparable terms. As such, the loss of any significant customer could adversely affect the Group's financial condition and results of operations.

1.1.3. Risks relating to the Group's drilling contracts

Drilling contracts can be generally short-term in duration, and oil and gas companies tend to reduce shallow water activity levels quickly in response to downward changes in oil and gas prices. When the Group's drilling contracts are short-term in duration, or upon a termination of longer-term contracts, a decline in market conditions could quickly and significantly affect the Group's business if customers reduce their levels of operations. As such, the Group may not be able to secure new contracts for its vessels or extend contracts on favorable terms, if at all, or satisfy any conditions precedent to finalizing any letters of intent or award with respect to the Group's vessels. This could result in one or more of the Group's vessels being idle for an extended period of time, which could negatively impact the Group's profitability, results of operations and prospects.

Furthermore, the costs to operate the Group's business generally increase as the demand for contract drilling services and skilled labor increases. While some of the Group's contracts include cost escalation provisions that allow changes to the Group's dayrate based on stipulated cost increases or decreases, the timing and amount earned from these dayrate adjustments may cause fluctuations in the costs that the Group actually incur, and many contracts do not allow for such dayrate adjustments. During times of reduced demand, reductions in costs may not be immediately available as portions of the crew may be required to prepare the Group's rigs for stacking, after which time the crew members are assigned to active rigs or dismissed.

Moreover, as the Group's rigs are mobilized from one geographic location to another, the labor and other operating and maintenance costs can vary significantly. In periods of increasing activity and when the number of operating units in the Group's areas of operation increases, either because of new construction, re-activation of idle units or the mobilization of units into the region, shortages of qualified personnel could arise, creating upward pressure on wages and difficulty in staffing. Equipment maintenance expenses fluctuate depending upon the type of activity a drilling rig is performing and the age and condition of the equipment. Contract preparation expenses vary based on the scope and length of contract preparation required. Any of the aforementioned risks of increased costs or variances could adversely impact the Group's profitability in both the near- and long term, which in turn could adversely affect the Group's profitability, financial position, results of operations and cash flows.

1.1.4. The Group may not realize expected revenue from certain framework, management and marketing agreements with Seadrill

On 9 February 2021, the Group's wholly owned subsidiary Vantage Holdings International ("**VHI**") entered into a framework agreement with Aquadrill LLC ("**Aquadrill**"), and certain subsidiaries of VHI (the "**VHI entities**") entered into a series of related management and marketing agreements with certain subsidiaries of Aquadrill, whereas the VHI entities agreed to provide certain marketing and operational management services with respect to the Capella, Polaris and Aquarius floaters (as further described in Section 6.9.5 "*Aquadrill Merger; Framework, Management and Marketing Agreement*"). According to the agreements, the Group is entitled to receive fees, including but not limited to, fixed management fees, marketing fees, variable fees, in addition to certain bonus and malus amounts that are applied to the fixed management fees. However, as a result of the completion of the merger between Seadrill Ltd. ("**Seadrill**") and Aquadrill on 3 April 2023, the Group received notice of termination of the management and marketing agreements with respect to Aquarius and the marketing agreement with respect to the Capella and management agreement with respect to Polaris. As a consequence, the Polaris concluded its drilling campaign and returned to Seadrill at the end of January 2024 and the Aquarius returned to Seadrill in 2023. On 22 April 2024, the Company also received termination notice in respect to the management agreement for Capella, and the Company returned the Capella to Seadrill on 15 September 2024. With less floaters under the Company's management, this is likely to create a decrease in revenue and potential impact on profitability due to reduced associated income streams.

1.1.5. Risks related to the customer's termination or renegotiation of their contracts with the Group

In certain instances, the Group's customers may have the contractual right to terminate, or may seek to renegotiate, their existing drilling contracts if the Group experiences excessive downtime, operational issues above the contractual limit or safety-related issues, if the drilling unit is a total loss, if the drilling unit is not delivered to the customer within the period specified in the contract or in other specified circumstances, which include force majeure events beyond the control of either party.

Generally, the Group's current contracts, and some contracts that the Group may enter into in the future, include terms allowing customers to terminate contracts without cause, with little or no prior notice and without penalty or early termination payments. In addition, the Group could be required to pay penalties, which could be material, if some of these contracts are terminated due to downtime, operational issues or failure to deliver. Some of the contracts with customers that the Group may enter into in the future may be cancellable at the option of the customer upon payment of a penalty, which may not fully compensate the Group for the loss of the contract. Early termination of a contract may result in a drilling unit being idle for an extended period of time. Further, during depressed market conditions, a customer may no longer need a unit that is currently under contract or may be able to obtain a comparable unit at a lower dayrate. As a result, customers may seek to renegotiate the terms of their existing drilling contracts or avoid their obligations under those contracts. The likelihood that a customer may seek to terminate a contract is increased during periods of market weakness. Under most of the Group's contracts, it is an event of default if the Group files a petition for bankruptcy or reorganization, which would allow the customer to terminate such contract. If the Group's customers cancel or require the Group

to renegotiate some of its significant contracts, and the Group is unable to secure new contracts on substantially similar terms, or if contracts are suspended for an extended period of time, the Group's revenues and profitability would be materially reduced.

Moreover, due to the cyclical nature and high level of competition in the Group's industry, the Group may not be able to replace expiring or terminated contracts. The Group's ability to replace expiring or terminated contracts will depend on prevailing market conditions, the specific needs of its customers, and numerous other factors beyond the Group's control. Additionally, any contracts for the Group's drilling units may be at dayrates that are below existing dayrates, which could have a material adverse effect on the Group's overall business, financial condition, results of operations and future prospects.

1.1.6. Risks relating to the Group's ability to mobilize drilling units between geographic markets, including time and costs of such drilling unit mobilizations

The offshore contract drilling market is generally a global market as drilling units may be mobilized from one market to another market. Currently, the Group's rig, Topaz Driller, is undergoing relocation from West Africa to South-east Asia, while the rig, Tungsten Explorer, is currently located in the Republic of Congo. Additionally, the rig, Platinum Explorer, is currently undergoing maintenance and upgrades in Labuan, Malaysia. Geographic markets can, from time to time, have material fluctuations in costs and risks as the ability to mobilize drilling units can be impacted by several factors including, but not limited to, governmental regulation and customs practices, the significant costs to move a drilling unit, availability of tow boats or heavy lift vessels, weather, political instability, civil unrest, military actions and the technical capability of the drilling units to operate in various environments. Additionally, while a drilling unit is being mobilized from one geographic market to another, the Group may not be paid by the customer for the time that the drilling unit is out of service. Also, the Group may mobilize the drilling unit to another geographic market without a customer contract which could result in costs not reimbursable by future customers. Any increase in the supply of drilling units in the geographic areas in which the Group operates, whether through new construction, refurbishment or conversion of drilling units from other uses, remobilization or changes in the law or its application, could increase competition and result in lower dayrates and/or utilization, which would adversely affect the Group's financial position, results of operations and cash flows.

1.1.7. The Group's industry is highly competitive, cyclical and subject to intense price competition and technological changes

Historically, the offshore contract drilling industry has been cyclical and volatile with periods of high demand, limited supply and high dayrates alternating with fluctuating periods of low demand, excess supply and low dayrates. Many offshore drilling units are highly mobile, and the Group's competitors may move drilling units from region to region in response to changes in demand. In addition, excess supply of delivered and new-build rigs continues to have a notable impact on the Group's industry and overall market demand. Periods of low demand and excess supply intensify competition in the industry and often result in some of the Group's drilling units becoming idle for long periods of time. Prolonged periods of low utilization and dayrates, or extended idle time, could result in the recognition of impairment charges on the Group's drilling units if cash flow estimates, based upon information made available to management at the time, indicate that the carrying value of the drilling units may not be recoverable.

The offshore contract drilling industry is further subject to the introduction of new drilling techniques and services using new technologies, some of which may be subject to patent protection. Some of the Group's competitors have greater financial, technical and personnel resources that may enable them to more readily access technological advantages and implement new technologies before the Group can. Furthermore, competitors have engaged, and continue to engage, in the process of restructuring their respective balance sheets and entering into strategic transactions, and in the process, reducing their overall cost structure. Such competitors could emerge stronger financially as a result of such transactions and therefore, be better positioned to secure valuable drilling contracts at lower rates. Thus, the Group's inability to effectively use and implement new and emerging technology and the emergence of stronger competitors may have a material and adverse effect on the Group's financial condition and results of operations.

1.1.8. Risks related to strategic or transformational transactions

From time to time, the management independently evaluates, and separately receives indications of interest in respect of, a variety of strategic and/or transformational transactions in respect of the Group's assets or a particular subset thereof. Recent examples include the TE-Vantage JV Transaction and the ADES Transactions. While the documents governing the Group's indebtedness include certain restrictions on the Group's ability to dispose of its assets or to finance the acquisitions of new assets, as further described in Section 7.9.8 "*Financing arrangements*" below, such restrictions contain various exceptions and limitations.

To the extent the Company were to pursue or engage in such transactions, including acquisitions, dispositions and joint venture transactions, there is no guarantee that such transactions will be successful or, even if consummated, that they will meet the intended objectives, potentially leading to financial losses or operational challenges. The Group may incur costs, breakage fees or other expenses in connection with any such transactions, and any such transactions may ultimately have a material adverse effect on the Group's operating results and on the Group's ability to pay amounts due on its debt.

In addition, such transactions may be transformative and consequently, may result in a change in the type of the assets the Group hold and may impact its financial condition. Such new assets may be valued differently as compared to the Group's current assets in the event of a liquidation thereof or due to changes in applicable market conditions even absent such a liquidation scenario. Accordingly, there can be no guarantee that any replacement assets will continue to hold comparable value to the Group's current assets. Likewise, in the event the Group elect to dispose of revenue-generating assets, it could have a material and adverse impact on the Group's financial condition and overall financial performance. Any such changes to the Group's asset mix, whether by acquisition, disposition or otherwise, may also be viewed negatively by the market and could have an adverse effect on the trading price of the Group's securities.

1.1.9. Risks relating to third parties

The Group is dependent on certain third parties to provide supplies and services necessary for the Group's offshore drilling operations, including, but not limited to, suppliers and vendors, which provide, among other things, drilling equipment, machinery, and catering services. Recent mergers have reduced and consolidated the number of available suppliers and vendors, resulting in fewer alternatives for sourcing key supplies and services. Such consolidation, combined with a high volume of drilling units under construction, could result in a shortage of supplies and services thereby increasing the cost of such supplies and services, and potentially inhibit the ability of suppliers and vendors to deliver on time, if at all. Cost increases and delays in, or the unavailability of, critical supplies and services could have a material and adverse effect on the Group's results of operations and result in drilling unit downtime, and cause, among other things, delays in the repair and maintenance of the Group's drilling units.

1.1.10. The Group's business is significantly dependent on the level of oil and gas prices

The demand for the Group's services is highly dependent on industry activity and expenditure levels that are directly affected by trends in oil and gas prices. In addition, demand for the Group's services is particularly sensitive to the level of exploration, development and production activity of and the corresponding capital spending by, oil and gas companies. Historically, oil and gas prices have been highly volatile and subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of other economic and political factors, as seen in connection with the COVID 19 pandemic and the war in Ukraine. Any prolonged weakness in oil and gas prices could depress the near-term levels of exploration, development and production activity. Perceptions of longer-term lower oil and gas prices by oil and gas companies could similarly reduce or defer major expenditures given the long-term nature of many large-scale development projects. Lower levels of activity result in a corresponding decline in the demand for the Group's services, which could have a material adverse effect on the Group's revenue and profitability. Additionally, these factors may adversely impact the Group's financial position if they are determined to cause an impairment of the Group's long-lived assets. Consequently, changes in oil and gas prices may adversely affect the Group's business, results of operations, cash flow, financial condition and prospects.

1.1.11. The Group is exposed to numerous operational risks and hazards

The Group's operations are subject to the hazards inherent in the drilling and operation of oil and gas wells, such as blowouts, reservoir damage, loss of production, loss of well control, equipment damage, punch-throughs in connection with the Group's jack-up rigs, cratering, fires and pollution. The occurrence of any one of these events could result in the suspension of drilling or production operations, claims by the operator and others affected by such events, severe damage to, or destruction of, the property and equipment involved, injury or death to drilling unit personnel, environmental damage and increased insurance costs. The Group may also be subject to personal injury lawsuits and other claims of drilling unit personnel as a result of its drilling operations. Operations also may be suspended because of machinery breakdowns, abnormal operating conditions, failure of subcontractors to perform or supply goods or services and personnel shortages.

In addition, the Group's operations are subject to risks inherent in and endemic to marine operations, including capsizing, grounding, collision and loss or damage from severe weather. Severe weather could have a material adverse effect on the Group's operations. The Group's drilling units could be damaged by high winds, turbulent seas or unstable sea bottom conditions which could potentially cause the Group to curtail operations for significant periods of time until such damages are repaired. Damage to the environment could result from the Group's operations, particularly through oil spillage or extensive uncontrolled fires. The Group may also be subject to property, environmental and other damage claims by host governments, oil and gas companies and other businesses operating offshore and in coastal areas, as well as claims by individuals living in or around coastal areas. Insurance policies and contractual rights to indemnify the Group may not adequately cover losses, and the Group may not have insurance coverage or rights to indemnify the Group for all such risks Moreover, pollution and environmental risks generally are not fully insurable. If a significant accident or other event resulting in damage to the Group's drilling units, including severe weather, terrorist acts, war, civil disturbances, pollution or environmental damage, occurs and is not fully covered by insurance or a recoverable indemnity from a customer, it could materially and adversely affect the Group's financial condition and results of operations.

1.1.12. Risks related to epidemics, pandemics, global health crises, or other public health events, threats and concerns

Epidemics, pandemics, global health crises, or other public health events, threats and concerns, including, but not limited to, the global spread of COVID-19 and other highly communicable diseases, which have appeared in various parts of the world in which the Group operate, could adversely impact the Group's operations, the operations of the Group's clients and the global economy, including the worldwide demand for oil and gas and the level of demand for the Group's services.

Throughout 2020, the world observed deterioration in macroeconomic conditions, oil price and market volatility, and reductions and delays in oil and gas exploration and development plans by operators due to the economic impact of the COVID-19 pandemic. Moreover, the COVID-19 pandemic affected the Group's customers, suppliers, vendors, and other business partners. If the Group's customers or suppliers experience material and adverse business consequences anew due to the re-emergence of COVID-19 or arrival of more infectious and/or stronger variants of COVID 19 or new global health concerns, demand for the Group's services could also be adversely affected, and existing counterparties could seek to invoke "force majeure" clauses under their contracts with the Group and/or terminate such contracts.

Furthermore, any quarantine of personnel or the inability to access the Group's offices or rigs could adversely affect the Group's operations. Like the global economy at large, both the Group's offshore and onshore employees have been significantly impacted by the spread of COVID-19. In some cases, the Group's offshore personnel have had to remain onboard the rig on which they serve beyond the usual length of time due to general restrictions on transporting persons onto (and off) the rig and other offshore personnel have not been able to travel to the applicable offshore locations at all. If these conditions exacerbate the Group's ability to manage the Group's business may be negatively impacted, and preexisting operational and other business risks that the Group (and the industry in which it operates) face may be heightened, including, but not limited to, cybersecurity risks and threats. In addition, travel restrictions or operational problems in any part of the world in which the Group operate, or any reduction in the demand for drilling services caused by public health threats in the future, may adversely affect the Group's business, financial position, operating results and cash flows.

1.1.13. Risks relating to war and conflicts

The ongoing war between Russia and Ukraine and the war in the Middle East region pose significant risks to the global oil and gas industry, which could have an adverse effect on the Group's business and financial performance. For instance, the implementation of sanctions by governmental bodies and the withdrawal of private actors in Russia has caused among other impacts, significant volatility in the price of hydrocarbons, including constraints on crude oil production. Such fluctuations could continue in the near-term, especially as market participants seek to limit or flatly ban the use of Russian oil and gas, and pressure has intensified to seek out alternative fuel sources. Similarly, conflict in the Middle East region can disrupt the flow of oil and gas through critical transit points, including the Suez Canal and the Red Sea, impacting global energy markets. To the extent negotiations of a cease fire between Russia and Ukraine and between opposing sides in the Middle East are unsuccessful, the potential destruction of critical oil-related infrastructure, and the implementation of sanctions and other measures taken by governmental bodies and private actors, could have a lasting impact in the near- and long-term on the business, operations and financial condition of the Group's business and the businesses of the Group's critical counterparties.

1.1.14. The Group is exposed to the credit risks of its key customers and other counterparties

The Group is subject to risks of loss resulting from non-payment or non-performance by third parties. Although the Group monitors and manages credit risks, some of its customers and other counterparties that the Group engage may be highly leveraged and subject to their own operating and regulatory risks, as well as other market factors which are not within their direct control. During more challenging market environments, the Group is subject to an increased risk of its customers and other critical counterparties seeking to, among other things, repudiate or amend their respective contracts and declare force majeure events. The ability of the Group's customers and other critical counterparties to meet their contractual obligations may also be adversely affected by other macroeconomic factors, including constrained credit markets, economic downturns and public health crises. The exposure to credit risks of customers is exacerbated given that a small number of customers account for a significant portion of the Group's total operating income (see also Section 1.1.2 "*A small number of customers account for a significant portion of the Group's total operating revenue*" above). As of 31 December 2023, the Group allowance for credit losses was $5.4 million. If any of the Group's key customers or other critical counterparties were to default on their contractual obligations owed to the Group, its business, financial condition, results of operations and cash flows could be materially and adversely affected.

1.1.15. Risks relating to liability and indemnification by the Group's customers

Consistent with standard industry practice, the Group's customers generally assume liability for and indemnify the Group against well control and subsurface risks under the Group's dayrate contracts, and the Group does not separately purchase insurance for such indemnified risks. These risks are those associated with the loss of control of a well, such as blowout or cratering, the cost to regain control or redrill the well and associated pollution. In the future, the Group may not be able to obtain agreements from customers to indemnify the Group for such damages and risks or the indemnities that the Group does obtain may be limited in scope

and duration or subject to exceptions. Additionally, even if the Group's customers agree to indemnify the Group, there can be no assurance that they will necessarily be financially able to indemnify the Group against all of these risks.

1.1.16. Risks relating to high rates of global inflation and the occurrence of a recession

The global markets have recently experienced, and continue to experience, higher rates of inflation as a result of several market factors, including in the form of increased costs pertaining to labor, materials and overhead. As a result of these inflationary pressures, governments in many countries have implemented tighter monetary policies, which could slow the growth rate of local economies and restrict the availability of credit. While the Group has experienced increases in the cost of labor and materials in recent years, and to the extent the current rates of inflation and shifts in fiscal and monetary policy result in prolonged and slower growth or a recession, it could have a material and adverse effect on the demand for the Group's products and services and, in the process, its business, results of operations and financial condition as a whole, including with respect to the Group's ability to maintain current levels of gross margin and general and administrative expenses as a percentage of total revenue.

1.1.17. Risks relating to cyber attacks

The Group relies heavily on information technology systems that it manages, and others that are managed by its third-party service and equipment providers, to conduct the Group's operations, including critical systems on its drilling units, proprietary and confidential data, financial information, regulated data and personal information of employees and other third parties in the ordinary course of business, and these systems are subject to risks associated with cyber incidents or attacks as well as breaches due to human error. In 2018, the Group experienced a cybersecurity breach which temporarily hindered its ability to utilize the Group's email server and obstructed certain back-up data. Furthermore, in 2022, the Group experienced additional e-mail related cybersecurity intrusions (the "**2022 Cyber Matters**").

The Group became aware of the 2022 Cyber Matters in the fourth quarter of 2022 and engaged and have been working alongside a third-party forensic specialist to investigate the nature and scope of the incident, implement appropriate technical remediation, and enhance the Company's cybersecurity to protect against further unauthorized access. The investigation of the 2022 Cyber Matters revealed that one or more malicious actors gained unauthorized access to certain employees' business emails. This enabled the malicious actors to fraudulently impersonate certain of the Company's vendors, resulting in (i) two unauthorized transfers of cash from a company bank account to an outside bank account, (ii) one attempted transfer that was stopped and reversed by a financial institution and (iii) one attempted transfer that was stopped by the Company's internal controls. The Group has since taken, and continue to take, measures designed to detect, remediate and prevent similar cybersecurity intrusions and threats from recurring. The Group cannot, however, provide assurance that it will not in the future experience any other actual or attempted breaches of its cybersecurity, or that the Group's security efforts and remedial measures will prevent future security threats from materializing, if at all. If either the Group's systems or the systems of its service or equipment providers used for protecting against cyber incidents or attacks prove to be insufficient and another incident were to occur, it could have a material adverse effect on the Group's business, reputation, financial condition, results of operations or cash flows.

1.1.18. The Group is dependent on skilled and key personnel

The Group requires skilled personnel to operate and provide technical services to, and support for, the Group's drilling units. Due to the extremely weak conditions in the offshore drilling market, the lack of employment and lower wages for offshore personnel have caused and will continue to cause many of the Group's current offshore personnel to permanently leave the industry for employment opportunities in other industries. If industry conditions improve, there is no guarantee these workers will return to the offshore industry resulting in a shortage of qualified personnel that the Group will be able to employ. In addition, the Group may experience intense competition for personnel, and the Group may not be able to retain key employees or be successful in attracting, assimilating and retaining personnel in the future. Thus, the loss of one or more of the Group's skilled or key personnel could have a material adverse effect on the Group's business.

1.2. Risks related to laws, regulations and litigations

1.2.1. Risks relating to the Group's international nature of its operations

The Group's business strategy is to operate in international oil and gas producing areas, and the Group currently has operations in various countries and regions, such as Dubai, Indonesia, West Africa and India. As such, the Group's international operations are subject to various laws and regulations in the countries in which it operates, including laws and regulations relating to the equipment and operation of drilling units, currency conversions and repatriation, oil and gas exploration and development, taxation of offshore earnings and earnings of expatriate personnel, the use of local employees and suppliers by foreign contractors and duties on the importation and exportation of drilling units and other equipment. Governments in some foreign countries have become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and gas and other aspects of the oil and gas industries in their countries. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work done by major oil and gas companies and may continue to do so. Operations in less developed countries can be subject to legal systems, which are not as predictable as those in more developed

countries, which can lead to greater uncertainty in legal matters and proceedings. Further, there can be no assurance that the Group will be able to comply with applicable regulations in all countries in which it operates or that the Group can do so without incurring unexpected costs. If these or other risks related to the Group's international operations cannot be effectively managed, the business, financial condition and results of operations of the Group may be materially affected.

1.2.2. Risks related to legal disputes

The Group may, from time to time, be involved in litigation and disputes relating to, among other things, contract disputes, personal injury claims, environmental claims or proceedings, employment and tax matters, claims of infringement of patent and other intellectual property rights, and other litigation that arises in the ordinary course of the Group's business. For instance, on 27 April 2018, the Group was added as an additional defendant in a legal proceeding (the "**Improbity Action**") initiated by the Brazilian Federal Prosecutors. The Improbity Action is an ongoing civil action, which forms part of the Brazilian Federal Prosecutor's larger "Car Wash" investigation into money laundering and corruption allegations in Brazil. The Group has defended and continue to defend against the allegations made in the Improbity Action. On 6 December 2022, the Brazilian Appellate Court ruled in Company's favor, revoking the asset freeze order, which had already been stayed pending a decision from the court, and immediately dismissed the Improbity Action as to the Company (the "**Improbity Decision**"). On 30 January 2023 and 1 February 2023, Petrobras and the Brazilian federal government filed respective motions to clarify the Improbity Decision. On 31 March 2023, the Company filed its response to the motions to clarify the Improbity Decision. On 2 April 2024, the Brazilian Appellate Court commenced the hearing to adjudicate the motion to clarify the Improbity Decision. On 10 April 2024, the Brazilian Appellate Court denied the motions to clarify submitted by the Brazilian government and Petrobras, and upheld the court's prior decision to dismiss the Improbity Action. Subsequently, Petrobras and the Attorney General's office filed appeals in respect of the Improbity Action to the Brazilian Superior Court of Justice and the Brazilian Supreme Court. On 19 July 2024, the Company filed its response to their appeals relating to the dismissal of the Improbity Action. No assurance can be made as to the outcome of the allegations and legal proceedings. For further information on the Improbity Action and the Improbity Decision, see Section 6.7 "*Legal and arbitration proceedings*".

Additionally, and as concerns intellectual property rights, third parties could assert that the tools, techniques, methodologies, programs and components the Group uses to provide its services infringe upon the intellectual property rights of others. Infringement claims generally result in significant legal and other costs and may distract management from running the Group's core business. Additionally, if any of these claims were to be successful, developing non-infringing technologies and/or making royalty payments under licenses from third parties, if available, would increase the Group's costs.

Furthermore, legal proceedings could be ruled against the Group and the Group could be required to, inter alia, pay damages, halt its operations, stop its projects or relinquish licenses. Even if the Group would ultimately prevail, which cannot be assured, such disputes and litigation may have a substantially negative effect on the Group, its financial condition, cash flow, prospects and/or its operations.

1.2.3. The Group is subject to governmental law and regulations, some of which may impose significant liability on the Group

Offshore drilling operations could be adversely impacted by changes in regulation of offshore oil and gas exploration and development activities. New regulatory requirements in the future could impose greater costs on the Group's operations, which could have a material adverse impact on its results of operations. Many aspects of the Group's operations are affected by foreign, federal, state and local governmental laws, rules, regulations and policies that may relate directly or indirectly to the contract drilling industry, including those requiring the Group to control the discharge of oil and other contaminants into the environment or otherwise relating to environmental protection. Countries where the Group currently operates have environmental laws and regulations covering the discharge of oil and other contaminants and protection of the environment in connection with operations. The Group incurs, and expects to continue to incur, capital and operating costs to comply with environmental laws and regulations.

Laws and regulations protecting the environment have become more stringent in recent years and may in certain circumstances impose strict liability, rendering the Group liable for environmental and natural resource damages without regard to negligence or fault on the its part. These laws and regulations may expose the Group to liability for the conduct of, or conditions caused by, others or for acts that were in compliance with all applicable laws at the time the acts were performed. The application of these requirements, the modification of existing laws or regulations or the adoption of new laws or regulations relating to exploratory or development drilling for oil and gas could materially limit future contract drilling opportunities or materially increase the Group's costs. In addition, the Group may be required to make significant capital expenditures to comply with such laws and regulations.

Global climate issues, including the emission of greenhouse gases, continue to attract considerable public and scientific attention, and there has been increased focus on the oil and gas industry as a result. The adoption of any legislation or regulation that requires reporting of greenhouse gases, or otherwise restricts emissions of greenhouse gases from the Group's operations, could require the Group to incur significant costs to reduce such emissions, could adversely affect demand for the oil and gas that the Group extract or limit its access to financial capital. Furthermore, the increased focus by the investment community on environmental, social and governance (ESG)-related practices and disclosures, including emission rates and overall impacts to global climate, has created, and

will create for the foreseeable future, increased pressure regarding the enhancement of, and modification to, the disclosure and governance practices in the Group's industry. For example, BlackRock, one of the largest asset managers in the world, which previously affirmed its commitment to divest from investments in fossil fuels due to concerns over climate change, recently called for the oil companies and other polluting-generating industries it invests in to disclose their carbons emissions and set clear targets to decrease the amounts of such pollution. As a result, the Group currently face, and could continue to face, increasing pressure regarding its ESG related practices and disclosures. The application of ESG requirements, the modification of existing laws or regulations or the adoption of new laws or regulations curtailing exploration and production activity could materially limit the Group's future contract opportunities, limit the Group's activities or the activities and levels of capital spending by the Group's customers, or materially increase the Group's costs.

1.2.4. The Group's failure to comply with anti-bribery laws may have negative impact on its ongoing operations

The Group operates in countries and regions known to experience governmental corruption to some degree, as indicated by Transparency International's Corruption Perception Index, such as Ivory Coast, India and Indonesia. The Foreign Corrupt Practices Act of 1977 ("**FCPA**"), the Bermuda Bribery Act 2016 and similar worldwide anti-bribery laws (together, anti-corruption laws) prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. While the Group is committed to conducting business in a legal and ethical manner, there is a risk that directors, employees or agents will commit improper acts. For instance, in July 2015, the Group voluntarily contacted the DOJ and the SEC to advise them that Hamylton Padilha, a Brazilian agent Vantage Drilling Company, the Group's former ultimate parent prior to February 2016, ("**VDC**") used in the contracting of the Titanium Explorer drillship to Petrobras, had entered into a plea arrangement with Brazilian authorities in connection with his role in facilitating the payment of bribes to former Petrobras executives. In August 2017, the Group received a letter from the DOJ indicating that it had closed its investigation on the matter without any action, and in November 2018, the Group concluded a settlement agreement in the amount of $5.0 million with the SEC on a neither-admit-nor-deny basis, formally closing the U.S. government's investigation for possible violations of the internal accounting control provisions of the FCPA by VDC and its subsidiaries relating to this matter.

Violations of anti-bribery laws, or allegations of such violations, could disrupt the Group's business and result in a material adverse effect on the Group's business and operations. Although the Group has implemented procedures and controls in place to monitor internal and external compliance, if the Group is found to be liable for violations of anti-corruption laws (either due to the Group's own acts or omissions, or due to the acts or omissions of others, including actions taken by its agents and its strategic or local partners), the Group could suffer from civil and criminal penalties or other sanctions, which could have a material adverse effect on the Group's business, financial position, results of operations and cash flows.

1.2.5. Risks related to the Economic Substance Act 2021 (as amended) and the Economic Substance Act 2018 (as amended)

Pursuant to the International Tax Co-operation (Economic Substance) Act 2021 (as amended) of the Cayman Islands and the Economic Substance Act 2018 (as amended) of Bermuda (collectively, the "**ES Acts**"), a registered entity, (other than an entity which is resident for tax purposes in certain jurisdictions outside of Bermuda or the Cayman Islands) that carries on as a business any one or more of the "relevant activities" referred to in the ES Acts must comply with economic substance requirements. In particular, the ES Acts could require covered entities to maintain an adequate level of qualified employees in Bermuda and/or the Cayman Islands, incur an adequate level of annual expenditure in Bermuda and/or the Cayman Islands, maintain physical offices and premises in Bermuda and/or the Cayman Islands, or perform core income-generating activities in relation to relevant activities in Bermuda and/or the Cayman Islands. The list of "relevant activities" includes carrying on any of the following activities: banking; insurance; fund management; financing; leasing; headquarters; shipping; distribution and service centers; intellectual property; and holding entities. The ES Acts could additionally substantially affect the way the Group operates its business for the company and any subsidiary organized in Bermuda or the Cayman Islands, which could in turn materially and adversely affect the Group's business, financial condition and results of operations.

1.2.6. Stakeholders may face difficulties in protecting their interests, and their ability to protect their rights through the U.S. federal courts may be limited

The Company is an exempted company limited by shares incorporated with limited liability under the laws of Bermuda. In addition, substantially all of its assets are located outside the United States. As a result, it may be difficult for holders of the Company's securities to effect service of process within the United States upon the Company's directors or executive officers, or enforce judgments obtained in the U.S. courts against the Company's directors or executive officers. The Company's corporate affairs are governed by its Memorandum of Association and Bye-laws, the Bermuda Companies Act, and the common law of Bermuda. The rights of holders of the Company's securities to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of the Company's directors under Bermuda law are, to a large extent, governed by the common law of Bermuda. The common law of Bermuda is derived in part from comparatively limited judicial precedent in Bermuda as well as from English common law, the decisions of whose courts are of persuasive authority, but are not binding on a court in Bermuda. The rights of the Company's shareholders and the fiduciary responsibilities of the Company's directors under Bermuda law are different from those under statutes or judicial precedent in some jurisdictions in the United States. In particular, Bermuda has a different body of securities laws which

may provide significantly less protection to investors as compared to the United States, and some states, such as Delaware, which have more fully developed and judicially interpreted bodies of corporate law.

Furthermore, the Company has been advised by counsel in Bermuda that the Bermuda courts will not enforce a U.S. federal securities law that is either penal or contrary to the public policy of Bermuda. An action brought pursuant to a public or penal law, the purpose of which is the enforcement of a sanction, power or right at the instance of the state in its sovereign capacity, may not be entertained by a Bermuda court. Certain remedies available under the laws of U.S. jurisdictions, including certain remedies under U.S. federal securities laws, may not be available under Bermuda law or enforceable in a Bermuda court, as they may be contrary to Bermuda public policy. Further, no claim may be brought in Bermuda against the Company or its directors and officers in the first instance for violations of U.S. federal securities laws because these laws have no extraterritorial jurisdiction under Bermuda law and do not have force of law in Bermuda. A Bermuda court may, however, impose civil liability on the Company or its directors and officers if the facts alleged in a complaint constitute or give rise to a cause of action under Bermuda law. However, section 281 of the Companies Act allows a Bermuda court, in certain circumstances, to relieve officers and directors of Bermuda companies of liability for acts of negligence, breach of duty or trust or other defaults.

Additionally, Bermuda companies may not have standing to sue before the federal courts of the United States. There is no statutory recognition in Bermuda of judgments obtained in the United States, although the courts of Bermuda recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without re-examination of the merits of the underlying dispute, provided such judgment: (i) is final; (ii) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given; (iii) is not in respect of taxes or other charges of a like nature, or in respect of a fine or other penalty or multiple damages; and (iv) is not contrary to public policy in Bermuda, has not been obtained by fraud or in proceedings contrary to natural justice and is not based on an error in Bermuda law. The Supreme Court of Bermuda may stay proceedings if concurrent proceedings are being brought elsewhere.

1.2.7. The Group is exposed to risk due to changes in tax laws or tax practice in any jurisdiction in which the Group operates

The Group's consolidated effective income tax rate is impacted by a mix of the international tax jurisdictions in which the Group operates. The extent of the impact cannot be anticipated due to the uncertainty regarding the nature and extent of the Group's business activities in any particular jurisdiction in the future and the tax laws of such jurisdictions applicable to these operations. The Group's future effective tax rates could be adversely affected by changes in tax laws, treaties, and regulations both internationally and domestically. Tax laws, treaties and regulations are highly complex and subject to interpretation. The Group's income tax expense is based upon the interpretation of the tax laws in effect in various jurisdictions at the time that the expense was incurred. A change in these tax laws, treaties or regulations, or in the interpretation thereof, could result in a materially higher tax expense or a higher effective tax rate on the Group's worldwide earnings. Additionally, the Group's income tax returns are subject to review and examination by tax authorities. If any tax authority successfully challenges the Group's operational structure, intercompany pricing policies or any other position taken by the Group under domestic law or a treaty, or if the Group loses a material tax dispute in any jurisdiction, the Group's effective tax rate on its worldwide earnings could increase and result in a material adverse effect on the Group's financial condition.

1.2.8. Risks related to the Corporate Income Tax Act 2023

On 27 December 2023, the Bermuda Government passed the Corporate Income Tax Act, 2023 (the "**CIT Act**") which will become fully operative with respect to the imposition of corporate income tax on 1 January 2025. The CIT Act was passed as part of the implementation of a corporate tax regime within the scope of the Organization for Economic Co-Operation and Development ("**OECD**") and the Group of Twenty industrialized countries' ("**G20**") international tax agreement on Pillar Two of the Base Erosion and Profit Shifting ("**BEPS**") project known as the Global Anti-Base Erosion Model Rules (Pillar Two) ("**GloBE**"). Bermuda entities subject to tax under the CIT Act are the Bermuda constituent entities of multinational enterprises ("**MNE**"). MNE is defined under the CIT Act as a group with entities in more than one jurisdiction with EUR 750 million or more in consolidated annual revenues in at least two of the four fiscal years immediately preceding the fiscal year in question. Where Bermuda constituent entities are subject to tax under the CIT Act, 15% corporate income tax will be imposed on the taxable income determined in accordance with and subject to adjustments set out in the CIT Act. The CIT Act introduces certain 'qualified refundable tax credits' which are set to be developed during 2024 to incentivize companies to support Bermuda residents through investments in key areas such as education, healthcare, housing, and other projects to help develop Bermuda's workforce. The CIT Act is subject to change as a result of further developments of the concepts therein and revisions are expected. The imposition of a Bermuda corporate income tax could, if applicable to the Company (or any Bermuda incorporated subsidiary of the Company), have a material adverse effect on the Company's financial condition and results of operations.

1.3. Risks related to financial matters and market risk

1.3.1. Risks related to need for future funding

The Group's business is highly capital intensive and dependent on having sufficient cash flow and or available sources of financing in order to fund capital expenditure requirements. Such capital expenditures could increase as a result of changes in, among other things, any of the following:

- the cost of labor and materials;
- customer requirements;
- lack of fleet scale;
- the cost of replacement parts for existing drilling rigs;
- the geographic location of the drilling rigs;
- the length of drilling contracts;
- governmental regulations and maritime self-regulatory organization and technical standards relating to safety, security or the environment; and
- industry standards.

Changes in offshore drilling technology, customer requirements for new or upgraded equipment and competition within the Group's industry may require the Group to make significant capital expenditures in order to maintain its competitiveness. For example, the drilling services contract related to the Topaz Driller requires that the Company make significant investments to the rig in order to, among other things, increase the rig's accommodation facilities to 150 persons. In addition, changes in governmental regulations, safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations, may require the Group to make additional unforeseen capital expenditures. As a result, the Group may be required to take its rigs out of service for extended periods of time, with corresponding losses of revenues, in order to make such alterations. In the future, market conditions may not justify these expenditures or enable the Group to operate its older rigs profitably during the remainder of their economic lives.

In addition, the Group may require additional capital in the future. If the Group is unable to fund capital expenditures with the Group's cash flow from operations, it may be required to either incur additional borrowings or raise capital through the sale of debt or equity securities. The Group's ability to access the capital markets may be limited by its financial condition at the time, by certain restrictive covenants under the agreements governing the Group's credit agreement and notes, by changes in laws and regulations or interpretation thereof and by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond the Group's control. For example, the invasion of Ukraine by Russia in February 2022, and the resulting impact of sanctions imposed by western nations against Russia, Russian-backed separatist regions in Ukraine, certain banks, companies, government officials, and other individuals in Russia and Belarus, could adversely impact the global oil and gas markets for the foreseeable future and, in the process, the Group's ability to access additional capital funding sources. If the Group raise funds by issuing equity securities, existing shareholders may experience dilution. Failure to obtain the funds for necessary future capital expenditures could have a material adverse effect on the Group's business and on the Group's consolidated statements of financial condition, results of operations and cash flows.

1.3.2. Risks related to the Group's level of indebtedness

As of 30 June 2024, the Group had approximately $200 million aggregate principal amount of debt outstanding under the 9.50% First Lien Notes (as defined in Section 6.9.1 "*The First Lien Notes*"). The Group's level of indebtedness could have significant and adverse effects on its business. For example, the Group's level of indebtedness and the terms of its debt agreements could:

- Make it more difficult for the Group to satisfy its financial obligations under its indebtedness and its contractual and commercial commitments and increase the risk that the Group may default on its debt obligations;
- Prevent the Group from raising the funds necessary to repurchase notes tendered to the Group if it undergoes a change of control;
- Require the group to use a substantial portion of its cash flow from operations to pay interest and principal on the 9.50% First Lien Notes and other debt, which could reduce the funds available for working capital, capital expenditures and other general corporate purposes;
- Limit the Group's ability to refinance its current or future indebtedness on terms that are commercially reasonable, or at all;
- Limit the Group's flexibility in planning for, or reacting to, changes in its business, the industry in which it operates or the general economy.

Each of these factors may have a material and adverse effect on the Group's financial condition and viability. The Group's ability to satisfy its other debt obligations will depend on the Group's future operating performance, which will be affected by prevailing

economic conditions and financial, business and other factors affecting the Group and the industry in which it operates, many of which are beyond the Group's control.

1.3.3. Risk relating to refinancing and need for additional funding in the future

The Group's ability to make principal or interest payments on, or to refinance, the 9.50% First Lien Notes or other indebtedness that the Group incur from time to time depends on its future operational and financial performance. The Group's ability to refinance the 9.50% First Lien Notes or any other future indebtedness will depend significantly on, and be subject to, prevailing economic and market conditions, including available capital markets, covenants and restrictions in the agreements governing the Group's indebtedness (including the 9.50% First Lien Notes) and the general condition of the financial markets and the industries in which the Group operate. The Group may not be able to engage in any of these activities or on desirable terms, and the Group's inability to refinance such indebtedness (or to do so upon attractive terms) could materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows, any of which could in turn result in the Company defaulting on the Group's existing and future debt obligations and make the Group vulnerable to adverse industry and general economic conditions. In addition, the Group's existing and future debt agreements may contain restrictive covenants that may prohibit the Group from adopting any of these alternatives. For example, the Company has entered into a revolving credit facility, which includes restrictive covenants regarding the Company's ability to incur indebtedness, pay dividends and make certain investments, and a financial covenant that requires the Company to maintain a minimum interest coverage ratio of not less than 1.25:1, as of the last day of any fiscal quarter (see Section 6.9.3 "*The Revolving Credit Facility*" for further information). Failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of the Group's debt, and would materially and adversely affect the Group's business and financial condition.

1.3.4. Risks relating to change of control or other triggering events relating to the First Lien Notes

Upon the occurrence of specified change of control events or certain losses of the Group's vessels in the agreements governing the 9.50% First Lien Notes, the Group will be required to offer to repurchase or repay all (or, in the case of events of losses of vessels, an amount up to the amount of proceeds received from such event of loss) of the 9.50% First Lien Notes at the price and upon the terms set forth in the applicable agreement. In addition, in connection with certain asset sales, the Group will be required to offer to repurchase or repay the 9.50% First Lien Notes as set forth in the agreement governing the 9.50% First Lien Notes. As a result of the contemplated ADES Transaction, which, upon closing, would qualify as a 'Vessel Sale' under the Indenture, the Group will therefore be required to use 100% of the net sale proceeds to redeem notes at a redemption price at par.

1.3.5. The Group's current backlog of contract drilling revenue may not be fully realized

As of 30 June 2024, the Company had total drilling contract backlog of approximately $261.5 million (including approximately $1.3 million for rigs owned by third parties where the Group enter into contracts directly with customers and lease the rigs through bareboat charters from the rig owners. The terms of the bareboat charters are consistent with the management agreements, resulting in the same financial impact to the Group had the rigs remained under the management agreements). This amount was calculated based on certain estimates and assumptions regarding operations and payments to be received under such drilling contracts. Although management believes that such estimates and assumptions are reasonable, actual amounts received under these contracts could materially differ from the projected amount. Material differences between the projected contract backlog amount and the amounts actually received pursuant to such contracts could be caused by a number of factors, including rig downtime or suspension of operations. The Group may not be able to realize the full amount of the Group's contract backlog due to events beyond its control.

1.3.6. The Group may suffer losses as a result of foreign currency fluctuations.

A significant portion of the contract revenues of the Group's foreign operations will be paid in USD; however, some payments are made in foreign currencies. As a result, the Group is exposed to currency fluctuations and exchange rate risks as a result of its foreign operations. In addition, in certain countries in which the Group operate, such as Egypt, capital controls are in place which limit the availability of USD, as well as prevent the repatriation of USD from such country. To minimize the financial impact of these risks when the Group is paid in non-U.S. currency, the Group attempt to match the currency of operating costs with the currency of contract revenue. If the Group is unable to substantially match the timing and amounts of these payments, any increase in the value of USD in relation to the value of applicable foreign currencies could adversely affect the Group's cash flow, operating results and financial condition.

1.3.7. Risks related to lack of profitable operations in the near- and long-term.

The Group recently experienced, and could continue to experience, operational losses, which may negatively impact the Group's ability to achieve its business objectives and profitability. Specifically, the Group incurred a net loss of $15.4 million and $3.4 million for the years ended 31 December 2023 and 2022, respectively, and negative cash flow from operations. Moreover, the Group's business and results of operations have been, and could continue to be, negatively impacted by general economic and other market conditions in the industry in which it operate, many of which are out of the Group's control. Declines in the demand for the Group's contract drilling services and dayrates for the services it provide, and any protracted downturn in the oil and gas industry, could

have a material and adverse effect on the Group's ability to achieve profitable operations and exacerbate other risks which impact the Group's financial condition, results of operations and cash flow.

1.4. Risks related to the Listing and the Shares

1.4.1. There may not be an active and liquid market for the Shares and the share price could fluctuate significantly

An investment in the Shares is associated with a high degree of risk and the price of the Shares may not develop favourably. The share prices of companies admitted to trading on Euronext Growth can be highly volatile and the trading volume and price of the Shares could fluctuate significantly. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Company's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the Company's strategy, as well as the evaluation of the related risks, changes in general economic conditions or the equities markets generally, changes in the industries in which the Company operates, changes in shareholders and other factors. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate due to factors that have little or nothing to do with the Company, and such fluctuations may materially affect the price of the Shares.

1.4.2. Future issues of Shares may dilute the holdings of the shareholders

The Company may decide to offer additional Shares in the future, to finance new capital-intensive projects, to pursue merger and acquisition opportunities, in connection with unanticipated liabilities of expenses, for the purpose of delivering shares under employee incentive programs or for any other purposes. As the Company is a Bermuda exempted company limited by shares, shareholders do not have the same preferential rights in a future offering in the Company as shareholders in Norwegian limited liability companies listed on the Euronext Growth normally have. Depending on the structure of any future offering, certain existing shareholders may therefore not be able to purchase additional equity securities, meaning that these shareholders' holding and voting interest may be diluted. Any additional future offering may also have an adverse effect on the market price of the Shares as a whole.

1.4.3. Investors could be unable to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may be unable to vote for such Shares unless they receive the necessary information from their nominees in time for the general meeting. There can be no assurance that beneficial owners of the Shares will receive the notice of any general meeting of shareholders in time to vote for their Shares in the manner desired by such beneficial owners.

2. RESPONSIBILITY FOR THE INFORMATION DOCUMENT

This Information Document has been prepared by the Company in connection with the Admission of the Shares on Euronext Growth.

The Board of Directors of Vantage Drilling International Ltd. accepts responsibility for the information contained in this Information Document. The members of the Board of Directors confirm that, having taken all reasonable care to ensure that such is the case, the information contained in this Information Document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

28 October 2024

The Board of Directors of Vantage Drilling International Ltd.

Thomas R. Bates Jr.
Chair

Scott McReaken
Board Member

Nils E. Larsen
Board Member

Ihab M. Toma
Board Member

Jørn Madsen
Board Member

L. Spencer Wells
Board Member

3. GENERAL INFORMATION

3.1. Other important investor information

The Company has prepared the information in this Information Document. The responsibility for the accuracy and completeness of the information set forth in this Information Document lies with the Company. The Euronext Growth Advisor has assisted the Company in preparing the Information Document and has used reasonable efforts to ensure that the Information Document is in accordance with the content requirements set out by Euronext Oslo Børs. In connection with the Company's application for Admission, the Euronext Growth Advisor has engaged legal and financial advisers who have conducted customary limited due diligence investigations related to certain legal and financial matters pertaining to the Group for the purpose of the Admission.

The Information Document has been reviewed by the Euronext Growth Advisor. The Euronext Growth Advisor disclaims liability, to the fullest extent permitted, for the accuracy or completeness of the information in this Information Document.

Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of an investment in the Shares.

Investing in the Shares involves a high degree of risk. See Section 1 "*Risk factors*".

3.2. Financial and other information

The Company was incorporated on 8 February 2024. For the purpose of changing the domicile of the Group to Bermuda, and for the purpose of making the Company the holding company of the Group, the previous holding company of the Group, Vantage Drilling International (the "**Former VDI Topco**"), was migrated to Bermuda on a continuing basis and thereafter merged into the Company on 31 March 2024, with the Company being the surviving entity following the merger (the "**Merger**"). Further details on the change of domicile and the Merger are set out in Section 9.2 "*The change of domicile*".

Former VDI Topco has prepared consolidated financial statements for the Group as of and for the financial years ended 31 December 2022 and 31 December 2023 (the "**Financial Statements**"), included in Appendix B. The Financial Statements have been prepared in accordance with the United States of America Generally Accepted Accounting Principles ("**US GAAP**").

The Financial Statements have been audited by BDO USA, P.C. ("**BDO**"), as set forth in their auditor's reports included therein.

Further, the Company, as successor company to Former VDI Topco, has prepared unaudited condensed consolidated financial statements for the six-month period ended 30 June 2024 with comparable figures for the same period in 2023, appended hereto as Appendix C (the "**Interim Financial Statements**").

For the purpose of the Admission, the Company has also prepared audited interim stand-alone financial statements for the period from its incorporation on 8 February 2024 and until 31 March 2024, appended hereto as Appendix D (the "**Parent Financial Statements**"). The Parent Financial Statements have been audited by BDO. BDO's audit's report contains the following qualification:

"As described in Note 1, the Company carries its investments in its subsidiaries on the equity basis of accounting instead of including the accounts of its subsidiaries in its financial statements. Accounting principles generally accepted in the United States of America require the accounts of subsidiaries that are controlled by a company to be included in its financial statements. Had the accounts of its subsidiaries been included in the accompanying financial statements, total assets, revenues, and income before taxes would have increased by $96.9 million, $44.6 million, and $1.5 million, respectively."

BDO has not audited, reviewed or produced any report or any other information provided in this Information Document.

The Company presents its financial information in USD (presentation currency).

3.3. Industry and market data

In this Information Document, the Company has applied industry and market data from independent industry publications, market research third parties, and other publicly available information. Sources have been referenced to where used. 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 these third party providers, 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. The Company does not intend, and does not assume any obligations to update industry or market data set forth in the Information Document.

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 Information Document that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently unpredictive 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 Information Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company'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 1 "*Risk Factors*" and elsewhere in this Information Document.

Unless otherwise indicated in the Information Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the potential market in which it operates.

3.4. Key performance indicators (KPIs)

In this Information Document, the Company presents certain key performance indicators ("**KPIs**"), also known as alternative performance measures, which are used as benchmarks against which management and the Company's employees annual performance is measured. The KPIs are not measurements of performance under US GAAP or other generally accepted accounting principles, and investors should not consider any such measures to be an alternative to (a) operating revenues or operating profit (as determined in accordance with US GAAP or other generally accepted accounting principles), as a measure of the Group's operating performance; or (b) any other measures of performance under generally accepted accounting principles. Any KPIs presented herein or in the appendices appended hereto may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results.

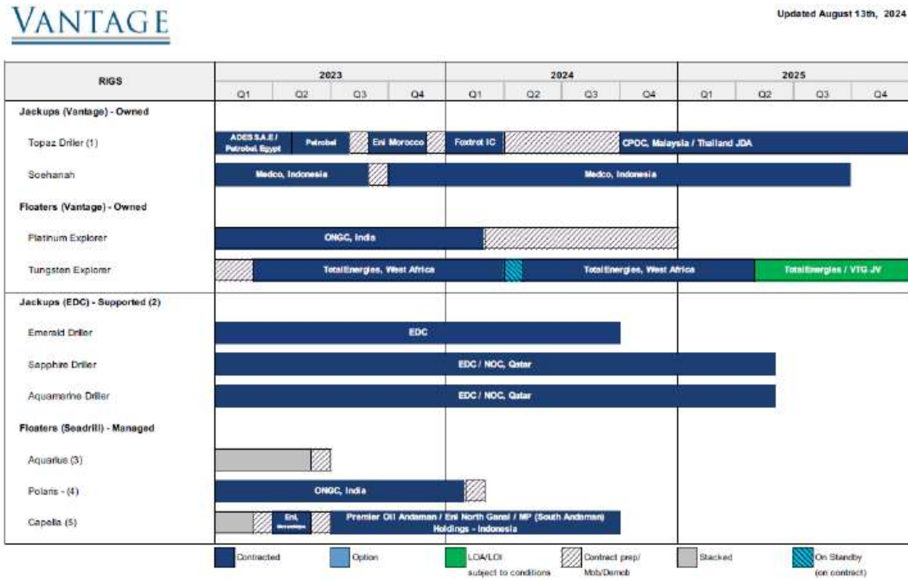
The Company maintains the below three corporate KPIs for compensation measurement purposes:

(1) quality, health, safety and environmental goals, including based on "Total Recordable Incident Rate" (a measure of occupational health and safety based on the number of safety incidents reported against the number of workers present and the number of hours worked), "Lost Time Incidence Rate" (a standard OSHA metric that calculates the number of incidents that result in time away from work), "Fleet Revenue Efficiency" (revenue efficiency is defined as actual operating revenues, excluding revenues for contract terminations and reimbursements, for the measurement period divided by the maximum revenue calculated for the measurement period, expressed as a percentage), Dropped Object Incidence Rate (a safety metric used to measure the frequency at which objects are accidentally dropped from height in a workplace on the number of dropped objects reported) and reducing hand and finger injuries, and "Sustainability" (compliance with goals related to environmental, social and governance (ESG) under its Corporate ESG Plan).

    An overview of the abovementioned KPI for the periods indicated is set out below:

(2) certain marketing and commercial objectives based on targeted contract awards for its fleet of rigs.

An overview of the abovementioned KPI for the periods indicated is set out below:



Owned Rigs	Clients	Contract	Dayrate USD	Mob/Demob Fee USD
Jackups (Vantage)				
Topaz Driller	Upgrades			
	CPOC (7)	Firm (730)	$ 125,000	$ 29,092,092
	CPOC	Option 1 (90)	Unpriced	
	CPOC	Option 2 (90)	Unpriced	
	CPOC	Option 3 (90)	Unpriced	
Soehanah	Medco	Firm (776)	$ 119,900	$ 2,000,000
Floaters (Vantage)				
Platinum Explorer	Mobilising			
Tungsten Explorer (8)	TotalEnergies	Firm	(9)	(9)
	TotalEnergies / VTG JV (10)	Firm	$ 47,500	

Notes

1. The Topaz is is in a Shipyard in Singapore, Upgrading for its next contract
2. Vantage sold the Emerald Driller, Sapphire Driller and Aquamarine Driller to ADES Arabia in May 2022. Vantage provides support to the Emerald Driller Company, an ADES company.
3. The Aquarius has been handed back to Seadrill.
4. The Polaris contract ended with ONGC on 25th January 2024. The Polaris has been handed back to Seadrill.
5. Seadrill LLC and a subsidiary of Vantage Holdings International reached an agreement to provide the Capella for a four firm well contract plus two priced and three mutually agreed optional wells for operations in Indonesia. The rig is on the first of two priced options, for Mubadala. The 3 unpriced options have lapsed. The rig will be handed back to Seadrill during Q3-24
6. NA
7. CPOC Mob and demob fee includes CPOC related upgrade funding. The final amount paid will depend on the upgrades selected by CPOC. The stated amount is as specified in the CONTRACT.
8. The Dayrate is the effective rate over the firm term and covers multiple locations. TE have exercised the third option for 365 days commencing in May 24. Prior to the commencement of the 365 day option, TE may elect to reduce the option to 180 days. The Tungsten is operating in Congo for an as of yet undetermined period of time within the contract term.
9. This value remains confidential.
10. The JV intends to enter into an umbrella rig contract with TotalEnergies, initially for a period of 10 years with an option period of up to five years. To fulfill its obligations under this arrangement, the JV will engage Vantage as Manager to oversee the operation of the rig for the same term. As part of these agreements, the JV will compensate Vantage with daily management fees of approximately$47,500 during rig operation and reduced fees based on the nature of non-operating periods.

(3) certain financial performance objectives, including meeting the Company's targeted level of cash (Normalized YE Cash) and adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) at year end. This financial information can be obtained directly or calculated using the financial figures included in the Company's Financial Statements and Interim Financial Statements, attached hereto as Appendix B and C, respectively.

3.5. Cautionary note regarding forward-looking statements and certain other information

This Information Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. The statements described in this Information Document that are not historical facts and may be forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. 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", "if", "plans", "projects", "possible", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Forward-looking statements are based on management's current expectations and assumptions, and are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, actual results could differ materially from those indicated in these forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the following: the Group's small number of customers; credit risks of the Group's key customers and certain other third parties; reduced expenditures by oil and natural gas exploration and production companies; termination or renegotiation of the Group's customer contracts; general economic conditions and conditions in the oil and gas industry; competition within the Group's industry; excess supply of drilling units worldwide; limited mobility of the Group's drilling units between geographic regions; operating hazards in the offshore drilling industry; ability to obtain indemnity from customers; adequacy of insurance coverage upon the occurrence of a catastrophic event; governmental, tax and environmental regulation; changes in legislation removing or increasing current applicable limitations of liability; effects of new products and new technology on the market; the Group's substantial level of indebtedness; the Group's ability to incur additional indebtedness; compliance with restrictions and covenants in the Group's debt agreements; identifying and completing acquisition opportunities; levels of operating and maintenance costs; the Group's dependence on key personnel; availability of workers and the related labor costs; increased cost of obtaining supplies; the sufficiency of the Group's internal controls; changes in tax laws, treaties or regulations; operations in international markets, including geopolitical risk, applicability of foreign laws, including foreign labor and employment laws, foreign tax and customs regimes and foreign currency exchange rate risk; any non-compliance with the U.S. Foreign Corrupt Practices Act and any other anti-corruption laws; and the Company's incorporation under the laws of Bermuda and the limited rights to relief that may be available compared to U.S. or other laws.

Many of these factors are beyond the Group's ability to control or predict. Any, or a combination of these factors, could materially affect the Group's future financial condition or results of operations and the ultimate accuracy of the forward-looking statements. These forward-looking statements are not guarantees of the Group's future performance, and the Group's 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. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. Investors should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and the Group undertakes no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that occur, or which the Group becomes aware of, after the date hereof, except as otherwise may be required by law.

This presentation includes certain financial measures that were not compiled in accordance with generally accepted accounting principles in the United States (US GAAP). Such non-US GAAP measures should not be considered as substitutes for operations or income statement data prepared in accordance with US GAAP or used as a measure of profitability or liquidity, and they do not necessarily indicate whether cash flow will be sufficient or available for cash requirements. Such information should only be viewed as supplementary to the Group's Financial Statements and Interim Financial Statements attached to this Information Document, and may not be indicative of the Group's historical operating results, nor are they meant to be predictive of potential future results.

4. DIVIDENDS AND DIVIDEND POLICY

4.1. Dividend policy

The Company has not formalized a dividend policy. Such policy may be implemented in the future if the Company is in a position to declare cash dividends to the shareholders. However, the Company's current indebtedness limits the Company's ability to declare dividends. Both the First Lien Notes and the Revolving Credit Facility (as described in sections 6.9.1 "*First Lien Notes*", 6.9.3 "*The Revolving Credit Facility*" and 7.9.8 "*Financing arrangements*") contains convenants that restricts or limits the Company's ability to make distributions and pay dividends, as further described below:

Each of the First Lien Notes indenture (the "**Indenture**") and the Revolving Credit Facility (together, the "**Debt Agreements**") contain covenants that limit the Company's ability to declare or pay dividends. While, subject to certain restrictions, each of the Debt Agreements allows for dividends or distributions payable solely in the form of equity interests, the Debt Agreements significantly limit the payment of cash dividends, particularly the Revolving Credit Facility. The Indenture does provide for certain exceptions to the restrictions on dividend payments, all of which are subject to there being no default or Events of Default under the Indenture. Some of these exceptions include (a) an amount equal to 50% of the Company's "Consolidated Net Income" (as defined in the Indenture) aggregated over time, plus amounts for items such as proceeds of equity offerings, (b) $10 million and (c) unlimited amounts so long as the Company's First Lien Leverage Ratio (as defined in the Indenture) does not exceed 2.0 to 1.0. The Revolving Credit Facility does not provide for any of these exceptions, however, so the Company would be required to obtain the consent of the lender under the Revolving Credit Facility to pay dividends under any of these Indenture exceptions for so long as the Revolving Credit Facility is in place. The Board of Directors does not expect to pay dividends in the short term, regardless of limitations that may exist in the Debt Agreements, so the Board of Directors does not view these limitations as material to investors who may be interested in investing in the Company.

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in Section 4.2 "*Legal and contractual constraints on the distribution of dividends*", the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its borrowing arrangements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility.

The Company has not paid any dividend to its shareholders in the period from its in incorporation on 8 February 2024 to the date of this Information Document.

Investors are cautioned that the tax legislation of an investor's member state and of the Company's country of incorporation (Bermuda) may have an impact on the income received from the Shares. See Section 10 "*Taxation*".

4.2. Legal and contractual constraints on the distribution of dividends

Under Bermuda law, a company may declare and pay dividends, or make distributions out of contributed surplus from time to time unless there are reasonable grounds for believing that the company is, or after the payment would be, unable to pay its liabilities as they become due or that the realisable value of its assets will thereby be less than its liabilities.

Pursuant to the Bye-laws, the Board of Directors may declare and make such other distributions (in cash or in specie) to the shareholders, in proportion to the number of shares held by them or in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others, as may be lawfully made out of the assets of the Company. No dividend, distribution or other monies payable by the Company on or in respect of any share shall bear interest against the Company. There are no dividend restrictions or specific procedures for non-Bermudian resident shareholders under Bermuda law or the Bye-laws.

The timing and amount of dividends if any, is at the discretion of the Board of Directors and will depend upon earnings, market prospects, current capital expenditure programs and investment opportunities. The Company cannot guarantee that its Board of Directors will declare dividends in the future.

4.3. Manner of dividend payments

Any dividends or other payments on the Shares will be paid through the Company's VPS Registrar to the holders of the Shares (the "**VPS Registrar**"). Shareholders registered in the VPS who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. Shareholders with a registered address outside of Norway may register a bank account in a currency other than NOK with their Norwegian VPS account. Shareholders who have done so will receive payment in the currency of such bank account. The exchange rate(s) applied will be the VPS Registrar's exchange rate on the payment date.

Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

5. PRINCIPAL MARKETS

Set out below is an overview of the industry and markets in which the Group operates. Unless otherwise indicated, any statements regarding the Group's competitive position set forth herein are based on the Group's own assessment and knowledge of the market in which it operates. In this Section 5 "Principal markets", the Group has applied industry and market data from independent industry publications, market research third parties and other publicly available information.

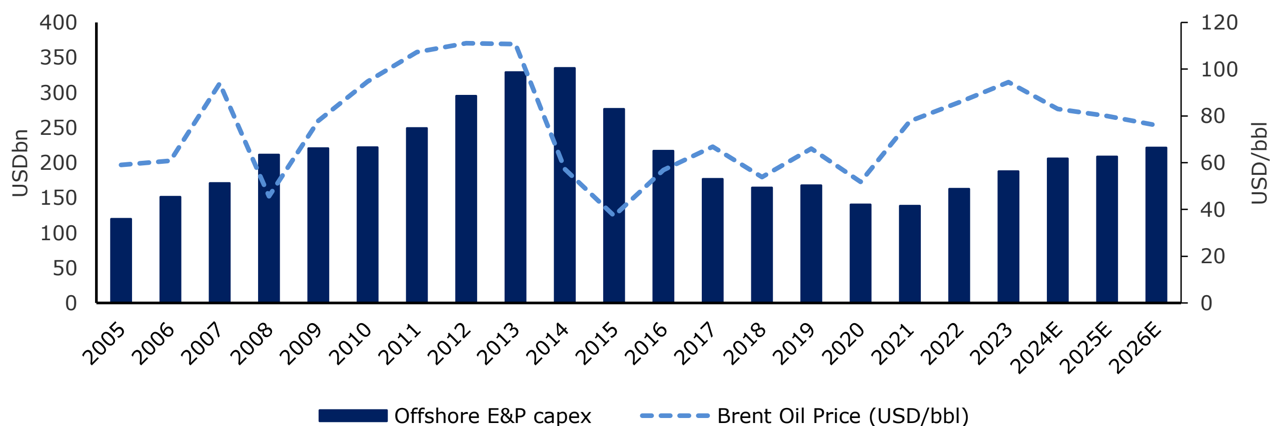
5.1. Introduction

The Group operates within the global offshore contract drilling services market, a sector within the global oil and gas service industry. The Group provides drilling services to upstream oil and gas companies through an owned fleet of two jack-ups and two ultra-deepwater drillships[1]. In addition, the Group operates, supports and manage rigs owned by third parties. The Group's customers are primarily large multinational oil and gas companies, national oil and gas companies and independent oil and gas companies.

Historically, the offshore drilling industry has been very cyclical with periods of high demand, limited rig supply and high day rates alternating with periods of low demand, excess rig supply and low day rates. Periods of low demand and excess rig supply intensify the competition in the industry and often result in some rigs becoming idle for long periods of time. Periods of high demand and limited (or a shortage of) rig supply could result in the reactivation of previously stacked rigs and/or the construction of new rigs, which in turn could lead to excess rig supply. As is common throughout the oilfield services industry, offshore drilling is largely driven by actual and/or anticipated changes in oil and gas prices, which affects the capital spending by companies exploring for and producing oil and gas. Further, exploration and production (E&P) companies' capital spending is driven by future oil and gas price expectations. This correlation has been seen historically and in more recent time, as the oil price declined 48% in 2014, reducing the global E&P capital expenditures from USD 335bn in 2014 to USD 276bn and USD 217bn in 2015 and 2016, respectively. This was also seen during the COVID-19 pandemic in 2022 when the oil price and global E&P capital spending were significantly reduced. Since then, the oil price and global E&P spending have had a robust recovery, resulting in strong performances for companies within the oil and gas value chain.

Figure 1 below depicts the development in global offshore E&P spending and the oil price from 2005 to 2026E. As of end of July 2024, the Brent crude oil is priced at USD 81/bbl. The oil price forecasts going forward are robust, with oil price consensus estimates in the range of USD 76-82/bbl for the next three years. Further, the offshore E&P capital spending is estimated to grow with 8%, (1%) and 8% for 2024E, 2025E and 2026E, respectively.

Figure 1: Global offshore E&P capex and oil price development from 2005 – 2026E (USDbn)



Source: Rystad Energy (behind payment wall) and FactSet (May 2024)

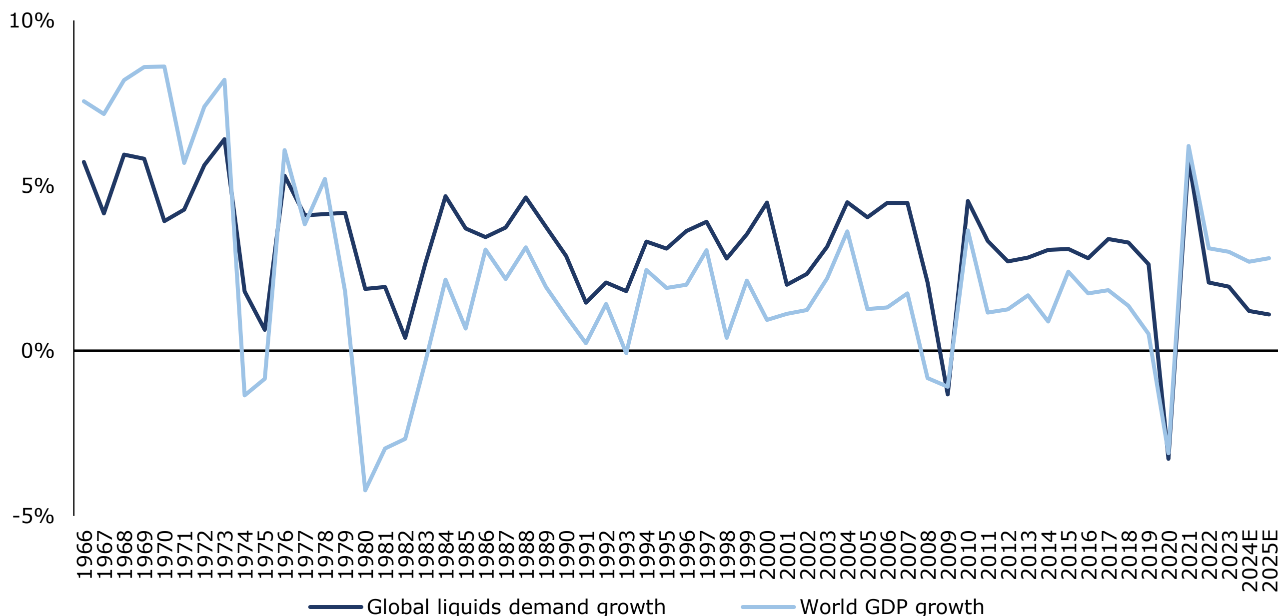
[1] The Group has signed an MOU to create the TE-Vantage JV together with TotalEnergies, where the Group has agreed to sell the Tungsten Explorer to the TE-Vantage JV. Following completion of the transaction, the Group will own 25% of the Tungsten Explorer. Further, the Group has signed definitive agreements to sell the Soehanah and Topaz Driller jack-up rigs to a buyer and the parties intend to enter into management agreements pursuant to which the Group is expected to manage the rigs for three years each with such management being a condition to closing for the sale of the rigs. A more detailed description of the transactions is provided in sections 6.9.2 and 6.9.4.

The offshore drilling market is subject to cyclical fluctuations since the drilling activity is closely tied to multiple factors, including amongst others:

- Global and regional economic activity
- Global and regional supply and demand for natural gas and crude oil
- Oil and gas prices and E&P spending
- Anticipated production levels and inventory levels
- Political, social and legislative environments in major oil and gas producing regions
- Technological developments
- The attractiveness of specific projects and geographic locations

Figure 2 shows year-on-year global liquids demand growth and world GDP growth from 1966 to 2025E. Historically, there has been a tight correlation between economic growth and global liquids demand growth. After negative year-on-year global liquids demand growth and world GDP growth in 2020 due to the COVID-19 pandemic, these figures have recovered, and world GDP growth are estimated to be 2.7% in 2024E and 2.8% in 2025E.

Figure 2: Year-on-year development in global liquids demand and world GDP growth from 1966 to 2025E



Source: Historical data retrieved from Rystad Energy (Feb. 2024) and OECD (Feb. 2024). Forecast data retrieved from the IEA (May 2024) and International Monetary Fund (May 2024)

5.2. Global offshore drilling market

The profitability within the offshore drilling industry is largely determined by the balance between rig supply and demand. Rig contractors can relocate their rigs across regions to meet varying demands, and they can also reactivate cold stacked rigs to meet increased demand. However, the costs associated with mobilizing rigs between regions can be substantial and any relocation would hence need to make sense from a combined economic and strategic perspective. In this industry, contracts are typically secured through competitive tender processes or direct negotiations, with key contract selection criteria being pricing, technical specification, equipment quality, rig availability, sustainability, location, equipment condition, safety performance, crew experience, sustainability measures, reputation and client relations, among others. Contracts often specify a daily compensation rate and may include extension options.

Different types of drilling rigs operate in the global offshore drilling market, varying in storage capacity, workspace and drilling- and water depth capabilities. The rigs also have living quarters, which are essential to support round-the-clock well construction and

maintenance services. While most offshore rigs can operate in benign environments like the U.S. Gulf of Mexico and South America, there are certain additional requirements for rigs to operate in harsher marine and climate conditions in regions such as the North Sea and Canada. Furthermore, regulatory requirements imposed by countries can influence which rigs can operate in the respective country.

There are three main rig categories which are split by the water depths in which the different rigs can drill and rig design (whereas two of them are operated by the Group):

- **Jack-up rigs:** A jack-up is a self-elevating mobile platform that consists of a buoyant hull with a number of moveable legs that can lift the hull above the surface of the sea. When a jack-up is preparing for operations, the rig is towed to the location of the operation with its hull riding in the water and its legs raised. When at the site, the jack-up drilling rig's legs are lowered until they penetrate the seabed. The hull is then elevated (jacked-up) until it's above the water. The rig can easily be relocated to other locations for new operations by transporting it on board a heavy-lift vessel. Jack-ups typically perform operations in shallow waters, generally in water depths less than 400 feet (~120 metres). Jack-up rigs can also be connected to offshore oil and gas platforms to support various stages of oil and gas exploration, development, and production.

- **Semi-submersible rigs**: Semi-submersibles are floating platforms with a ballasting system, operating in a "semi-submerged" position by filling the hull with ballast water so the lower part of the hull is below the water surface. During operations, the rig can either be moored to the seafloor or dynamically positioned. This rig type is generally well suited for midwater-, deepwater- and ultra-deepwater and/or harsh environments.

- **Drillships:** Drillships are rigs which generally have an on-board propulsion system, typically based on a conventional ship hull design but equipped with full drilling equipment similar to that on semi-submersible rigs. Drilling operations are conducted through openings in the hull (moon pools), and like semisubmersible rigs, drillships can be equipped with conventional mooring systems or DP systems. Drillships are often constructed for drilling in deepwater, as deepwater and ultra-deepwater (UDW) locations are typically far from shore, and drillships normally have higher load capacity and better mobility than the other rig types. However, drillships operate in both midwater-, deepwater- and ultra-deepwater areas globally, depending on for what the specific rig is dimensioned and equipped. Drillships are particularly preferred in deepwater and ultra-deepwater areas with benign environment, such as the U.S. GoM, Brazil and West Africa.

5.3. Market segments

The offshore drilling market is generally divided between operations in shallow water (<400 ft.), midwater (>400 ft.), deepwater (>4,000 ft.) and ultra-deepwater (>7,500 ft.). The Group focuses its operations on the shallow water- and the UDW market. The global shallow water market is serviced primarily by jack-ups, while the UDW market is serviced by semi-submersibles and drillships. The Group's jack-up fleet is focused on the premium high-specification market. The drillship fleet is primarily focused on the UDW segment but can also operate efficiently and cost-effectively in the midwater and deepwater markets. Given the volatility of oil and gas prices, the day rates in the contract drilling services can market fluctuate significantly. This affects the Group differently based on the duration of the drilling contracts and the price environment at the time of contract renewals. For instance, ultra-deepwater drillship contracts are often multi-year, meaning that changes in market conditions may have a delayed impact. Therefore, short-term fluctuations in this market may not immediately impact the Group's revenues and cash flows unless contract renewals coincide with short-term market movements. Contracts in the shallow waters for jack-up activities tend to be shorter-term, and short-term fluctuations in this market will therefore more quickly impact the Group's revenues and cash flows.

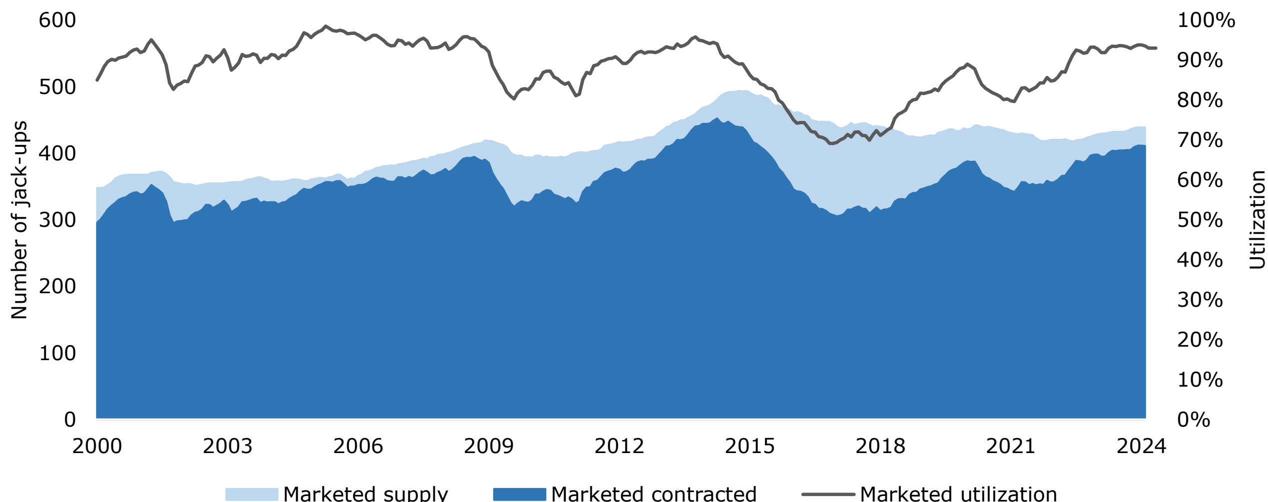
5.4. The jack-up drilling rig segment

Within the jack-up drilling rig segment, there are several subcategories based on specific attributes and capabilities of the rigs. These attributes include water depth capabilities, cantilever reach, and hook load capacity, among others. Additionally, some jack-up rigs are specifically equipped to operate in harsh environments characterized by lower temperatures and more challenging weather conditions. Over the past couple of years, a noticeable shift in demand has occurred, particularly towards premium jack-up rigs. These premium rigs are distinguished by their higher hook load capacity and enhanced drilling capabilities compared to standard jack-ups. In response to this shift in demand, many offshore drilling companies have acquired second-hand rigs or placed orders for newbuild rigs that possess the advanced features and specifications required to meet the growing demand for premium jack-up rigs.

As of May 2024, the global jack-up market comprises a total of 498 rigs. However, it is important to note that not all these rigs are actively marketed. Out of the total count, 439 rigs, or approximately 88%, are actively marketed for drilling operations. Among these actively marketed rigs, 408 rigs, or approximately 93%, are currently under contract, as indicated in Figure 3. The market utilization rate, which currently stands at 93%, underscores the tight supply-demand balance observed in the jack-up drilling rig market. Utilization rates at these levels have not been observed since 2014, highlighting the robust demand for jack-up rigs. This scarcity of

jack-up rigs has led to increased number of tenders, contributing to upward pressure on day rates and a positive outlook for the sector.

Figure 3: Global jack-up fleet

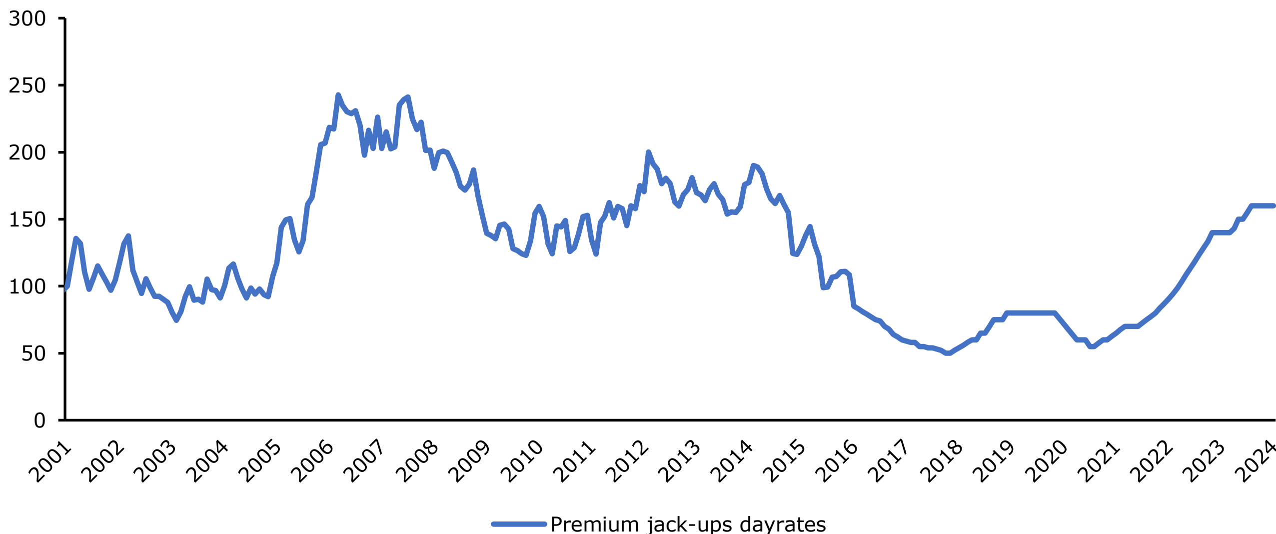


Source: IHS Petrodata (behind payment wall) (May 2024)

Historically, day rates for premium jack-up rigs have been highly cyclical and closely tied to the overall oil and gas market. During periods of elevated oil prices and increased exploration and production activity, day rates tend to experience an upward trajectory. This occurs because operators, in response to favourable market conditions and increased investments in drilling projects, compete for access to rigs, thereby driving up the day rates. Conversely, economic downturns and oversupply of rigs lead to a surplus of available drilling units, resulting in lower day rates.

Figure 4 depicts the development in day rates for premium jack-up rigs from 2010 to 2024 and highlights the cyclical nature of jack-up demand. Notably, and according to the most recent fixtures, the monthly average premium jack-up day rate reached USD 160k in May 2024, day rate levels which have not been observed since 2015.

Figure 4: Premium jack-ups day rates

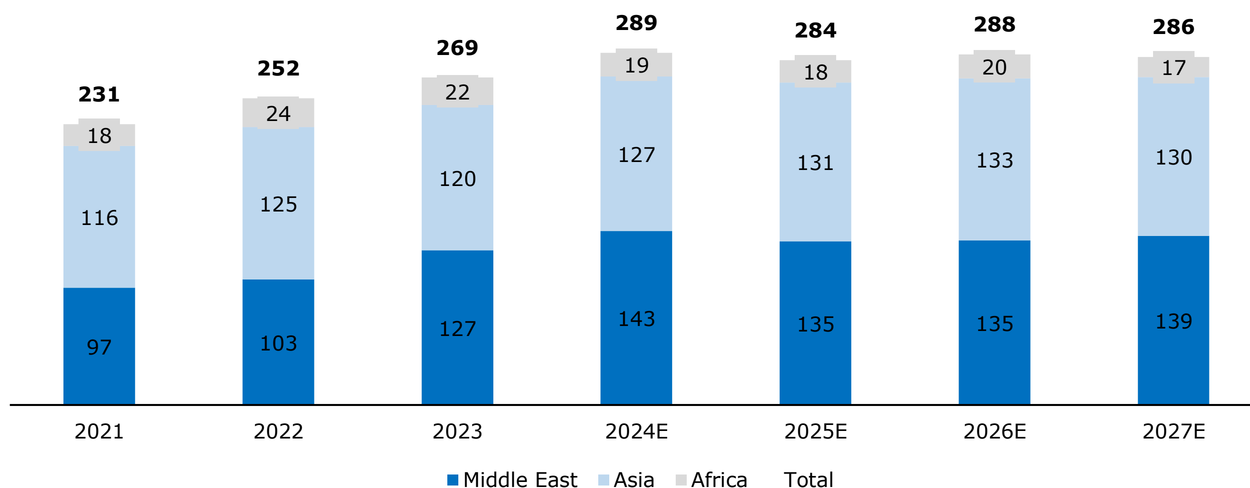


Source: IHS Petrodata (behind payment wall) (May 2024)

5.5. Key regions for jack-up demand

The Group's two owned jack-up rigs are currently working in the Joint Development Area of Malaysia (Topaz Driller) and working in Indonesia (Soehanah), while the three supported jack-up rigs are located in Qatar and Indonesia. Key regions for jack-up demand include Middle East, Africa and Asia due to large oil and gas reserves at lower water depth levels and growing economies. As figure 5 illustrates, total demand in these regions is expected to remain high the next years, with a CAGR of 2% from 2023 to 2027E.

Figure 5: Key regions for jack-up demand (Rig Years)



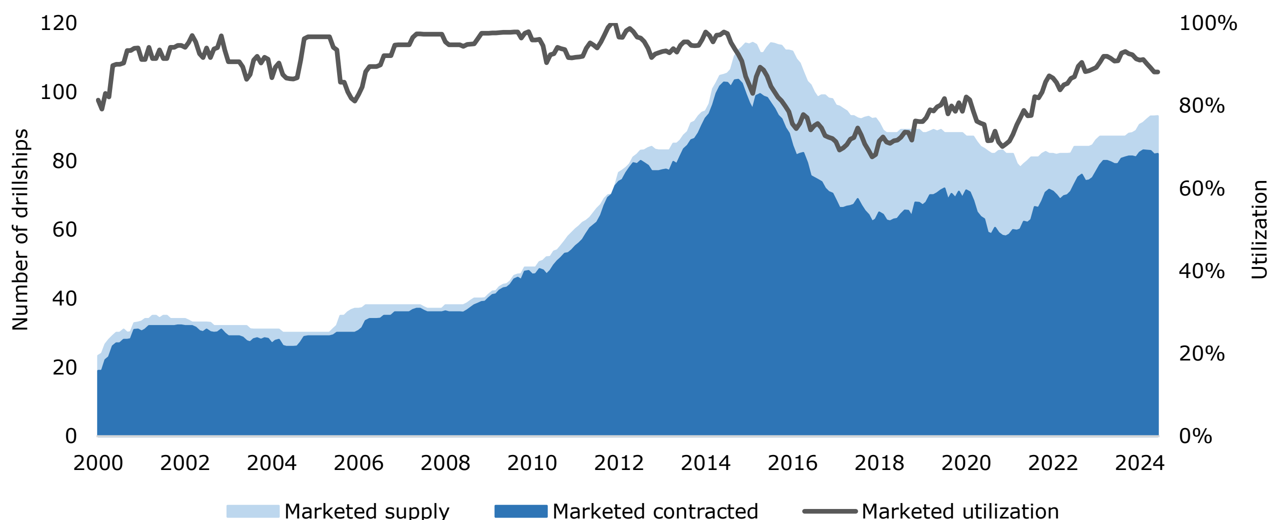
Source: Rystad Energy RigCube (behind payment wall) (May 2024)

5.6. Ultra-Deepwater Segment

The ultra-deepwater ("**UDW**") market includes drilling operations performed by drillships or semi-submersibles at water depths above 7,500 feet. In UDW operations, drillships have emerged as the preferred choice, primarily due to their versatility and mobility in key benign UDW regions.

Since 2021, day rates for the most modern high specification drillships have increased significantly, moving from around USD 185,000 per day to around USD 450,000 per day as per May 2024, driven by high demand and an increase in exploration activity. The UDW market currently exhibits a tight supply-demand balance, as shown by figure 6. As of May 2024, the global UDW drillship fleet consists of 102 drillships and 82 of these are contracted. However, only 93 of the total supply of 102 are actively marketed, which brings the marketed utilization rate to 88% (see figure 6).

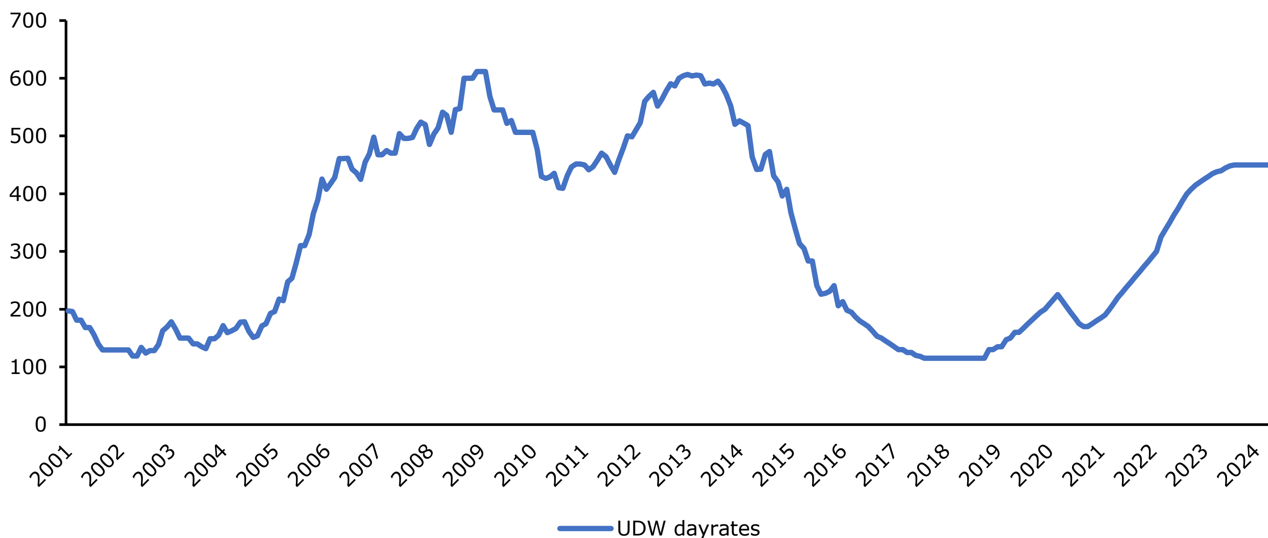
Figure 6: Global UDW drillship fleet



Source: IHS Petrodata (behind payment wall) (June 2024)

Historically, utilization and day rates at these levels have not been observed since 2014 (see figure 6 and 7). In summary, the UDW drilling market has witnessed substantial growth and increased day rates driven by high demand, robust exploration activity, and rising energy prices.

Figure 7: UDW day rates



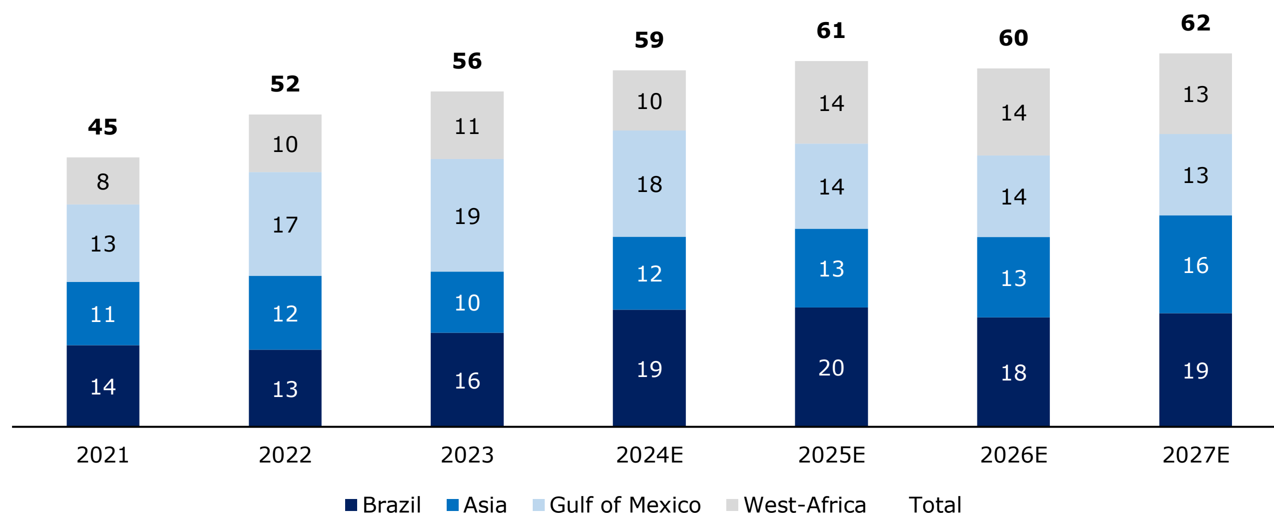
Source: IHS Petrodata (behind payment wall) (May 2024)

5.7. Key regions for UDW drillship demand

The Group's two owned drillships are currently contracted in West-Africa (Tungsten Explorer) and undergoing shipyard work in Labuan, Malaysia to upgrade equipment (Platinum Explorer), while the one managed drillship (Capella) is on contract in Indonesia. Key regions driving the UDW drillship demand are the golden triangle, comprising of Gulf of Mexico, Brazil and West Africa, and

Asia and the Mediterranean. The UDW drillship market is smaller in terms of both supply and demand compared to the jack-up market. However, the demand for UDW drillships in these regions are expected to remain robust the coming years, increasing from a total of 56 rig years in 2023 to an expected demand of 62 rig years in 2027E.

Figure 8: Key regions for UDW drillship demand (Rig Years)



Source: Rystad Energy RigCube (behind payment wall) (May 2024)

5.8. Competitive situation

The contract drilling industry is highly competitive. Demand for contract drilling and related services is influenced by several factors, including the current and expected prices of oil and gas and the expenditures of oil and gas companies for exploration and development of oil and gas. In addition, demand for drilling services is dependent on a variety of political and economic factors beyond the Group's control, including worldwide demand for oil and gas, the ability of OPEC to set and maintain production levels and pricing, the level of production of non-OPEC countries, including production levels in the U.S. shale plays, and the policies of various governments regarding exploration and development of their oil and gas reserves.

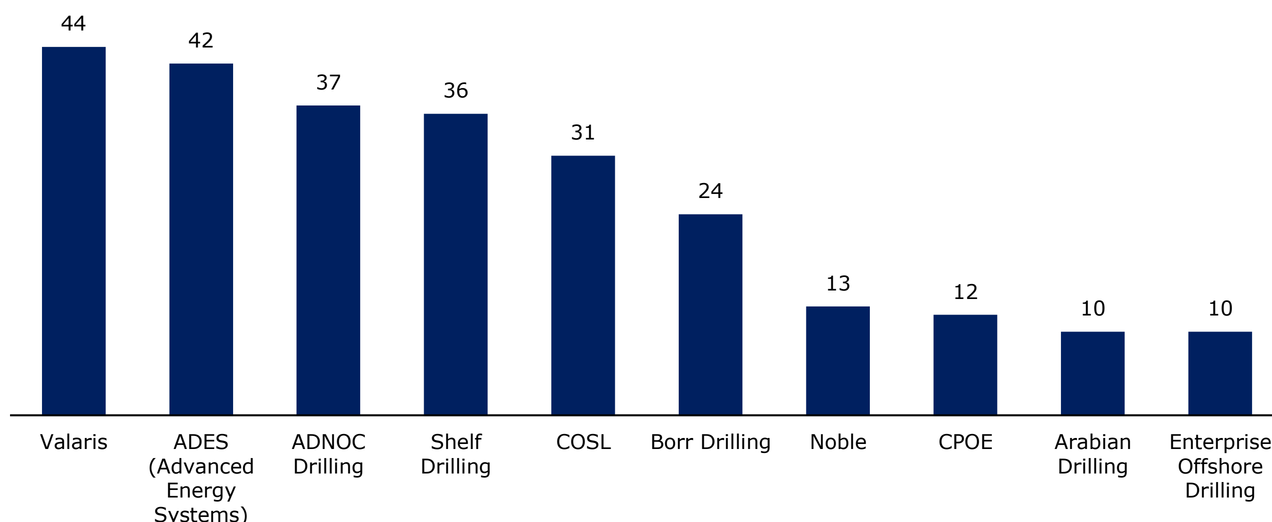
Drilling contracts are generally awarded on a competitive bid or negotiated basis. Pricing (day rate) is often the primary factor in determining which qualified contractor is awarded a job. Rig availability, capabilities, age and each contractor's safety performance record and reputation for quality also can be key factors in the determination. Operators may also consider crew experience, rig location and efficiency.

The Group's competitors range from large international companies offering a wide range of drilling and other oilfield services to smaller, locally owned companies. Competition for rigs is usually on a global basis, as these rigs are highly mobile and may be moved, although at a cost that is sometimes substantial, from one region to another in response to demand.

5.8.1. Competition in the jack-up market

The jack-up market is highly competitive and is characterized by an extensive and diverse range of players, including both major drilling contractors and regional operators. Prominent global players include Valaris, ADES, Shelf Drilling and Borr Drilling, among others. The supply side of the market is fragmented, where none of the contractors have a dominant market share globally. Newbuilds and second-hand jack-ups are expensive, creating financial barriers to entry. Figure 9 below shows the ten largest jack-up rig owners and their fleet size.

Figure 9: Jack-up fleet per rig owner (including JVs and rigs under construction)

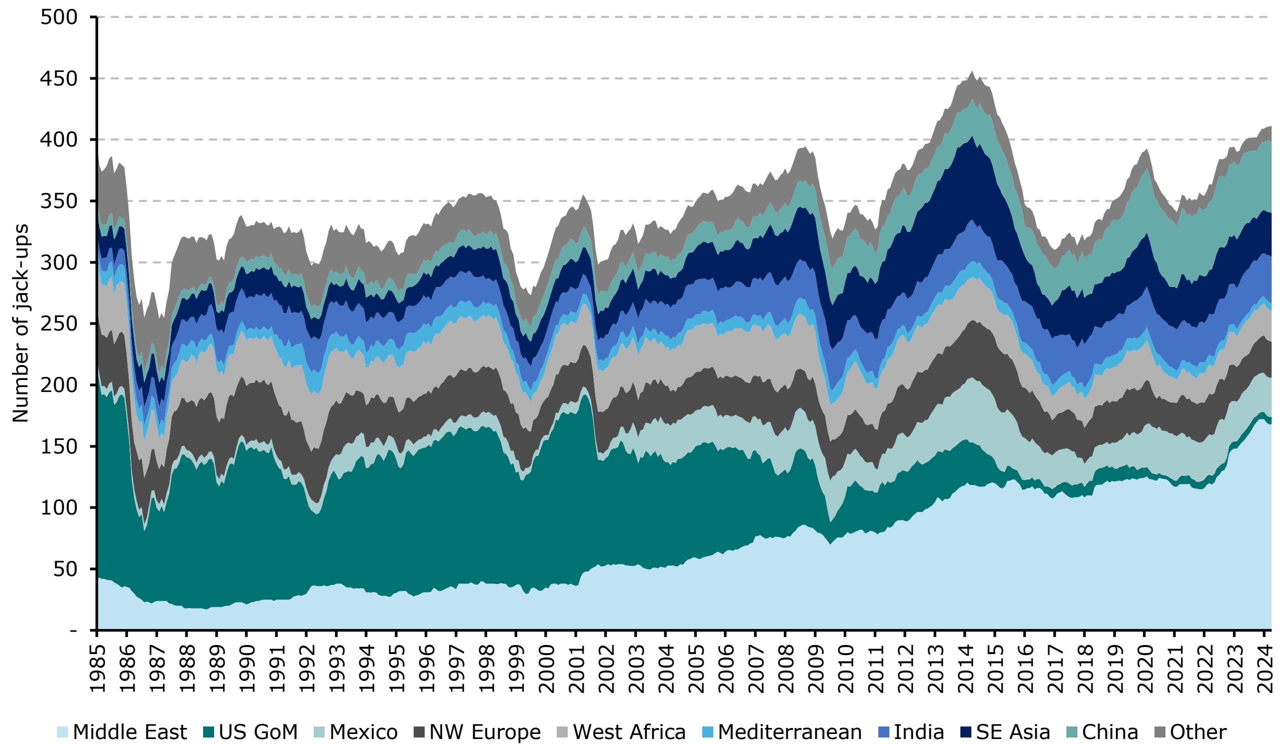


Source: IHS Petrodata (behind payment wall) (May 2024)

As shown in Figure 10, the Middle East has been the main source of incremental jack-up demand in recent years, and as of May 2024, approximately 41% of all jack-ups globally were located in the region. Regional rig demand is influenced by oil and gas companies' production plans, of which Saudi Arabian Oil Company ("**Saudi Aramco**"), the national oil company of Saudi Arabia is the most prominent player. Saudi Aramco's production targets are set by the Saudi Arabia's Ministry of Energy and was until early 2020 at 12mmboed. In 2021, Saudi Aramco announced a target to raise its maximum crude production capacity by 1mmbpd by 2027 from 2023. The increased production target led to incremental jack-up demand with Saudi Aramco contracting additional 40 jack-ups in the period 2022 to 2023.

In January 2024, Saudi Aramco announced that it had received a directive from the Ministry of Energy to maintain its production target at 12mmboepd, and not increase its target to the previously communicated 13mmboepd. In March 2024, Saudi Aramco announced plans to reduce capital investment by roughly USD 40 billion between 2024 and 2028. As a part of the decision, Saudi Aramco suspended 22 rigs in its initial round in April 2024, before adding another four confirmed suspensions in August 2024. The suspended rigs are owned by Advanced Energy Systems (5), COSL Drilling (5), Shelf Drilling (4), Arabian Drilling (4), Saipem (3), Valaris / ARO Drilling (3), Borr Drilling (1), Egyptian Drilling (1).

Figure 10: Historical rig count by region

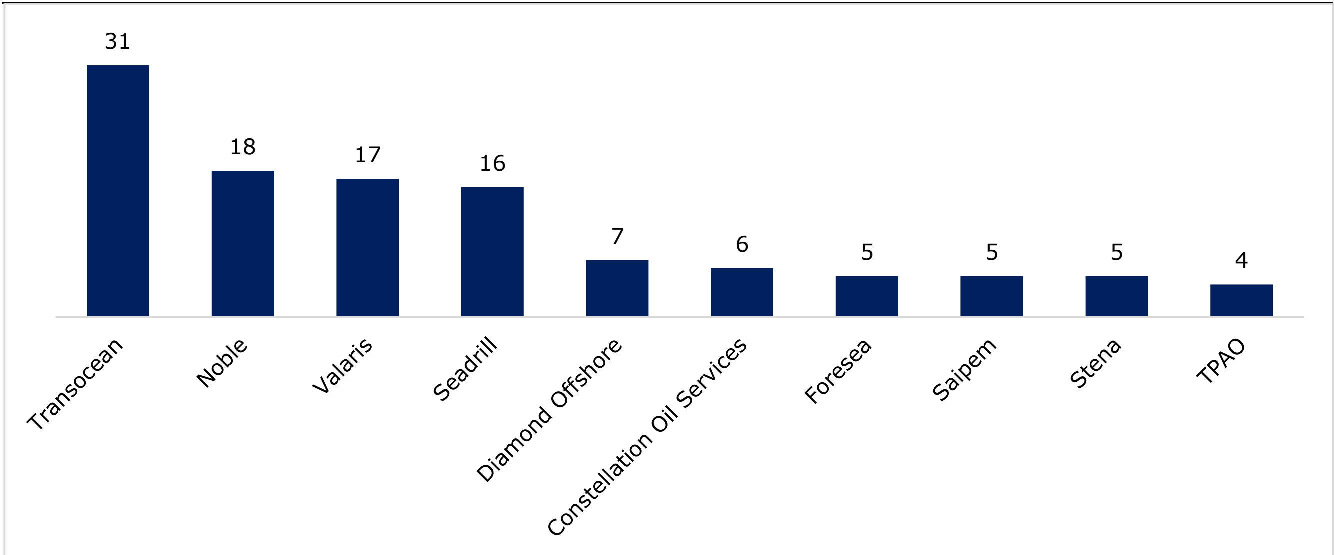


Source: IHS Petrodata (behind payment wall) (May 2024)

5.8.2. Competition in the UDW rig market

As of May 2024, the global UDW drillship and semi-submersibles fleet consisted of 148 rigs. As opposed to the fragmented jack-up market, the UDW market is more concentrated on the supply side. Ownership of high specification drillships and semi-submersibles is concentrated among top rig owners, including Transocean, Valaris, Noble Corporation, Valaris, Seadrill and Diamond Offshore. And these companies together own 60% of the global fleet. Figure 11 shows the top rig owners' UDW drillship and semi-submersibles fleet size. Recent years have seen limited new orders for drillships, and shipyards continue to face challenges in terms of recovery and capacity constraints. Additionally, balance sheet constraints of potential buyers and limited financing options impede new-build orders. Further, reactivation of idle drillships requires significant capital expenditure and lead time. In sum, the UDW segment is considered to have high entry barriers limiting supply growth.

Figure 11: UDW fleet per rig owner (incl. JVs)



Source: IHS Petrodata (behind payment wall) (May 2024)

6. BUSINESS OF THE GROUP

6.1. Introduction to the Group

The Company is an international offshore drilling company focused on operating a fleet of modern, high specification drilling units. The Group's principal business is to contract drilling units, related equipment and work crews, primarily on a day rate basis, to drill oil and gas wells for its customers. Through an owned fleet of drilling units, the Group provides offshore contract drilling services to major, national and independent oil and gas companies, focused on international markets. Additionally, for drilling units owned by others, the Group provides operational and marketing services for operating and stacked rigs, construction supervision services for rigs that are under construction, and preservation management services for rigs that are stacked. As of 30 June 2024, the Group managed a workforce consisting of approximately 860 employees worldwide, of which approximately 478 are direct employees.

The Group's owned fleet consists of two 6th generation UDW drillships and two high specification jack-up rigs:

- Platinum Explorer (6th gen UDW drillship built in 2010)
- Tungsten Explorer[2] (6th gen UDW drillship built in 2013)
- Topaz Driller[3] (high specification premium jack-up built in 2009)
- Soehanah[4] (high specification premium jack-up built in 2007)

The Group's two drillships are dynamically positioned and designed for drilling in water depths of up to 12,000 feet, with a total vertical drilling depth capacity of up to 40,000 feet, they are currently equipped to drill in 10,000 feet of water. Each drillship's hull design has a variable deck load in excess of 20,000 tons and measures approximately 781 feet long by 138 feet wide. Both drillships were built at Daewoo Shipbuilding & Marine Engineering shipyard in South Korea. Both premium jack-up rigs were built at PPL Shipyard in Singapore. The design of the premium jack-up rigs is the Baker Marine Pacific Class 375. These units are premium jack-up rigs with independent legs capable of drilling in up to 375 feet of water, a cantilever drilling floor and a total drilling depth capacity of approximately 30,000 feet.

The Group's managed and supported fleet consists of three high specification premium jack-ups and one 6th generation UDW drillship:

- Emerald Driller (high specification premium jack-up built in 2008)
- Sapphire Driller (high specification premium jack-up built in 2009)
- Aquamarine Driller (high specification premium jack-up built in 2009)
- Capella (6th gen UDW drillship built in 2008)

6.2. Organizational structure

The Company is the ultimate parent company of the Group, and serves as a holding company only. The following table sets out information about the Company's directly and indirectly owned subsidiaries:

[2] The Group has signed an MOU to create the TE-Vantage JV together with TotalEnergies, where the Group has agreed to sell the Tungsten Explorer to the TE-Vantage JV. Following completion of the transaction, the Group will own 25% of the Tungsten Explorer.

[3] The Group has signed definitive agreements to sell the Topaz Drilling jack-up rig to a buyer and the parties intend to enter into a management agreement pursuant to which the Group is expected manage the rig for three years with such management being a condition to closing for the sale of the rig. A more detailed description of the transaction is provided in section 6.9.4, under the heading *"The sale of the Group's jackup rigs to ADES and the Group's management of the rigs going forward"*.

[4] The Group has signed definitive agreements to sell the Soehanah jack-up rig to a buyer and the parties intend to enter into a management agreement pursuant to which the Group is expected to manage the rig for three years with such management being a condition to closing for the sale of the rig. A more detailed description of the transaction is provided in section 6.9.4, under the heading *"The sale of the Group's jackup rigs to ADES and the Group's management of the rigs going forward"*.

Company	Country of Incorporation	Holding (%)
Vantage Drilling International Ltd.	Bermuda	
Vantage Financial Management Co.	Cayman Islands	100%
Vantage International Delaware, Inc.	Delaware	100%
ADVantage Drilling Services S.A.E.	Egypt	51%
P2020 Rig Co.	Cayman Islands	100%
P2021 Rig Co.	Cayman Islands	100%
PT. Vantage Drilling Company Indonesia	Indonesia	95%
Rig Finance Ltd.	Bermuda	100%
Vantage Deepwater Company	Cayman Islands	100%
Vantage Driller I Co	Cayman Islands	100%
Vantage Driller II Co	Cayman Islands	100%
Vantage Driller II Ghana Ltd.	Ghana	100%
Vantage Driller III Co. Limited	ADGM	100%
Vantage Driller IV Co.	Cayman Islands	100%
Vantage Driller VI Co.	Cayman Islands	100%
Vantage Driller VII Co.	Cayman Islands	100%
Vantage Drilling (Malaysia) I Sdn. Bhd.	Malaysia	100%
Vantage Drilling Africa	Cayman Islands	100%
Vantage Drilling Ghana Ltd.	Ghana	90%
Vantage Drilling Investment Ltd	ADGM	100%
Vantage Drilling Labuan I Ltd.	Labuan	100%
Vantage Drilling Netherlands B.V.	Netherlands	100%
Vantage Holding Hungary Kft.	Hungary	100%
Vantage Holdings Company	Cayman Islands	100%
Vantage Holdings Cyprus ODC Limited	Cyprus	100%

Vantage Holdings International	Cayman Islands	100%
Vantage International Management Co.	Cayman Islands	100%
Vantage International Management Company Pte. Ltd.	Singapore	100%
Vantage Treasury Manager Ltd	ADGM	100%
VDI Drilling Angola Lda.	Angola	49%
VDI Global Rig Co.	Cayman Islands	100%

*The above chart does not include the entity Vantage Treasury Manager Ltd, which was recently formed (and which is reflected in the table included above).

6.3. Competitive strengths

The Group's primary competitive strengths include the following:

Diversified and premium fleet: The Group has a diversified fleet of four high specification drilling units[5] that is capable of providing premium drilling services for both shallow water and deepwater applications. Shallow water and deepwater business cycles may differ, and the Group's believe that its fleet diversity reduces their reliance on any particular market segment. The Group's fleet currently includes two jack-up rigs and two drillships. The Group believes that its ultra-premium jack-up rigs compare favorably to the majority of the current global jack-up rig fleet, which is primarily comprised of rigs that are older, smaller and less capable due

[5] The Group has signed an MOU to create the TE-Vantage JV together with TotalEnergies, where the Group has agreed to sell the Tungsten Explorer to the TE-Vantage JV. Following completion of the transaction, the Group will own 25% of the Tungsten Explorer. Further, the Group has signed definitive agreements to sell the Soehanah and Topaz Driller jack-up rigs to a buyer and the parties intend to enter into management agreements pursuant to which the Group is expected to manage the rigs for three years each with such management being a condition to closing for the sale of the rigs. A more detailed description of the transactions is provided in sections 6.9.2 and 6.9.4.

to their reliance on, and utilization of, less modern equipment. Each of the Group's jack-up rigs has a water depth capability of 375 feet and drilling depth capability of 30,000 feet. The Group's jack-up rigs are equipped with offline stand-building systems, which provide significant drilling efficiency and have at least a 1.4 million pound hook load, allowing more demanding wells to be drilled. Each of the Group's jack-up rigs have (i) a cantilever reach envelop of 75 x 30 feet, which enables each rig to reach more well slots on a platform without requiring a rig move, (ii) a large deck space, (iii) up to 3,749 tons of variable deck-load, allowing more equipment and supplies to be stored on the rig, and (iv) a 120-person accommodation, all of which the Group believes bring efficiencies, better logistics and significant cost savings to the Group's customers. As a result, the Group believes that its jack-ups are generally preferred by clients for their superior and more efficient drilling performance, better and more cost-effective logistics, and consistent activity levels. As demonstrated since 2015, clients have shown a preference for modern jack-ups, such as ours, with global modern jack-up utilization rebounding more rapidly than older rigs.

Both of the Group's ultra-deepwater drillships are designed to drill in up to 12,000 feet of water, and one of the Group's drillships has been further upgraded with a hook load of 2.5 million pounds, which further enhances its ability to drill deep, complex and demanding wells. The Group's drillships are currently equipped with risers to drill in water depths of up to 10,000 feet, which the Group believes is the optimal specification for the majority of current ultra-deepwater development projects. However, additional risers could be added to drill in water depths of up to 12,000 feet as needed by the Group's clients. Finally, a Managed Pressure Drilling ("**MPD**") system has been installed on the Tungsten Explorer drillship, and the Group have the ability to equip this MPD on the Group's other drillship. Based on the Group's experience, a significant number of the recent and active requirements for floaters are requesting an MPD system (or a subset of an MPD system called Riser Gas Handling). The Group believes these active, high specification and upgraded drillships will position the Group to secure contracts and command premium dayrates in the long-term.

Increased efficiency and optimized cost structure: Following the commodity price downturn in 2014, the Group implemented company-wide cost savings initiatives in an effort to reduce the Group's rig operating expenses and general and administrative expenses through the right sizing of shore-based teams and centralization of shore-based operational support in Dubai near key areas of operation. Further, the Group have significantly reduced the Group's rig operating cost through nationalization and regionalization of senior offshore positions and active supply chain management. The Group believes that its optimized cost structure is among the best in the industry and provides it with the flexibility to operate across business cycles and will lead to enhanced profitability in the event of a recovery in the offshore drilling industry.

Drilling contractor with strong client relationships: The Group believes that its safety and operational performance, experienced and skilled employees, and modern and highly advanced fleet have produced a track record of high-quality client service and operational safety, efficiency and effectiveness. The Group has received feedback from several of the Group's clients for superior drilling services based on key operational metrics, including with respect to safe operations, drilling efficiency, low non-productive time and best contractor performance.

Proven management team: The Group's executive team has a strong reputation for sound execution, customer focus and delivering strong financial performance. The management team has extensive experience in the oilfield services and offshore drilling industries, as well as experience operating in key global offshore development locations, including the Gulf of Mexico, West Africa, the Middle East, South East Asia and India, with major international and national oil companies as well as independent exploration and production companies. In addition to the members of the management team, the Group have highly trained personnel operating and maintaining the rigs.

To conclude, the Group believes that its diversified and premium fleet, team's significant experience, technical expertise and strong client relationships, as well as the functional depth throughout the organization, enhance the Group's ability to deliver superior drilling services to the clients and effectively operate on a global basis.

6.4. Strategy and objectives

The Group's principal business objective is to be the preferred provider of premium offshore drilling rig services to the oil and gas industry. The Group's operating strategy is designed to enable it to provide high-quality, safe and cost-competitive services, positioning the Group to benefit from the increased demand for offshore drilling services in the current business cycle and to increase cash flows and profits. Specifically, the Group expect to achieve its business objectives through the following strategies:

Enhanced focus on safety and operational excellence: With cyclical demand for offshore drilling services, excelling in safety and operational ability is a key factor for success. The Group intends to continue its focus on minimizing safety incidents, while also continually increasing its operational uptime and efficiency. This dual focus is intended to enable the Group to develop and maintain long-term customer relationships and maximize the utilization of its fleet while also ensuring the safety of its customers' employees and contractors. The Group intends to maintain its safety and operational performance through attentive and engaged leadership, safety and operational management systems, ongoing competency and training programs, appropriate incentive structures at all levels and effective management oversight.

Maintain high fleet utilization and consistent activity levels to capitalize on customer preferences for active rigs: In the Group's opinion, the Group's strong fleet utilization, serves as a competitive advantage in securing contracts given operators' strong preference for rigs with consistent activity levels. Consistent activity helps reduce the uncertainty of any associated costs and preparation time for rigs to undertake new contracts. As of the date of this Information Document, each of the Group owned and managed drilling rigs are currently contracted, other than the Platinum Explorer, which is undergoing out of service maintenance and equipment upgrades.

Preserve balance sheet and maintain significant liquidity through business cycles: With approximately $50.8 million cash as of 30 June 2024 (including $10.5 million of restricted cash), the Group continues to focus on preservation of liquidity given the volatility of the offshore drilling business.

Pursuant to the terms of the indenture governing the First Lien Notes, the proceeds from the contemplated sale of the Topaz Driller and the shares of the entity that owns the Soehanah, which is subject to closing, are mandatorily required to be applied towards paying outstanding debt under the First Lien Notes equal to the amount of net proceeds from the transaction.

Continue to leverage the efficient operational management platform: Since the emergence from bankruptcy in February of 2016, the Group has undergone a right sizing of its shore-based and operational management team, and has centralized the operational support base in Dubai, which is strategically positioned at the center of its operational areas. In addition, through the use of local and regional offshore personnel, the Group maintains low levels of rig operating costs. The Group believes that these low operating costs, coupled with active supply chain management, has enabled the Group to maintain an industry-leading utilization. Furthermore, the Group's platform has contributed to the development of its managed services business, in which the Group (a) have marketed and operated rigs owned by third parties, including rigs owned by Seadrill, pursuant to (i) the framework and management agreements, (as amended from time to time); and (ii) other agreements required in various jurisdictions; (b) currently support three jack-ups owned by EDC, an indirect subsidiary of ADES and (c) expect to manage the (i) Tungsten Explorer upon the closing of the transactions contemplated by the MOU relating to the TE-Vantage JV and (ii) the Topaz Driller and Soehanah upon the closing of the transactions contemplated the Jack-up Sale Agreements (as defined below).

Deploy and maintain appropriate asset allocation, whether owner operated or managed, as a pureplay or multiple segment-focused offshore drilling contractor. The Company's strategy is to maximize shareholder returns by focusing on asset allocation, whether owner-operated or managed, as a pure-play or multi-segment offshore drilling contractor. This strategy includes continuously assessing the asset portfolio and pursuing divestments, acquisitions and other transactions that are accretive to shareholders. To achieve this, the Company may sell assets, repay debt, pay dividends, manage third-party rigs, enter joint ventures, or acquire rigs at favorable prices. This approach aligns with the transactions the Company has completed over the past seven years, with a growing emphasis on managing rigs for third parties. For a discussion on recent events relating to this strategy, please refer to Section 6.9 "*Material contracts*" of this Information Document.

6.5. History and important events

The table below provides an overview of key events in the history of Vantage Drilling International:

Year	Event
2008	The Company's predecessor, Vantage Energy Services, Inc.("**Vantage Energy**"), a Delaware corporation is formed as a special purpose acquisition company (SPAC).
2008	In June 2008, VDC completed its acquisition of Former VDI Topco, and a merger with Vantage Energy. As a result of the merger, Vantage Energy and Former VDI Topco became wholly-owned subsidiaries of VDC.
2008 – 2009	The jack-ups Topaz Driller, Sapphire Driller, Emerald Driller and Aquamarine Driller are constructed
2009	Vantage Deepwater Company and Petrobras Venezuela enteres into an agreement for the provision of drilling services ("**DSA**"). Under the DSA, Vantage shall perform offshore drilling services for Petrobras for an eight-year term.
2009	The Group enters into a five-year contract with India's Oil & Natural Gas Corporation (ONGC) for drilling and exploration operations utilizing the Platinum Explorer drillship, currently under construction.
2010	The drillship Platinum Explorer is delivered to the Group
2012	The ultra-deepwater drillship Titanium Explorer is delived to the Group
2014	The ultra-deepwater drillship Tungsten Explorer is delivered to the Group
2014	The Group enters into a drilling services contract with TotalEnergies in respect of its ultra-deepwater drillship, the Tungsten Explorer.

Year	Event
2016	Wells Fargo Bank, National Association (as trustee and collateral agent under the Indenture dated 25 October 2012) initiates a winding up petition against VDC in the Cayman Islands and seeking the appointment of joint official liquidators of VDC.
2016	Former VDI Topco commences Chapter 11 bankruptcy proceedings in the United States Bankruptcy Court for the District of Delaware. Shortly thereafter, VDC initiated liquidation proceedings in the Cayman Islands and VDC was thereafter subsequently dissolved. Former VDI Topco reemerged from bankruptcy on February 10, 2016 as the owner and controller of the asets formerly owned and controlled by VDC. Until then, Former VDI Topco was a subsidiary of VDC.
2017	Vantage Drilling Africa, acquires the Hercules 260, a Marathon LeTourneau Class jack-up drilling unit, from Hercules International Drilling, Ltd., a subsidiary of Hercules Offshore, Inc., and has renamed the rig the Vantage 260. As part of the acquisition, Vantage Drilling Africa acquired a multi-year drilling contract with ENI Congo. The Sapphire Driller then operated under the acquired drilling contract while a short-term contract coveredthe Vantage 260.
2017	Former VDI Topco and then Egyptian-based drilling and production firm ADES International Holding forms a joint venture to provide deepwater drilling services offshore Egypt, granting the Group access to the Mediterranean basin.
2018	The Group sells Vantage 260 jack-up on 26 February 2018 for $5.1 million.
2018	Vantage Deepwater Company and Vantage Deepwater Drilling, Inc. are awarded an arbitration settlement for damages totaling $622.0 million (plus interests), attributable to the wrongful termination of the Drilling Contract by PAI and PVIS, subsidiaries of Petrobras.
2018	Former VDI Topco issued $350 million of new senior secured notes using proceeds to refinance its first and second lien debt and to acquire the Soehanah jack-up (also known as Pearl Driller) for $85.0 million.
2019	Former VDI Topco converts all of the outstanding 1%/12% Step-Up Senior Secured Third Lien Convertible Notes into ordinary shares of VDI.
2019	Vantage Deepwater Company and Vantage Deepwater Drilling, Inc. collects a one time $701m cash collection from PAI and PVIS related to the Petrobras arbitration agreement as settlement of the arbitration award issued in 2018.
2019	Using a portion of the proceeds from the fund received from Petrobras and after placing the largest at the time, litigation insurance policy, Former VDI Topco distributes $525mm in cash or $40.03 per share to shareholders.
2020	The Group sells the Titanium Explorer.
2021	The Group secures management of multiple floaters for Aquadrill (subsequently purchased by Seadrill).
2022	Vantage Holdings International ("**VHI**") consummates the sale to ADES Arabia Holding, of all of the issued and outstanding equity of VHI's wholly-owned subsidiary, Emerald Drilling Company (EDC), which owns the Emerald Driller, Sapphire Driller and Aquamarine Driller jack-ups, for approx. $200 million including certain cost reimbursements. Additionally, Former VDI Topco used $170 million from the proceeds to reduce its outstanding secured debt, which was initially $350 million. In addition, Former VDI Topco subsidiaries ADES Arabia enteres into agreements under which the Group will provide support services to EDC for the three rigs operating off Qatar for a three-year period.
2023	Former VDI Topco successfully completes a USD 200m Senior Secured Notes Issue. The net proceeds from the offering were used to refinance its then existing Senior Secured Notes due 2023, as well as general corporate purposes.
2024	Former VDI Topco de-registers as an exempted company incorporated in the Cayman Islands by way of continuation to Bermuda and is registered as a company existing under the laws of Bermuda, following which it is merged into the Company with the Company being the surviving entity.
2024	On 6 February, the Group enters into the TE-Vantage MOU with TotalEnergies to form the TE-Vantage JV. Under the terms of the TE-Vantage MOU, TE-Vantage JV will acquire, contingent upon customary conditions precedent and rig acceptance, the Tungsten Explorer drillship from Vantage for a total of $265 million. Of this amount, $198.75 million (75%) will be paid in cash, while the Group will hold a 25% stake in the JV. TotalEnergies will maintain a 75% ownership stake in the TE-Vantage JV. Further, the TE-Vantage JV will contract the Group to manage and operate the rig for ten years at an average daily management fee of $47,500 when the rig is operating and lower rates when not operational.
2024	On 3 May, the Company enters into a revolving credit facility (the "**Revolving Credit Facility**"), among the Company, the guarantors party thereto from time to time, the lenders party thereto from time to time, and Banco Santander, S.A., New York Branch, as administrative agent for the lenders. The Revolving Credit Facility extends credit in the form of a loan at any time and from time to time prior to the maturity date, in an aggregate principal amount at any time outstanding not in excess of $25,000,000.

Year	Event
2024	On 8 September, the Group entered into separate purchase and sale agreements to sell the Topaz Driller and shares of the entity that owns the Soehanah jack-up, respectively, to a subsidiary of ADES International Holding Ltd. for an aggregate purchase price of $190 million (the "**Jack-up Sale Agreements**"). The transactions are subject to closing conditions, including but not limited to the entry into of management agreements pursuant to which the Group is expected to manage the two jack-up rigs for a period of three years for a management fee of $3.0 million per year per rig along with an expected amendment to the existing support services agreement relating to the Emerald Driller, which is expected to increase the related support services fee to $1.5 million per year.

6.6. Competitive landscape

The contract drilling industry is highly competitive. Demand for contract drilling and related services is influenced by several factors, including the current and expected prices of oil and gas and the expenditures of oil and gas companies for exploration and development of oil and gas. In addition, demand for drilling services remains dependent on a variety of political and economic factors beyond the Company's control, including worldwide demand for oil and gas, the ability of OPEC to set and maintain production levels and pricing, the level of production of non-OPEC countries, including production levels in the U.S. shale plays, and the policies of various governments regarding exploration and development of their oil and gas reserves.

Drilling contracts are generally awarded on a competitive bid or negotiated basis. Pricing (dayrate) is often the primary factor in determining which qualified contractor is awarded a job. Rig availability, capabilities, age and each contractor's safety performance record and reputation for quality also can be key factors in the determination. Operators may also consider crew experience, rig location and efficiency.

The Group's competitors range from large international companies offering a wide range of drilling and other oilfield services to smaller, locally owned companies. Competition for rigs is usually on a global basis, as these rigs are highly mobile and may be moved, although at a cost that is sometimes substantial, from one region to another in response to demand.

6.7. Legal and arbitration proceedings

On 27 April 2018, the Group was added as an additional defendant in a legal proceeding (the Improbity Action), initiated by the Brazilian Federal Prosecutor against certain individuals in connection with the contracting of the Titanium Explorer drillship to Petrobras under the Government Agreement for the Provision of Drilling Services for the Titanium Explorer, dated 4 February 2009, by and between Petrobras Venezuela Investments & Services, BV and Vantage Deepwater Company (and subsequently novated to Petrobras America, Inc. and Vantage Deepwater Drilling, Inc.), with the Brazilian government and Petrobras as plaintiffs. Vantage is alleged to have been involved in and benefited from the purported bribery scheme at Petrobras through Hamylton Padilha, the Brazilian agent, VDC, used in the contracting of the Titanium Explorer drillship to Petrobras, and Mr. Hsin-Chi Su, a former member of VDC's board of directors and a significant shareholder of VDC.

On 12 April 2019, the Group filed its preliminary statement of defense with the 11th Federal court of the Judicial Branch of Curitiba, State of Parana, Brazil (the "**Brazilian Federal Court**"), which was dismissed by the Brazilian Federal Court on 20 August 2020. On 5 October 2020, the Company subsequently filed a motion to clarify with the Brazilian Federal Court requesting the reconsideration of certain aspects of the decision dismissing the Group's preliminary statement of defense, which was denied on 14 December 2020. On 10 February 2021 the Group filed an interlocutory appeal with the 4th Circuit of the Federal Court of Appeals in Porto Alegre, State of Rio Grande do Sul, Brazil (the "**Brazilian Appellate Court**"), seeking to reverse the Brazilian Federal Court's denial of the Group's preliminary defense. On 13 May 2021, the Brazilian Appellate Court's reporting judge granted request for preliminary relief and ordered an immediate stay of the Improbity Action (as it applies to the Company). A proceeding with regard to the interlocutory appeal commenced on 30 August 2022 (the "**August 2022 Proceeding**") and on 6 December 2022, the Brazilian Appellate Court ruled in the Group's favor, revoking the asset freeze order, which had already been stayed pending a decision from the court, and immediately dismissed the Improbity Action as to the Group (the Improbity Decision).

On 30 January 2023 and 1 February 2023, Petrobras and the Brazilian federal government filed respective motions to clarify the Improbity Decision. On 31 March 2023, the Group filed its response to the motions to clarify the Improbity Decision. On 10 April 2024, the Brazilian Appellate Court denied the motions to clarify submitted by the Brazilian government and Petrobras and upheld the court's previous decision to dismiss the Improbity Action. Subsequently, Petrobras and the Attorney General's office filed appeals in respect of the Improbity Action to the Brazilian Superior Court of Justice and the Brazilian Supreme Court. On 19 July 2024, the Group filed its response to their appeals relating to the dismissal of the Improbity Action.

The Group understands that the Improbity Action is a civil action and is part of the Brazilian Federal Prosecutor's larger "Car Wash" investigation into money laundering and corruption allegations in Brazil. Separately, Federal Law no. 14,230/2021 (the "**New**

Administrative Improbity Law") was enacted on 26 October 2021, which substantially amended the existing Brazilian improbity legal framework. While the Group believes that the developments arising from the enactment of the New Administrative Improbity Law render the case against it moot, the Group cannot predict the ultimate outcome of the August 2022 Proceeding and the Group will be obligated to file a statement of defense in the matter if the Improbity Decision is later reversed.

The damages claimed in the proceeding are in the amount of BRL 102.8 million (approximately $21.2 million, changes in the USD amounts result from foreign exchange rate fluctuations), together with a civil fine equal to three times that amount. The Group understands that the Brazilian Federal Court previously issued an order authorizing the seizure and freezing of the assets of the Group and the other three defendants in the legal proceeding, as a precautionary measure, in the amount of approximately $85.1 million. The Group and the other three defendants are jointly and severally liable for this amount. The seizure order has not had an effect on the Group's assets or operations, as the Group do not own any assets in Brazil and does not currently intend to relocate any assets to Brazil. On 13 February 2019, the Group learned that the Brazilian Federal Prosecutor had previously requested mutual legal assistance from the DOJ pursuant to the United Nations Convention against Corruption of 2003 to obtain a freezing order against the Group's U.S. assets in the amount of approximately $85.1 million. As noted above, the Brazilian Appellate Court ruled in favor of the Group in the Improbity Decision, which, among other things, revoked the asset freeze order.

The Group has defended, and intends to continue to vigorously defend, against the allegations made in the Improbity Action and oppose and defend against any attempts to reverse the Improbity Decision and/or seize the Group's assets. However, the Group can neither predict the ultimate outcome of this matter nor that there will not be further developments in the "Car Wash" investigation or in any other ongoing investigation or related proceeding that could adversely affect the Group. As of the date of this Information Document, the Group is not able to determine the likelihood of loss, if any, arising from this matter.

Other than set out above, neither the Company nor any member of the Group, is or has been, during the course of the preceding 12 months, involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

6.8. Business-critical patents, licenses, contracts etc.

The Company does not hold any patents which it considers to be business-critical. The Company holds licenses in the ordinary course of its business, none of which is deemed to be material for the business.

6.9. Material contracts

6.9.1. The First Lien Notes

On 14 February 2023, Former VDI Topco priced an offering of $200.0 million in aggregate principal amount of 9.50% first lien notes (the "**First Lien Notes**") at an issue price of 97% and entered into a purchase agreement with several investors pursuant to which the Former VDI Topco agreed to sell the 9.50% First Lien Notes (the "**9.50% First Lien Notes Offering**") to the purchasers in reliance on an exemption from registration provided by section 4(a)(2), Rule 144A and/or Regulation S of the Securities Act. The proceeds derived from the 9.50% First Lien Notes Offering were used (i) to redeem all outstanding 9.25% first lien notes, issued by Former VDI Topco on 30 November 2018, for approximately $185.1 million, including principal and interest, (ii) to pay fees and expenses related to the 9.50% First Lien Notes Offering and (iii) for general corporate purposes.

The 9.50% First Lien Notes will mature on 15 February 2028 and are secured by a first priority lien on all assets of ADVantage, a majority owned subsidiary, subject to certain exemptions. Former VDI Topco has entered into an indenture for the First Lien Notes, dated as of 1 March 2023, by and between Former VDI Topco, the guarantors party thereto, and U.S. Bank Trust Company, National Association, as trustee and first lien collateral agent. Following the Merger between Former VDI Topco and the Company (as further described in Section 9.2 "*The change of domicile*"), the Company has assumed the rights and obligations of Former VDI Topco under the indenture. The Company will pay interest on the 9.50% First Lien Notes on February 15 and August 15 of each year, commenced on 15 August 2023.

The 9.50% First Lien Notes are subject to redemption at the option of the Company including upon certain change of control events occurring on or after 15 February 2025, and in certain cases upon the occurrence of certain events, as further described in the 9.50% First Lien Indenture. The 9.50% First Lien Notes contains customary covenants that will limit the Company's ability and, in certain instances, the ability of the Company's subsidiaries, to borrow money, create liens on assets, make distributions and pay dividends on or redeem or repurchase stock, make certain types of investments, enter into agreements that restrict dividends or other payments from subsidiaries, enter into transactions with affiliates, issue guarantees of debt, and sell assets or merge with other companies.

6.9.2. The TE-Vantage JV Transaction

On 6 February 2024 the Group entered into the TE-Vantage MOU with TotalEnergies to form the TE-Vantage JV. Under the terms of the TE-Vantage MOU, subject to certain customary conditions precedent, including, without limitation, rig acceptance, TotalEnergies will pay approximately $198.75 million in cash for a 75% interest in the TE-Vantage JV that will own the Tungsten Explorer, with the Group owning the remaining 25% interest. The proceeds from the sale of the Tungsten Explorer are required under the indenture to be used to pay down the oustanding amount of the First Lien Notes in an amount equal to such proceeds at a price of par. Furthermore, as anticipated, the TE-Vantage JV will contract the Group to operate the Tungsten Explorer for 10 years pursuant to a management agreement to be executed in connection with the TE-Vantage JV Transaction. To fulfill its obligations under this arrangement, the TE-Vantage JV will engage the Group as manager to oversee the operation of the rig for the same term. As part of these agreements, the TE-Vantage JV will compensate the Group with daily management fees in line with market during rig operation and reduced fees based on the nature of non-operating periods. The average daily management fee is expected to be $47,500 per day. The contemplated umbrella rig contract with TotalEnergies will be considered a material contract to the Group and may materially impact the Group's liquidity in 2024 and beyond. The aforementioned transactions are subject to definitive agreements being entered into. Such definitive agreements are expected to be entered into in Q4 2024, and the sale of the Tungsten Explorer to the TE-Vantage JV is expected to occur in Q2-Q3 2025.

6.9.3. The Revolving Credit Facility

On 3 May 2024, the Company entered into the Revolving Credit Facility. The Revolving Credit Facility extends credit in the form of a loan at any time and from time to time prior to the maturity date, in an aggregate principal amount at any time outstanding not in excess of $25,000,000. The proceeds are to be used for general corporate purposes of the Company and its subsidiaries. Unless terminated earlier, the Revolving Credit Facility matures 2 May 2025.

The loans shall bear an interest at a rate per annum equal to either (i) (x) Term SOFR (as defined in the Revolving Credit Facility) plus (y) 4.00% per annum or (ii) (x) the greatest of (a) "U.S. prime rate" (as determined by the last rate quoted in The Wall Street Journal as such, (b) the federal funds effective rate in effect plus ½ of 1% and (c) Term SOFR plus 1%, plus (y) 3.00% per annum, in either case, as selected by the Borrower pursuant to section 2.03 of the Revolving Credit Facility. The obligations under the Revolving Credit Facility will be guaranteed on a joint and several basis by the Company's current and future direct and indirect subsidiaries, subject to certain exceptions, and will be secured by a first priority lien on substantially all of the assets of the Company and such subsidiaries, in each case subject to certain exceptions.

The Revolving Credit Facility includes customary representations and warranties, mandatory prepayments, affirmative and negative covenants and events of default, including covenants that, among other things, restrict the granting of liens, the incurrence of indebtedness, the making of restricted payments, the making of investments and capital expenditures, the sale or other conveyance of assets, including vessels, transactions with affiliates, prepayments of certain debt and the operation of vessels. In addition, the Revolving Credit Facility includes customary change of control-triggers, which inter alia are trigged if (i) all or substantially all of the properties or assets of the Company and its subsidiaries are sold or transferred, (ii) if the Company is subject to liquidation or dissolved or (iii) if any person (as defined in the Revolving Credit Facility) becomes the beneficial owner of more than 50% of the shares in the Company.

6.9.4. Agreements with ADES

ADES Joint Venture, Support Services and Global Alliance

In conjunction with the establishment of ADVantage Drilling Services SAE ("**ADVantage**"), a joint venture owned 51% by the Group and 49% by ADES International Holding Ltd ("**ADES**"), the Group entered into a series of agreements with ADES, including: (i) a secondment agreement; (ii) a manpower agreement; and (iii) a supply services agreement. Pursuant to these agreements, the Group, largely through its seconded employees, has agreed to provide various services to ADES and ADES has agreed in turn to provide various services to ADVantage to the extent the parties have secured deepwater work in Egypt.

On 6 December 2021, the Group entered into a purchase agreement to sell to ADES Arabia all of the issued and outstanding equity of Emerald Driller Company (the "**EDC**"), which owns the Emerald Driller, Sapphire Driller and Aquamarine Driller. Simultaneously, certain subsidiaries of the Group and ADES entered into support services agreements, pursuant to which a subsidiary of the Group agreed to provide, in exchange for customary fees and reimbursements, support services to EDC with respect to the Emerald Driller, Sapphire Driller and Aquamarine Driller for a three-year term.

The Group and ADES also entered into an agreement on 6 December 2021 (the "**Collaboration Agreement**") to pursue a global strategic alliance in order to leverage both the EDC Support Services Agreements and ADVantage. Pursuant to the Collaboration Agreement, the parties agreed to collaborate on exploring future commercial and operational opportunities.

Consistent with the Collaboration Agreement, on 22 September 2022, three wholly owned subsidiaries of Vantage Holdings International ("**VHI**"), a subsidiary of the Group, entered into several related agreements with Advanced Energy Services, S.A.E., a subsidiary of ADES ("**ADES SAE**" and together with ADES Arabia, the "ADES Group"), including a: (i) secondment agreement; (ii) services agreement; and (iii) bareboat charter agreement, in each case to support a drilling campaign that utilized the Topaz Driller jack-up (collectively, the "**ADES Ancillary Agreements**"). These contracts generally provided for: (a) reimbursement of loaned employee personnel costs plus a service fee; (b) a fixed fee based on days the rig is drilling; (c) a variable fee based on a percentage of gross margin generated on a monthly basis; and (d) reimbursement for purchases of supplies, equipment and personnel services, and other services provided at the request of ADES SAE.

<u>The sale of the Group's jack-up rigs to ADES and the Group's management of the rigs going forward</u>

On 8 September 2024, the Group entered into separate purchase and sale agreements to sell the Topaz Driller jack-up rig and all of the issued and outstanding equity of the entity that owns the Soehanah jack-up rig, respectively, to a subsidiary of ADES International Holding Ltd. for an aggregate purchase price of $190 million, to be settled in cash (the ADES Transactions), split as follows:

- All issued and outstanding equity of the entity that owns the Soehanah rig: $85 million (subject to certain adjustments).

- Asset purchase of the Topaz Driller: $105 million (subject to certain adjustments).

The ADES Transactions are subject to closing conditions, including but not limited to, rig acceptance for the Topaz Driller and the entry into of management agreements pursuant to which the Group is expected to manage the two jack-up rigs for a period of three years each for a management fee of $3.0 million per rig per year along with an expected amendment to the existing Support Services Agreement relating to the Emerald Driller, which is expected to increase the related support services fee to $1.5 million per year. Pursuant to the Indenture, the proceeds from the contemplated sale of the jack-up rigs, which is subject to closing, must be used to redeem the outstanding amount of the First Lien Notes in an amount equal to such proceeds, at a redemption price at par (see Sections 6.9.1."The First Lien Notes" and 7.9.1 "Capital structure and equity" for further details).

The ADES Transactions are expected to close in the fourth quarter 2024. Following closing of the ADES Transactions, the Group will have more financial flexibility and expand its focus on management services.

6.9.5. Aquadrill Merger; Framework, Management and Marketing Agreements

VHI previously entered into a framework agreement with Aquadrill LLC ("**Aquadrill**") on 9 February 2021 (the "**Framework Agreement**"), and, certain subsidiaries of VHI (the "**VHI Entities**") subsequently entered into a series of related management and marketing agreements (collectively, the "**Marketing and Management Agreements**" and together with the Framework Agreement, the "**Framework, Management and Marketing Agreements**") with certain subsidiaries of Aquadrill (collectively, the "**Aquadrill Entities**"). Pursuant to the Framework, Management and Marketing agreements, the VHI Entities agreed to provide certain marketing and operational management services with respect to the Capella, Polaris and Aquarius floaters. As of 10 August 2024, the Capella was performing drilling services for a client under its drilling contract, the Polaris concluded it campaign for ONGC and returned to Seadrill at the end of February 2024 and is no longer under the Group's management and the Aquarius returned to Seadrill in 2023 and is no longer under the Group's management.

Pursuant to the terms of the Framework, Management and Marketing Agreements, the Group is eligible to receive the following fees associated with the management and marketing of the Aquadrill rigs: (i) the Group is to be paid a fixed management fee of $2,000, $4,000, $6,000 and $10,000 per day to manage a cold stacked rig, warm stacked rig, reactivating rig or operating rig, respectively (provided, that, certain discounts are to be provided on the management fee associated with cold stacked rigs to the extent there are more than one such rigs managed by the Group for Aquadrill); (ii) there are certain bonus/malus amounts that are applied to the fixed management fee that are contingent on whether the actual expenditures for a particular rig that is stacked, mobilizing, being reactivated or preparing for a contract exceed or come in under budget; (iii) the Company is eligible to receive a marketing fee of 1.5% of the effective day rate of a drilling contract secured for the benefit of Aquadrill; (iv) fourth, the Company is eligible to earn a variable fee equal to 13% of the gross margin associated with managing an operating rig for Aquadrill; and (v) lastly, all costs incurred by the Company are reimbursed by Aquadrill (other than incremental overhead costs incurred by Vantage). In accordance with the terms of the Framework, Marketing and Management Agreements, Aquadrill may also terminate such agreements upon 90 days' notice (the "**Notice Termination Period**"), subject to certain conditions set forth in such agreements.

On 23 December 2022, Seadrill announced that it had entered into a merger agreement with Aquadrill, pursuant to which Aquadrill would become a wholly owned subsidiary of Seadrill (the "**Aquadrill Merger**"), and on 3 April 2023, Seadrill announced that it had closed the Aquadrill Merger. Subsequent to the Aquadrill Merger, Aquadrill was renamed to Seadrill. On 10 April 2023, the Group received a notice of termination of the management agreement (the "**Aquarius Management Agreement**") and marketing agreement with respect to the Aquarius, and the marketing agreements with respect to the Capella and Polaris, in each case as a

result of the Aquadrill Merger. Given that the Notice Termination Period has lapsed, the Group is no longer managing or marketing the Aquarius nor eligible to earn management fees under the Aquarius Management Agreement as of 9 July 2023.

On 16 November 2023, the Group received a notice of termination of the management agreement with respect to the Polaris (the "**Polaris Management Agreement**"). Given that the Notice Termination Period relating to the Polaris had lapsed, the Group is no longer managing or marketing the Polaris nor eligible to earn management fees under the Polaris Management Agreement as of 7 March 2024.

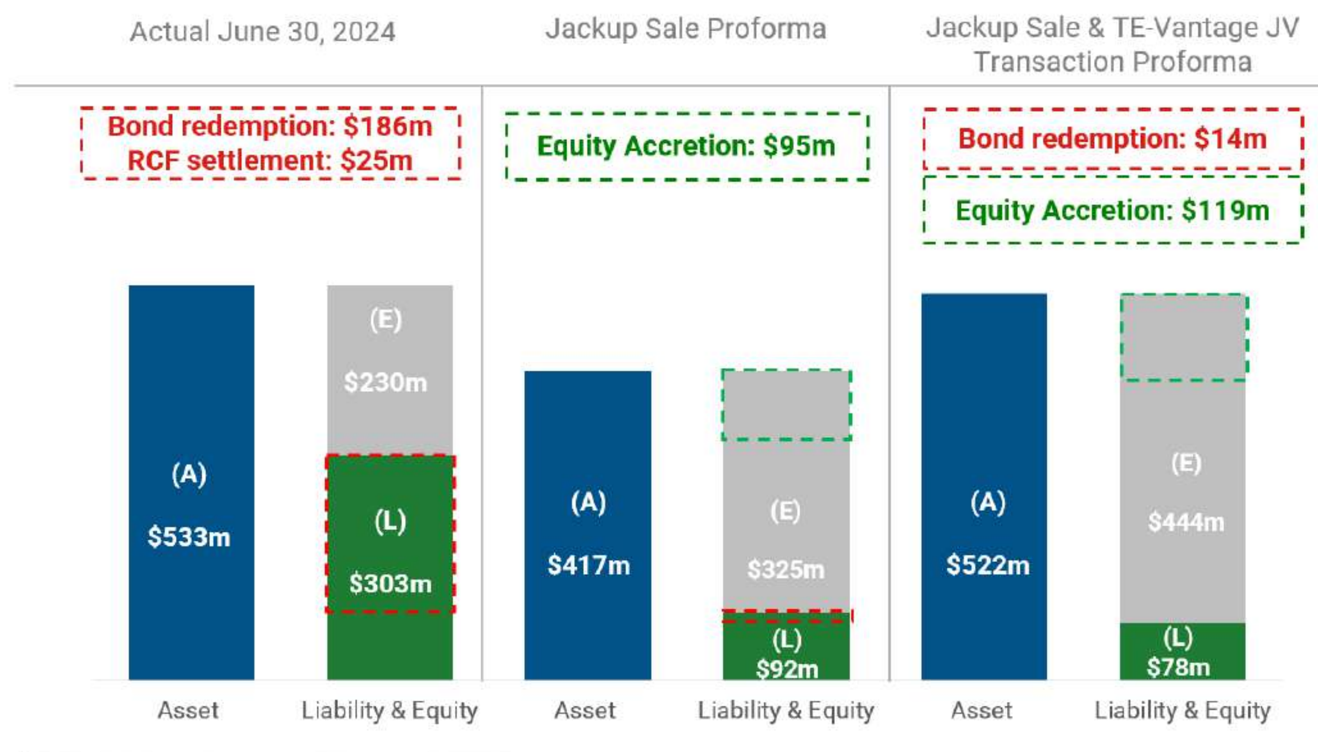
On 22 April 2024, the Group received a notice of termination of the management agreement with respect to the Capella. The Company returned the Capella to Seadrill on 15 September 2024.

6.9.6. Other

Other than as set out above in this Section 6.9 "*Material contracts*" (with the TE-Vantage JV Transaction being subject to definitive agreements being entered into and certain customary conditions precedent, and the ADES Transactions being subject to closing conditions precedent), neither the Company nor any member of the Group has (i) entered into any material contracts outside the ordinary course of business for the two years prior to the publication of this Information Document; or (ii) entered into any contract outside the ordinary course of business that contains provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Information Document.

6.10. Illustration of the effects of the TE-Vantage JV Transaction and the ADES Transactions

The TE-Vantage JV Transaction and the ADES Transactions are described in Sections 6.9.2 "*The TE-Vantage JV Transaction*" and 6.9.4 "*Agreements with ADES*", respectively. In order to provide further information on these transactions, the Group has prepared the below figure to illustrate the estimated effects of the TE-Vantage JV Transaction and the ADES Transactions (referred to as "Jack-up Sale" in the below figure) on the Group's balance sheet. The below figure is based on management estimates and has been prepared solely for illustrative purposes.



7. SELECTED FINANCIAL AND OTHER INFORMATION

7.1. Introduction

The following selected financial information has been derived from (i) the Group's audited annual financial statements for the years ended 31 December 2022 and 2023 (the Financial Statements), (ii) the Group's unaudited interim financial statements for the six-month period ended 30 June 2024 (the Interim Financial Statements), and (iii) the Company's audited interim stand-alone financial statements for the period from its incorporation on 8 February 2024 and until 31 March 2024 (the Parent Financial Statements), all of which have been prepared on the basis of US GAAP.

The Financial Statements, the Interim Financial Statements and the Parent Financial Statements are included as Appendices B to D of this Information Document. The selected financial information included herein should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements, the Interim Financial Statements and the Parent Financial Statements.

7.2. Statement of profit and loss and other comprehensive income

The table below sets out selected data from the Group's statement of profit and loss and other comprehensive income for the years ended 31 December 2023 and 2022 and for the six-month interim period ended 30 June 2024, with comparable figures for the interim period ended 30 June 2023.

(In thousands)	**Year ended 31 December**		**(Unaudited)** **Six months ended 30 June**	
	2023	**2022**	**2024**	**2023**
Consolidated Revenues				
Contract drilling services	$ 260,611	$ 154,116	$ 94,329	$ 115,590
Management fees	19,486	10,834	11,223	7,689
Reimbursables and other	103,039	113,766	20,408	61,633
Total revenue	383,136	278,716	125,960	184,912
Operating costs and expenses:				
Operating costs	290,125	234,832	92,284	140,938
General and administrative	21,730	23,009	12,479	9,992
Depreciation	44,458	44,428	22,492	22,094
(Gain) loss on EDC Sale	3	(61,409)	-	3
Total operating costs and expenses	356,316	240,860	127,255	173,027
Income (loss) from operations	26,820	37,856	(1,295)	11,885
Other (expense) income				
Interest income	750	1,108	494	190
Interest expense and financing charges	(21,246)	(34,351)	(11,000)	(10,904)
Other, net	(405)	(3,668)	(978)	(135)
Total other expense	(21,246)	(36,911)	(11,484)	(10,849)
Income (loss) before income taxes	5,574	945	(12,779)	1,036
Income tax provision (benefit)	21,479	4,313	4,622	2,606
Net loss	(15,905)	(3,368)	(17,401)	(1,570)
Net loss attributable to non-controlling interests	(529)	(13)	(309)	(746)
Net loss attributable to shareholders	$ (15,376)	$ (3,355)	$ (17,092)	$ (824)

The table below sets out selected data from the Company's statement of operations in the Parent Financial Statements, for the period indicated:

(In thousands)	**Period from 8 February 2024 (inception) through 31 March 2024**
General and administrative	$ 1,154
Loss from Operation	(1,154)
Other income (expense)	
Intercompany Expenses	961
Interest expense and other financing charges	3,562

Other, net	(3)
Total other expense	4,520
Loss before equity in earnings of investees	(5,674)
Equity in earnings of investees	435
Net loss	$ (5,239)

7.3. Balance sheet

The table below sets out selected data from the Group's balance sheet as of 31 December 2023 and 2022 as derived from the Financial Statements, and as of 30 June 2024 as derived from the Interim Financial Statements.

			(Unaudited)
(In thousands, except per share data)	**31 December**		**30 June**
	2023	**2022**	**2024**
ASSETS			
Current assets			
Cash and cash equivalents	$ 73,206	$ 74,026	$ 40,290
Restricted cash	1,828	16,450	2,264
Trade receivables, net of allowance	74,113	62,776	56,534
Materials and supplies	46,704	41,250	52,470
Prepaid expenses and other current assets	37,423	25,621	35,501
Total current assets	233,274	220,123	187,059
Property and equipment	660,449	647,909	677,304
Accumulated depreciation	(352,357)	(309,453)	(374,459)
Property and equipment, net	308,092	338,456	302,845
Operating lease ROU assets	1,084	1,648	658
Other assets	19,283	18,334	42,313
Total assets	$ 561,733	$ 578,561	$ 532,875
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable	62,245	57,775	60,730
Other current liabilities	51,946	66,179	38,277
Total current liabilities	114,191	123,954	99,007
Long–term debt, net of discount and financing costs	190,107	179,227	191,294
Other long-term liabilities	10,741	12,881	12,725
Commitments and contingencies			
Shareholders' equity			
Ordinary shares, $0.001 par value, 50 million shares authorized;	13	13	13
Additional paid-in capital	633,963	633,863	634,519
Accumulated deficit	(388,523)	(373,147)	(405,615)
Controlling interest shareholders' equity	245,453	260,729	228,917
Noncontrolling interests	1,241	1,770	932
Total equity	246,694	262,499	229,849
Total liabilities and shareholders' equity	$ 561,733	$ 578,561	$ 532,875

The table below sets out selected data from the Company's balance sheet in the Parent Financial Statements, for the period indicated:

(In thousands)		31 March 2024
ASSETS		
Current assets		
Cash and cash equivalents	$	547
Prepaid expenses and other current assets		460
Total current assets		1,007
Intercompany Receivables		3,149
Investment in Subsidiaries		440,319
Total non-current assets		443,468
Total assets	$	444,475
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$	2,086
Other current liabilities		2,562
Total current liabilities		4,648
Intercompany Payables	$	6,303
Long–term debt, net of discount and financing costs		190,701
Other long-term liabilities		183
Shareholders' equity		
Ordinary shares		13
Additional paid-in capital		634,021
Accumulated deficit		(391,394)
Total Equity		242,640
Total liabilities and shareholders' equity	$	444,475

7.4. Statement of cash flows

The table below sets out selected data from the Group's statement of cash flows for the years ended 31 December 2023 and 2022 and for the six-month interim periods ended 30 June 2024 with comparable figures for the interim period ended 30 June 2023 as derived from the Interim Financial Statements.

						(Unaudited)		
(In thousands)		Year ended 31 December				Six months ended 30 June		
		2023		2022		2024		2023
CASH FLOWS FROM OPERATING ACTIVITIES								
Net (loss) income	$	(15,905)	$	(3,368)	$	(17,401)	$	(1,570)
Adjustments to reconcile net loss to net cash used in operating activities								
Depreciation expense		44,458		44,428		22,492		22,094
Amortization of debt financing costs		2,048		1,639		1,449		862
Share-based compensation expense		383		79		1,069		25
Loss on debt extinguishment		703		730		-		703
Deferred income tax expense		624		708		420		733
(Gain)/loss on disposal of assets		-		(1,600)		81		-
Gain on EDC Sale		3		(61,409)		-		3
Allowance for credit losses		-		-		371		-
Changes in operating assets and liabilities:								
Trade receivables, net		(11,337)		(42,241)		17,208		(20,333)
Materials and supplies		(5,453)		(4,155)		(5,766)		(3,509)
Prepaid expenses and other current assets		(11,803)		(9,878)		1,922		(5,379)

Other assets	4,421	(22,461)	(22,430)	5,269
Accounts payable	4,470	44,469	(1,515)	(2,205)
Other current liabilities and other long-term liabilities	(10,413)	34,185	(9,278)	(7,773)
Net cash provided by (used in) operating activities	2,199	(18,874)	(11,288)	(11,080)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	(14,094)	(10,277)	(17,396)	(2,637)
Net proceeds from EDC Sale	-	198,700		
Net proceeds from sale of assets	-	3,100	70	-
Net cash provided by (used in) investing activities	(14,094)	191,523	(17,326)	(2,637)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from 9.50% First Lien Notes	194,000	-	-	194,000
Repayment of long-term debt	(180,000)	(170,000)	-	(180,000)
Shares repurchased for tax withholdings on settlement of RSUs	(246)	-	(441)	(246)
Payments of dividend equivalents	(5,278)	-	(3,272)	(5,278)
Debt issuance costs	(5,863)	-	(837)	(5,645)
Net cash provided by (used in) financing activities	2,613	(170,000)	(4,550)	2,831
Net increase (decrease) in unrestricted and restricted cash and cash equivalents	(9,282)	*2,649*	(33,164)	(10,886)
Unrestricted and restricted cash and cash equivalents—beginning of period	93,257	90,608	83,975	93,257
Unrestricted and restricted cash and cash equivalents—end of period	$ 83,975	$ 93,257	$ 50,811	$ 82,371
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash paid for:				
Interest	$ 13,837	$ 34,101	9,500	$ 5,179
Income taxes (net of refunds)	19,877	6,609	3,908	6,657
Non-cash investing and financing transactions:				
Accrued debt issuance costs	8	-	740	227

The table below sets out selected data from the Company's statement of cash flows in the Parent Financial Statements, for the period indicated:

(In thousands)	**Period from 8 February 2024 (inception) through 31 March 2024**
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (5,239)
Adjustments to reconcile net loss to net cash used in operating activities	
Amortization of debt financing costs	396
Share-based compensation expense	11
Income from equity method investments	(435)
Changes in operating assets and liabilities:	
Prepaid expenses and other current assets	403
Other assets	(2,269)
Accounts payable	807
Other current liabilities and other long-term liabilities	(793)
Net cash used in operating activities	(7,119)
CASH FLOWS FROM FINANCING ACTIVITIES	
Shares repurchased for tax withholdings on settlement of RSUs	(441)
Payments of dividend equivalents	(3,272)
Net cash used in financing activities	(3,713)

Net decrease in cash and cash equivalents		(10,832)
Cash and cash equivalents—beginning of period		11,379
Cash and cash equivalents—end of period	$	547
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Interest	$	9,500

7.5. Statement of changes in equity

The table below sets out selected data from the Group's statement of changes in equity for the year ended 31 December 2023 derived from the Financial Statements.

(In thousands)	**Shares**	**Amount**	**Total paid in capital**	**Accumulated losses**	**Non-controlling interest**	**Total equity**
Balance as of 31 December 2022	13,115	$ 13	$ 633,863	$ (373,147)	$ 1,770	$ 262,499
Share-based compensation issuance of shares	132	-	-	-	-	-
Share repurchased to settle withholding taxes	(18)	-	(246)	-	-	(246)
Share-based compensation	-	-	383	-	-	383
Share-based compensation – dividend equivalents	-	-	(37)	-	-	(37)
Net loss	-	-	-	(15,376)	(529)	(15,905)
Balance as of 31 December 2023	13,229	$ 13	$ 633,963	$ (388,523)	$ 1,241	$ 246,694

The table below sets out selected data from the Company's statement of of changes in equity in the Parent Financial Statements, for the period indicated:

(In thousands)	**Period from 8 February 2024 (inception) through 31 March 2024**				
	Ordinary Shares				
	Shares	**Amount**	**Additional Paid-in Capital**	**Accumulated Deficit**	**Total Equity (Deficit)**
Balance 8 February 2024	13,229	$ 13	$ 634,129	$ (386,155)	$ 247,987
Share-based compensation issuance of shares	82	—	—	—	—
Shares withheld to settle withholding taxes	(16)	—	(441)	—	(441)
Share-based compensation expense	—	—	333	—	333
Net loss	—	—	—	(5,239)	(5,239)
Balance 31 March 2024	13,295	$ 13	$ 634,021	$ (391,394)	$ 242,640

7.6. Working capital statement

As of the date of this Information Document, the Company is of the opinion that the working capital available to the Group is sufficient for its present requirements.

7.7. Operating and Financial Overview

7.7.1. Operating segments

The Group's customers consist primarily of large international oil and gas companies, national or government-controlled oil and gas companies, and other global exploration and production companies. As the result of an increase in activity related to operating, management and marketing services for rigs owned by third-parties, the Company has two reportable segments: (1) "Drilling Services", which includes activities related to owned jack-up rigs and drillships; and (2) "Managed Services", which consists of activities related to rigs owned by third-parties that the Group manage, support or operate through bareboat charters. The segment results for the financial years ended 31 December 2023 and 2022 and the interim period ended 30 June 2024 were as follows:

(In thousands)	**Year ended 31 December 2023**			
	Drilling services	**Management services**	**Unallocated**	**Consolidated**
Total revenue	$ 202,318	$ 180,818	$ -	$ 383,136

(In thousands)	Year ended 31 December 2023			
	Drilling services	Management services	Unallocated	Consolidated
Total operating costs and expenses	182,950	149,888	23,478	356,316
Income (loss) from operations	19,368	30,930	(23,478)	26,820
Total other expense	-	-	(21,246)	(21,246)
Income (loss) before income taxes	19,368	30,930	(44,724)	5,574
Reconciliation of income from operations to segment adjusted operating income:				
Income from operations	19,368	30,930		
Depreciation	42,713	-		
Segment adjusted operating income	$ 62,081	$ 30,930		

(In thousands)	Year ended 31 December 2022			
	Drilling services	Management services	Unallocated	Consolidated
Total revenue	$ 179,194	$ 99,522	$ -	$ 278,716
Total operating costs and expenses	185,748	91,896	(36,784)	240,860
Income (loss) from operations	(6,554)	7,626	(36,784)	37,856
Total other expense	-	-	(36,911)	(36,911)
Income (loss) before income taxes	(6,554)	7,626	(127)	945
Reconciliation of income from operations to segment adjusted operating income:				
Income from operations	(6,554)	7,626		
Depreciation	42,813	-		
Segment adjusted operating income	$ 36,259	$ 7,626		

(In thousands)	(Unaudited) Six-month period ended 30 June 2024			
	Drilling services	Management services	Unallocated	Consolidated
Total revenue	$ 94,034	$ 31,926	$ -	$ 125,960
Total operating costs and expenses	92,038	21,897	13,320	127,255
Income (loss) from operations	19,996	10,029	(13,320)	(1,295)
Total other expense	-	-	(11,484)	(11,484)
Income (loss) before income taxes	1,996	10,029	(24,804)	(12,779)
Reconciliation of income from operations to segment adjusted operating income:				
Income from operations	1,996	10,029		
Depreciation	21,651	-		
Segment adjusted operating income	$ 23,647	$ 10,029		

A substantial amount of the Group's revenue was derived from countries outside of the U.S. The Group's revenues by country and segment were as follows for the periods indicated:

(In thousands)		Year ended 31 December,		(Unaudited) Six month period ended 30 June,
Country	**Segment**	**2023**	**2022**	**2024**
India	Drilling services and managed services	$ 135,647	$ 54,786	$ 12,606
Nambia	Drilling services	81,835	-	
UAE	Drilling services and managed services	63,713	81,715	11,277
Indonesia	Drilling services and managed services	57,111	32,643	37,311
Montenegro	Drilling services	-	3,272	-
Namibia	Drilling services	-	-	26,069
Congo	Drilling services	-	-	20,617
Qatar	Drilling services	-	14,319	-
Egypt	Drilling services	-	27,926	-
Cyprus	Drilling services	703	42,573	-
Ivory Coast	Drilling services			17,534
Other countries	Drilling services and managed services	44,127	21,482	546
Total revenues		$ **383,136**	$ **278,716**	$ **125,960**

7.7.2. Operating and Financial Overview for the Six Months Ended 30 June 2024

(In thousands)	(Unaudited) Period ended 30 June		Favourable/(Unfavourable)	
Consolidated:	**2024**	**2023**	**$**	**%**
Revenues				
Contract drilling services	94,329	115,590	(21,261)	-18%
Management fees	11,223	7,689	3,534	46%
Reimbursables and other	20,408	61,633	(41,225)	-67%
Total revenues	125,960	184,912	(58,952)	-32%
Operating costs and expenses:				
Operating costs	92,284	140,938	48,654	35%
General and administrative	12,479	9,992	(2,487)	-25%
Depreciation	22,492	22,094	(398)	-2%
Loss on EDC Sale	-	3	3	100%
Total operating costs and expenses	127,255	173,027	45,772	26%
Income from operations	(1,295)	11,885	(13,180)	-111%
Other (expense) income:				
Interest Income	494	190	304	160%
Interest expense and financing charges	(11,000)	(10,094)	(96)	-1%
Other, net	(978)	(135)	(843)	-624
Total other expense	(11,484)	(10,849)	(635)	-6%
Loss before income taxes	(12,779)	1,036	(13,815)	-1,333%
Income tax provision	4,622	2,606	(2,016)	-77%

(In thousands)	(Unaudited) Period ended 30 June		Favourable/(Unfavourable)	
Consolidated:	**2024**	**2023**	$	**%**
Net loss	(17,401)	(1,570)	(15,831)	-1,008%
Net loss attributable to non-controlling interests	(309)	(746)	437	59%
Net loss attributable to shareholders	(17,092)	(824)	(16,268)	-1,974%
Drilling Services:				
Revenues				
Contract drilling services	88,760	73,366	15,394	21%
Reimbursables and other	5,274	14,256	(8,982)	-63%
Total revenue	94,034	87,622	6,412	7%
Operating costs and expenses:				
Operating costs	70,387	60,885	(9,502)	-16%
Depreciation	21,651	21,240	(411)	-2%
Total operating costs and expenses	92,038	82,125	(9,913)	-12%
Income (loss) from operations	1,996	5,497	(3,501)	-64%
Managed Services:				
Revenue				
Contracted drillings services	5,569	42,224	(36,655)	-87%
Management fees	11,223	7,689	3,534	46%
Reimbursables and other	15,134	47,377	(32,243)	-68%
Total revenue	31,926	97,290	(65,364)	-67%
Operating costs and expenses:				
Operating costs	21,897	80,053	58,156	73%
Total operating costs and expenses	21,897	80,053	58,156	73%
Income from operations	10,029	17,237	(7,208)	-42%

n/m = not meaningful

Consolidated Revenue: Total revenue decreased $59.0 million due primarily to change in operating activities in the Current Period (as discussed below).

Drilling Services Revenue: Contract drilling revenue increased $15.4 million primarily as a result of (i) increased operating days on the Tungsten Explorer and Soehanah at higher day rates and (ii) higher mobilization revenue on the Topaz Driller offset by (iii) lower contract drilling revenue as a result of decreased operating days on the Platinum Explorer and the Topaz Driller and (ii) lower mobilization revenue on the Tungsten Explorer and the Platinum Explorer. Reimbursables and other revenue decreased $9.0 million in the Current Period as compared to the Comparable Period primarily as a result of bareboat charter fees earned on the Topaz Driller in the Comparable Period, partially offset by higher reimbursable revenue generated by the Tungsten Explorer.

Managed Services Revenue: Contract drilling revenue decreased $36.7 million primarily due to the Polaris concluding its drilling campaign at the end of January 2024. Management fees increased $3.5 million in the Current Period as compared to the Comparable Period primarily due to the management of the Capella partially offset by lower management fees on deepwater floaters owned by Seadrill as well as rigs included in the EDC Sale. Reimbursables and other revenue decreased $32.2 million in the Current Period as compared to the Comparable Period primarily as a result of the management of the deepwater floaters owned by Seadrill and the rigs included in the EDC Sale.

Consolidated Operating Costs: Total operating costs decreased $48.7 million due to change in operating activities in the Current Period (as discussed below).

Drilling Services Operating Costs: Drilling Services operating costs for the Current Period increased $9.5 million as compared to the Comparable Period. Specifically, such increase was the result of (i) higher repair and maintenance and non-reimbursables fuel costs on the Topaz Driller and the Platinum Explorer, (ii) higher amortization of mobilization costs on the Topaz Driller. These amounts were partially offset by (i) lower amortization of mobilization costs on the Platinum Explorer and the Tungsten Explorer and (ii) reimbursable costs on the Topaz Driller.

Managed Services Operating Costs: Managed Services operating costs for the Current Period decreased $58.2 million as compared to the Comparable Period, which was the result of the management of certain deepwater floaters (as discussed in "Managed Services Revenue" above).

General and Administrative Expenses: Increases in general and administrative expenses for the Current Period as compared to the Comparable Period was primarily due to increase in remuneration. Non-cash share-based compensation expense included in "General and administrative expenses" was approximately $0.9 million for the Current Period as compared to the Comparable Period (which was immaterial).

Depreciation Expense: Depreciation expense is primarily related to rigs owned by the Group which are included in the Drilling Services segment. The Managed Services segment does not currently own any depreciable assets. The increase in depreciation expense for the Current Period as compared to the Comparable Period is immaterial.

Interest Income: Increase in interest income for the Current Period as compared to the Comparable Period was due primarily to higher cash balances in investment accounts during the Current Period.

Interest Expense and Financing Charges: Increases in interest expense and financing charges in the Current Period as compared to the Comparable Period was primarily due to higher financing costs associated with the Revolving Credit Facility and interest on the 9.50% First Lien Notes, partially offset by lower financing costs and interest expense on the 9.25% First Lien Notes. Non-cash deferred financing costs included in "Interest expense and financing charges" was approximately $1.5 million and $1.6 million for each of the Current Period and Comparable Period, respectively.

Other, Net: The Group's functional currency is USD; however, a portion of the revenues earned and expenses incurred by certain of the Company's subsidiaries are denominated in currencies other than USD. These transactions are re-measured in USD based on current exchange rates. A net foreign currency exchange loss of $1.0 million was included in "other, net" in the Current Period and a loss of $0.1 million in the Comparable Period due to devaluation of local currency.

Income Tax Provision: The Group has historically calculated the provision for income taxes during interim reporting periods by applying an estimate of the AETR for the full fiscal year to ordinary income or loss (pretax income or loss excluding unusual or infrequently occurring discrete items) for the reporting period.

The income tax expense for the Current Period was calculated using a discrete effective tax rate method based on year-to-date results, instead of applying the AETR due to the variations in the expected ordinary income, overall and by jurisdiction. The Company will evaluate the use of the appropriate method to calculate the income tax expense at each interim reporting period.

The Company's effective tax rate for the Current Period was negative 36.16%, including the impact of discrete items. For the Comparable Period, the tax expense recognized was based on the estimated AETR. Due to the different methodologies utilized to calculate the interim tax provisions, it is not beneficial to numerically reconcile the change in estimated tax rate.

7.7.3. Results of operations for the financial year ended 31 December 2023 compared to the financial year ended 31 December 2022

Net loss attributable to shareholders for the financial year ended 31 December 2023 was $15.4 million, or $1.16 per basic share, on operating revenues of $383.1 million, compared to net loss attributable to shareholders for the financial year ended 31 December 2022 of $3.4 million, or $0.26 per basic share, on operating revenues of $278.7 million.

The following table is an analysis of the Group's operating results for the years ended 31 December 2023 and 2022:

(USD in thousands)	Year ended 31 December		Favourable/ (Unfavourable)	
Consolidated:	**2023**	**2022**	$	**%**
Revenues				
Contract drilling services	$ 260,611	$ 154,116	$ 106,495	69%
Mangement fees	19,486	10,834	8,652	80%
Reimbursables and other	103,039	113,766	(10,727)	-9%
Total revenues	383,136	278,716	104,420	37%
Operating costs and expenses:				
Operating costs	290,125	234,832	55,293	24%
General and administrative	21,730	23,009	(1,279)	-6%
Depreciation	44,458	44,428	30	0%
Gain on EDC Sale	3	(61,409)	61,412	-100%
Total operating costs and expenses	356,316	240,860	115,456	48%
Income from operations	26,820	37,856	(11,036)	-29%
Other (expense) income				
Interest Income	750	1,108	(358)	-32%
Interest expense and financing charges	(21,591)	(34,351)	12,760	-37%
Other, net	(405)	(3,668)	3,263	-89%
Total other expense	(21,246)	(36,911)	15,665	-42%
Income before income taxes	5,574	945	4,629	490%
Income tax provision	21,479	4,313	17,166	398%
Net loss	(15,905)	(3,368)	12,537	372%
Net loss attributable to non-controlling interests	(529)	(13)	(516)	n/m
Net loss attributable to shareholders	($15,376)	($3,355)	($12,021)	358%
Drilling Services:				
Revenue				
Contract drilling services	$ 179,590	$ 151,509	$ 28,081	19%
Management fees	-	-	-	
Reimbursables and other	22,728	27,685	(4,957)	-18%
Total revenue	202,318	179,194	23,124	13%
Operating costs	140,237	142,935	(2,698)	-2%
General and administrative	-	-	-	-
Depreciation	42,713	42,813	(100)	0%
Gain on EDC Sale	-	-	-	-
Total operating costs and expenses	182,950	185,748	(2,798)	-2%
Income (loss) from operations	19,368	(6,554)	25,922	396%
Managed Services				
Revenues				
Contract drilling services	$ 81,021	$ 2,607	$ 78,414	n/m

(USD in thousands)	Year ended 31 December		Favourable/ (Unfavourable)	
Consolidated:	**2023**	**2022**	$	**%**
Management fees	19,486	10,834	8,652	80%
Reimbursables and other	80,311	86,081	(5,770)	-7%
Total revenue	180,818	99,522	81,296	82%
Operating costs and expenses				
Operating costs	149,888	91,896	57,992	63%
General and administrative	-	-	-	-
Depreciation	-	-	-	-
Gain on EDC Sale	-	-	-	-
Total operating costs and expenses	149,888	91,896	57,992	63%
Income from operations	30,930	7,626	23,304	306%

Consolidated Revenue:

Total revenue increased $104.4 million due primarily to an increase in operating activities in the year ended 31 December 2023 as discussed below.

Drilling Services Revenue:

Contract drilling revenue increased $28.1 million primarily as the result of the Tungsten Explorer and the Soehanah on contracts at higher day rates in the year ended 31 December 2023 as compared to the year ended 31 December 2022, as well as higher mobilization revenue on the Topaz Driller in the year ended 31 December 2023 versus the year ended 31 December 2022. These increases were partially offset by lower contract drilling revenue during the same period as the Group operated three fewer jack-up rigs (each of which were included in the EDC Sale). Reimbursables and other revenue decreased $5.0 million in the year ended 31 December 2023 as compared to the year ended 31 December 2022, primarily as a result of the changes in drilling contracts, as well as the Tungsten Explorer operating fewer days in the year ended 31 December 2023 as compared to the year ended 31 December 2022. These decreases were offset by higher reimbursables costs and bareboat charter fees earned on the Topaz Driller.

Managed Services Revenue:

Contract drilling revenue increased $78.4 million due to the Polaris, which is currently operated by the Company. Management fees increased $8.7 million in the year ended 31 December 2023 as compared to the year ended 31 December 2022 primarily due to the Company's management of the rigs included in the EDC Sale as well as the deepwater floater owned by Seadrill. Reimbursables and other revenue decreased $5.8 million in the year ended 31 December 2023 as compared to the year ended 31 December 2022 primarily as a result of reactivation activities on the Polaris in the year ended 31 December 2022, offset by higher reimbursables on the Capella in the year ended 31 December 2023.

Consolidated Operating Costs:

Total operating costs increased 24% due primarily to an increase in operating activities in the year ended 31 December 2023 as discussed below.

Drilling Services Operating Costs:

Drilling Services Operating costs for the year ended 31 December 2023 decreased 2% as compared to the year ended 31 December 2022 primarily as a result of (i) the Company operating three fewer jack-up rigs (each of which were included in the EDC Sale), (ii) lower repairs and maintenance, and labor and taxes and license costs related to fees incurred on the Topaz Driller in the year ended 31 December 2023 as compared to the year ended 31 December 2022, and (iii) lower reimbursable cost on the Tungsten Explorer. These amounts were offset by higher: (i) labor and repairs and maintenance costs on the Platinum in the year ended 31 December

2023 as compared to the year ended 31 December 2022 and (ii) labor, repairs and maintenance, fuel and amortization of mob costs on the Tungsten Explorer in the year ended 31 December 2023 as compared to the previous years.

Managed Services Operating Costs:

The increase in Managed Services operating costs in the year ended 31 December 2023 as compared to the year ended 31 December 2022 is the result of the Group's management of certain deepwater floaters (as discussed in "Managed Services Revenue" above).

General and Administrative Expenses:

Decreases in general and administrative expenses for the year ended 31 December 2023 as compared to the year ended 31 December 2022 were primarily due to (i) lower compensation expense as a result of bonuses paid in the year ended 31 December 2022 that did not reoccur in the year ended 31 December 2023, and (ii) lower insurance and office rent. These decreases were partially offset by higher costs arising from the transition from the Group's Houston office to its Dubai office, and travel and entertainment. General and administrative expenses for the year ended 31 December 2023 included approximately $0.4 million for non-cash share-based compensation expense compared to the year ended 31 December 2022 which was immaterial.

Depreciation Expense:

Depreciation expense is primarily related to rigs owned by the Group included in the Group's Drilling Services segment. The Managed Services segment does not currently own depreciable assets. Depreciation expense for the year ended 31 December 2023 is generally consistent with the year ended 31 December 2022.

Gain on EDC Sale:

During the year ended 31 December 2022, the Group recorded a net gain of approximately $61.4 million related to the EDC Sale. Interest Income: The decrease in interest income for the year ended 31 December 2023 as compared to the year ended 31 December 2022 was due primarily to lower cash balances in investment accounts during the year ended 31 December 2023.

Interest Expense and Financing Charges:

Decreases in interest expense and financing charges in the year ended 31 December 2023 as compared to the year ended 31 December 31 2022 were primarily due to lower outstanding debt as a result of the pay down of the 9.25% First Lien Notes in the quarter ended 31 December 2022, offset by higher interest rates due to the refinancing of the remaining balance with the 9.50% First Lien Notes during the quarter ended 31 March 2023. Non-cash deferred financing costs included in "Interest expense and financing charges" was approximately $2.8 million for the year ended 31 December 2023, which included a $0.7 million write-off of deferred financing costs as a result of the redemption of the remaining 9.25% First Lien Notes, and $2.4 million for the year ended 31 December 2022, which included a $0.7 million write-off of deferred financing costs as a result of the partial redemption of the 9.25% First Lien Notes as described in "Note 5. Debt" of the "Notes to Consolidated Financial Statements".

Other, Net:

The Company's functional currency is USD; however, a portion of the revenues earned, and expenses incurred by certain of its subsidiaries are denominated in currencies other than USD. These transactions are re-measured in USD based on a combination of both current and historical exchange rates. A net foreign currency exchange loss of $0.4 million and $3.7 million, primarily due to devaluation of local currency were included in "Other, net," for the year ended 31 December 2023 and the year ended 31 December 2022, respectively.

Income Tax Provision**:**

Income tax expense increased in the year ended 31 December 2023 as compared to the year ended 31 December 2022, mainly due to increased revenue and change in jurisdictions in which the Group operate, combined with the effects of credits in the year ended 31 December 2022. The Group's income taxes are generally dependent upon the results of its operations and the local income tax regimes in the jurisdictions in which it operates. In some jurisdictions, the Group does not pay taxes or receive benefits for certain income and expense items, including interest expense and disposal gains or losses. In other jurisdictions, the Group is subject to income taxes on a net income basis or a deemed profit basis.

7.8. Financial review of the Company's consolidated financial position

7.8.1. Description of balance sheet line items

Total current assets

Total current assets comprise mainly cash and cash equivalents, restricted cash, trade receivables, materials and supplies, and prepaid expenses and other current assets.

Property and equipment, net

Property and equipment, net, consist of drilling equipment, assets under construction, office and technology equipment, leasehold equipment, and accumulated depreciation.

Other assets

Other assets consist of non-current restricted cash, deferred certification costs, non-current deferred contract costs, deferred income taxes, non-current tax receivables, other non-current assets. Also includes operating lease ROU assets, which consist of operating leases with an initial term greater than 12 months.

Total assets

Total assets are the total of total current assets, property and equipment (net), operating lease ROU assets and other assets.

Total current liabilities

Total current liabilities consist of accounts payable and other current liabilities.

Total noncurrent liabilities

Total noncurrent liabilities consist of other long-term liabilities and long term debt, net of discount and financing costs.

Controlling interest shareholders' equity

Controlling interest shareholders' equity consist of ordinary shares (issued and outstanding each period), additional paid-in capital and accumulated deficit.

Total equity

Total equity consists of non-controlling interests and controlling interest shareholders' equity.

Total liabilities and shareholders' equity

Total liabilities and shareholders' equity consist of total current liabilities, total noncurrent liabilities and total equity.

7.8.2. Condensed consolidated balance sheets as at 30 June 2024 compared to 31 December 2023

The below table provides selected data pertaining to the Group's balance sheet as at 30 June 2024 and 31 December 2023:

	(Unaudited)	
(In thousands, except per share data)	**30 June 2024**	**31 December 2023**
ASSETS		
Current assets		
Cash and cash equivalents	$ 40,290	$ 73,206
Restricted cash	2,264	1,828
Trade receivables, net of allowance	56,534	74,113

Materials and supplies	52,470	46,704
Prepaid expenses and other current assets	35,501	37,423
Total current assets	187,059	233,274
Property and equipment		
Property and equipment	677,304	660,449
Accumulated depreciation	(374,459)	(352,357)
Property and equipment, net	302,845	308,092
Other assets	42,971	20,367
Total assets	$ 532,875	$ 561,733
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	60,730	62,245
Other current liabilities	38,277	51,946
Total current liabilities	99,007	114,191
Long–term debt, net of discount and financing costs	191,294	190,107
Other long-term liabilities	12,725	10,741
Total Noncurrent liabilities	204,019	200,848
Shareholders' equity		
Ordinary shares, $0.001 par value, 50 million shares authorized;	13	13
Additional paid-in capital	634,519	633,963
Accumulated deficit	(405,615)	(388,523)
Controlling interest shareholders' equity	228,917	245,453
Noncontrolling interests	932	1,241
Total equity	229,849	246,694
Total liabilities and shareholders' equity	$ 532,875	$ 561,733

7.8.3. Consolidated balance sheets at 31 December 2023 compared to 31 December 2022

The below table provides selected data pertaining to the Group's balance sheet as at 31 December 2023 and 2022:

(In thousands, except per share data)	**December 31,**	
	2023	**2022**
ASSETS		
Current assets		
Cash and cash equivalents	$ 73,206	$ 74,026
Restricted cash	1,828	16,450
Trade receivables, net of allowance	74,113	62,776
Materials and supplies	46,704	41,250
Prepaid expenses and other current assets	37,423	25,621
Total current assets	233,274	220,123
Property and equipment		
Property and equipment	660,449	647,909
Accumulated depreciation	(352,357)	(309,453)

Property and equipment, net	308,092	338,456
Other assets	20,367	19,982
Total assets	$ 561,733	$ 578,561
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	62,245	57,775
Other current liabilities	51,946	66,179
Total current liabilities	114,191	123,954
Long–term debt, net of discount and financing costs	190,107	179,227
Other long-term liabilities	10,741	12,881
Total non-current liabilities	200,848	192,108
Shareholders' equity		
Ordinary shares, $0.001 par value, 50 million shares authorized;	13	13
Additional paid-in capital	633,963	633,863
Accumulated deficit	(388,523)	(373,147)
Controlling interest shareholders' equity	245,453	260,729
Noncontrolling interests	1,241	1,770
Total equity	246,694	262,499
Total liabilities and shareholders' equity	$ 561,733	$ 578,561

Variance explanations: comparison of balance sheet of 31 December 2023 against the comparable period in 2022

Total current assets

The Group's total current assets as at 31 December 2023 were USD 233,274 thousands, compared to USD 220,123 thousands as at 31 December 2022. The increase of approximately USD 13,151 thousands was principally driven by increased inventory and accounts receivable as a result of increased operating activity.

Property and equipment, net

The Group's property and equipment, net, as at 31 December 2023 were USD 308,092 thousands, compared to USD 338,456 thousands as at 31 December 2022. The decrease of approximately USD 30,364 thousand primarily due to depreciation of equipment by USD 44,458 thousands offset by capital additions of USD 14,094 thousands.

Other assets

The Group's other assets as at 31 December 2023 were USD 20,367 thousands, compared to USD 19,982 thousands as at 31 December 2022. The change was immaterial.

Total assets

The Group's total assets as at 31 December 2023 were USD 561,733 thousands, compared to USD 578,561 thousands as at 31 December 2022. The decrease of approximately USD 16.828 thousands was principally driven by the explanations above.

Total current liabilities

The Group's total current liabilities as at 31 December 2023 were USD 114,191 thousands, compared to USD 123,954 thousands as at 31 December 2022. The decrease of approximately USD 9,793 thousand was principally due to lower deferred revenue and other obligations, partially offset by increased interest payable associated with the 9.50% First Lien Notes.

Total non-current liabilities

The Group's total non-current liabilities as at 31 December 2023 were USD 200,848 thousands, compared to USD 192,108 thousands as at 31 December 2022. The decrease of approximately USD 8,740 thousands was principally driven by the issuance of the current 9.50% First Lien Notes offset by settlement of previously held 9.25% First Lien Notes and other obligations.

Total equity

The Group's total equity as at 31 December 2023 were USD 246,694 thousand, compared to USD 262,499 thousands as at 31 December 2022. The decrease of approximately USD 15,805 was principally driven by annual earnings for the period.

Total liabilities and shareholders' equity

The Group's total liabilities and shareholders' equity as at 31 December 2023 were USD 561,733 thousands, compared to USD 578,561 thousands as at 31 December 2022. The decrease of approximately USD 16,828 was principally driven by the explanations above.

7.9. Liquidity and capital resources

7.9.1. Capital structure and equity

The Company's capital structure is comprised of debt and equity. The Company's indebtedness includes $200 million aggregate principal amount of 9.50% First Lien Notes due 2028. The Company also has borrowed $25 million under the Revolving Credit Facility, of which borrowings were available for general corporate purposes, including for contract preparation and rig upgrades. In July 2024, the Company made its initial drawing of $25.0 million against the Revolving Credit Facility. As of 30 June 2024, the Company has 13,295,262 shares of common stock outstanding.

In connection with the contemplated sale of the jack-up rigs which is subject to closing (the ADES Transaction), which will constitute a "Vessel Sale" under the Indenture, the Company is required, within 30 days following the Company's receipt of net proceeds of such Vessel Sale, to redeem the maximum principal amount of First Lien Notes that can be redeemed with 100% of the net proceeds of such Vessel Sale at a redemption price equal to 100% of the aggregate principal amount of the First Lien Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the applicable redemption date, subject to the rights of noteholders on the relevant record date to receive interest due on the relevant interest payment date.

7.9.2. Sources of liquidity

The Group's anticipated cash flow needs, both in the short- and long-term, may include, among others: (i) normal recurring operating expenses; (ii) planned, discretionary or contractually required capital expenditures; (iii) repayments of interest; and (iv) certain contractual cash obligations and commitments. The Group may, from time to time, redeem, repurchase or otherwise acquire outstanding 9.50% First Lien Notes through open market purchases, tender offers or pursuant to the terms of such securities.

The Group currently expect to fund its cash flow needs with cash generated by the Group's operations, cash on hand or borrowing from the Revolving Credit Facility or proceeds from sales of assets. As of 30 June 2024, the Group believes that it maintains adequate cash reserves and are continuously managing its actual cash flow and cash forecasts.

As of 30 June 2024, the Group had working capital of approximately $88.1 million, including approximately $40.3 million of cash available for general corporate purposes. Scheduled debt service consists of interest payments through 31 December 2024 of approximately $9.5 million. In addition, the Company may be required to redeem a portion of the outstanding 9.50% First Lien Notes, at par value, in the first half of each year as a result of mandatory excess cash flow provisions included in the 9.50% First Lien Notes Indenture. Any such redemption, if and when consummated, could materially and adversely impact the Company's overall cash flows. For the period ended 30 June 2024, the Group did not generate excess cash flows as contemplated under the 9.5% First Lien Notes Indenture and therefore, the Group are not currently required to redeem a portion of the outstanding 9.5% First Lien Notes.

The Group anticipates that its capital expenditures through 30 June 2025 to be between approximately $30.7 million and $37.6 million. As the Group's rigs obtain new contracts, the Group could incur reactivation and mobilization costs for these rigs, as well as customer requested equipment upgrades, some (or all) of which could be significant and may not be fully recoverable from the customer. Based on the Group's levels of activity anticipated, incremental expenditures through 30 June 2025 for special periodic surveys, major repair and maintenance expenditures and equipment re-certifications are anticipated to be between approximately $33.4 million and $40.8 million. As of 30 June 2024, the Group maintained letters of credit and bank guarantees in the aggregate amount of $9.8 million.

On 6 February 2024, the Company entered into the TE-Vantage MOU, which may materially impact the Group's liquidity in 2024 and beyond (see "Note 1. Organization and Recent Events" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of the

financial statements as of and for the year ended 31 December 2023 for further information regarding TE-Vantage MOU and the related TE-Vantage JV Transaction).

On 3 May 2024, the Company entered into the Revolving Credit Facility, pursuant to which it may borrow up to an aggregate principal amount at any time outstanding of $25.0 million. Borrowings, if any, would be available for general corporate purposes, including for contract preparation and rig upgrades, some of which is reimbursable by the client after contract commencement. The Revolving Credit Facility fully matures no later than 2 May 2025 and is secured on a first lien basis, pari passu with the 9.50% First Lien Notes. In July 2024, the Company made its initial drawing of $25.0 million against the facility.

On 8 September 2024, the Group entered into separate purchase and sale agreements to sell the Topaz Driller and shares of the entity that owns the Soehanah jack-up, respectively, to a subsidiary of ADES International Holding Ltd. for an aggregate purchase price of $190 million. The transactions are subject to closing conditions, including but not limited to, the entry into of management agreements pursuant to which the Group is expected to manage the two jack-up rigs for a period of three years each for a management fee of $3.0 million per rig per year along with an expected amendment to the existing support services agreement relating to the Emerald Driller, which is expected to increase the related support services fee to $1.5 million per year. Pursuant to the terms of the indenture governing the First Lien Notes, the proceeds from the sale of the Topaz Driller and the shares of the entity that owns the Soehanah are mandatorily required to be applied towards paying outstanding debt under the First Lien Notes equal to the amount of net proceeds from the transaction.

The Group enters into operating leases as part of its normal course of business for office space, housing, vehicles and specified operating equipment. Some of these leases contain options that would cause the Group's future cash payments to change if such options are exercised.

7.9.3. Restrictions on use of capital

The Group is subject to certain restrictive covenants under the terms of the agreements governing the Group's indebtedness, including restrictions on the Group's ability to pay any cash distributions. See Section 7.9.8 "*Financing arrangements*" below.

7.9.4. Summarized cash flow information

The following table presents the Group's historical cash flows for the years ended 31 December 2023 and 2022, as derived from the Financial Statements, and for the six-month period ended 30 June 2024 as derived from the Interim Financial Statements.

In USD thousands		**Year ended 31 December**		**(Unaudited) Six-month period ended 30 June**	
		2023	**2022**	**2024**	**2023**
Cash flows (used in) provide by operating activities ………………………….….	$	2,199	(18,874)	(11,288)	(11,080)
Cash flows (used in) provided by investing activities …………………………………	$	(14,094)	191,523	(17,326)	(2,637)
Cash flows (used in) provided by financing activities …………………………………	$	2,613	(170,000)	(4,550)	2,831

7.9.5. Cash flow by or used in operating activities

Net cash used in operating activities for the year ended 31 December 2023, decreased $21.0 million from the year ended 31 December 2022. This decrease was due primarily to changes in net (loss) income (see discussion of changes in net (loss) income above in "Results of Operations" in Part II, Item 7 of the financial statements for the financial year ended 31 December 2023).

Net cash used in operating activities for the period ended 30 June 2024, increased $0.2 million from the period ended 30 June 2023. This increase was primarily due to changes in net loss during the relevant periods (see the discussion of changes in "net loss" above in "Results of Operations" of the Interim Financial Statements, Part I, Item 2).

7.9.6. Cash flow by or used in investing activites

Net cash provided by investing activities for the year ended 31 December 2023, decreased $205.6 million from the year ended 31 December 2022. This decrease was due primarily to (i) net proceeds of $198.7 million that were derived from the EDC Sale, (ii) net proceeds of $3.1 million derived from the sale of various assets in the year ended 31 December 2022, and (iii) an increase of $3.8 million with respect to the purchase of property and equipment.

Net cash used in investing activities for the period ended 30 June 2024, increased $14.7 million from the period ended 30 June 2023. This increase was primarily due to the purchase of property and equipment.

7.9.7. Cash flow by or used in financing activities

Net cash used in financing activities for year ended 31 December 2023, decreased $172.6 million from the year ended 31 December 2022. This decrease was due primarily to (i) net proceeds of $188.4 million that were derived from the issuance of the 9.50% First Lien Notes (as described in "Note 5. Debt" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of financial statements for the financial year ended 31 December 2023), (ii) the redemption of the principal balance of the 9.25% First Lien Notes for $180.0 million (as described in "Note 5. Debt" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of the financial statements for the financial year ended 31 December 2023) and (iii) the $5.3 million payment of dividend equivalents (as described in "Note 6. Shareholders' Equity" in Part II, Item 8 of financial statements for the financial year ended 31 December 2023), offset by the redemption of $170.0 million of the 9.25% First Lien Notes in the year ended 31 December 2022.

Net cash used in financing activities for the period ended 30 June 2024, increased $7.3 million from the period ended 30 June 2023. (i) proceeds, net of debt issuance cost of $188.4 million derived from the issuance of the 9.50% First Lien Notes; (ii) the redemption of the principal balance of the 9.25% First Lien Notes for $180.0 million; (iii) the $2.0 million decrease in payment of dividend equivalents; and (iv) $0.8 million payment of debt issuance costs for the Revolving Credit Facility

7.9.8. Financing arrangements

The Group's financing arrangements include the following financial covenants:

(i) The 9.50% First Lien Notes

The 9.50% First Lien Notes contains customary covenants that will limit the Company's ability and, in certain instances, the ability of the Company's subsidiaries, to borrow money, create liens on assets, make distributions and pay dividends on or redeem or repurchase stock, make certain types of investments, enter into agreements that restrict dividends or other payments from subsidiaries, enter into transactions with affiliates, issue guarantees of debt, and sell assets or merge with other companies. These limitations are subject to several important exceptions and qualifications set forth in the 9.50% First Lien Notes.

(ii) The Revolving Credit Agreement

The Revolving Credit Facility contains covenants that are more restrictive than those governing the 9.50% First Lien Notes limiting, among other things, the Company's ability to incur indebtedness, pay dividends and make certain investments. Further, the Revolving Credit Facility contains a financial covenant that requires the Company to maintain a minimum interest coverage ratio of not less than 1.25:1, as of the last day of any fiscal quarter.

For further information on the Group's 9.50% First Lien Notes and Revolving Credit Agreement, see Sections 6.9.1 "*The First Lien Notes"* and 6.9.3 *"The Revolving Credit Facility"*, respectively. In addition to the 9.50% First Lien Notes and Revolving Credit Facility, the Group's financing arrangements include letters of credit and bank guarantees for performance obligations provided by reputable financial institutions. As of 31 December 2023, the Group maintained letters of credit and bank guarantees in the aggregate amount of $8.4 million. Additionally, see Sections 6.9.4 "Agreements with ADES" and 7.9.1 "Capital structure and equity" for details regarding the redemption of the First Lien Notes in connection with the ADES Transaction (such transaction being subject to closing).

7.9.9. Bank deposits, cash and cash equivalents

Restricted cash represents cash held by banks as collateralizing letters of credit. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets that sum to the total of the same amounts shown in the consolidated statement of cash flows as follows:

In USD thousands			**(Unaudited)**
	31 December		**30 June**
	2023	**2022**	**2024**
Cash and cash equivalents ………………………………..…	$ 73,206	$ 74,026	$ 40,290
Restricted cash …………………………………	1,828	16,450	2,264
Restricted cash included within other assets …………………………………	8,941	2,781	8,257
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 83,975	$ 93,257	$ 50,811

7.10. Investments

The Group did not make any material investments in the financial years ended 31 December 2023 and 2022.

On 6 February 2024, VHI entered into the TE-Vantage MOU with TotalEnergies to form the TE-Vantage JV that will own the Tungsten Explorer, with Vantage owning the remaining 25% interest. The transaction is subject to definitive agreements being entered into as well as customary conditions precedent. See Section 6.9.2 "*The TE-Vantage JV Transaction*" for further information.

On 8 September 2024, the Group entered into separate purchase and sale agreements to sell the Topaz Driller and shares of the entity that owns the Soehanah jack-up, respectively, to a subsidiary of ADES International Holding Ltd. for an aggregate purchase price of $190 million, to be settled in cash (the ADES Transactions). The ADES Transactions are subject to closing conditions. See section 6.9.4 "*Agreements with ADES*", under the subheading *"The sale of the Group's jack-up rigs to ADES and the Group's management of the rigs going forward"*, for further information.

Further, as offshore drilling and rig ownership is a capital-intensive business, the Group is currently upgrading two of its rigs and will have investments projected for the Tungsten Explorer in 2025:

- Topaz Driller: Currently undergoing upgrades requested by the client and to be mostly reimbursed upon contract commencement.

- Platinum Explorer: Currently undergoing blow out preventer upgrade so that the rig can be marketed world-wide.

- Tungsten Explorer: 2025 will mark the rig's 10th anniversary which will include a capital-intensive investment on the blow out preventer of the rig.

7.11. Significant changes

Since 30 June 2024, there has been no significant change in the financial or trading position of the Group.

8. BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

8.1. Introduction

The Board of Directors 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. In accordance with Bermuda law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business, ensuring proper organization, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management, shall, together with the Board of Directors, be responsible for the day-to-day management of the Company's operations in accordance with instructions set out by the Board of Directors. Among other responsibilities, the Management is responsible for keeping the Company's accounts in accordance with applicable legislation and regulations and for managing the Company's assets in a responsible manner.

8.2. The Board of Directors

8.2.1. Overview of the Board of Directors

The Bye-laws provide that the Board of Directors shall consist of such number of Directors (not exceeding nine) as may be fixed by the Board of Directors from time to time. The Board of Directors shall be elected by the Company's shareholders at the annual general meeting or at any special general meeting called for that purpose. The names and positions of the members of the Board of Directors at the date of this Information Document are set out below.

Name	Position	Served since	Term expires
Thomas Robert Bates Jr.	Chair	2024	2025
Jørn Peter Madsen	Board Member	2024	2025
Nils E. Larsen	Board Member	2024	2025
Ihab M. Toma	Board Member	2024	2025
Louis Spencer Wells	Board Member	2024	2025
Scott McReaken	Board Member	2024	2025

The Company's registered office at c/o Walkers Corporate (Bermuda) Limited, Park Place, 55 Par La Ville Road, Hamilton HM 11, Bermuda serves as the business address for the members of the Board of Directors in relation to their respective directorships of the Company.

8.2.2. Brief biographies of the Board Members

Set out below are brief biographies of the Board Members. The biographies include each Board Member's 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 previous five years.

Thomas R. Bates, Jr. (Chair)

Thomas R. Bates, Jr. served as Chair of the Board of Directors of Former VDI Topco since 10 February 2016, and as a Chair of the Board of Directors of the Company since 8 February 2024. Mr. Bates has over 45 years of operational experience in the oil and gas industry, having held executive leadership positions at several major energy companies. He is currently an adjunct professor and member of the advisory board for the Energy Institute at the Neeley School of Business at Texas Christian University in Fort Worth where he teaches energy macroeconomics. He also lectures in geopolitics and energy at the Skema Business School in Lille, France. Mr. Bates joined Lime Rock Management LP, an energy focused private equity firm, as managing director in 2001 and became a senior advisor of the firm in 2010 before retiring in 2013. Mr. Bates previously served as group president at Baker Hughes from 1998 through 2000, chief executive officer at Weatherford-Enterra from 1997 to 1998, and spent 15 years in management positions at Schlumberger, finishing as president of the Anadrill division where he was responsible for the introduction of new drilling products and technologies. Mr. Bates began his career at Shell Oil Company. Through his experience in both energy and oilfield service companies, Mr. Bates provides significant insight into management and corporate strategy, including audit committee matters, that the Company believes is essential for its growth. His experience in private equity provides valuable entrepreneurial insight. Additionally, Mr. Bates has significant experience sitting on compensation and audit committees providing the Company with insight into corporate governance and other matters. Mr. Bates has a doctorate in mechanical engineering from the University of Michigan. Mr. Bates serves on the Audit Committee.

Directorships and senior management positions	
Current directorships and senior management positions	SSR Mining, Inc. (Director and Compensation Committee Chairman

	2020 to present), TETRA Technologies (Director and Compensation Committee Chairman 2011 to present)
Previous directorships and senior management positions – last five years	Alacer Gold Corporation (Director and Compensation Committee Chairman 2014 to 2020), Independence Contract Drilling (Chairman 2011 to 2020), Tidewater, Inc. (Chairman 2017 to 2019) and Weatherford International PLC (Chairman 2019 to 2020)

Jørn Madsen, Board Member

Jørn Madsen has served as a director of Former VDI Topco since 25 October 2023, and as a director of the Company since 8 February 2024. He is also a member of the board of the Danish company BMS Heavy Cranes A/S. Mr. Madsen has previously served as the Chief Executive Officer of CHC Group LLC. Prior to this, he served as Chief Executive Officer of Maersk Drilling from November 2016, overseeing the company's successful merger with Nasdaq-listed Noble Corporation in October 2022. Mr. Madsen joined Maersk in 1990 and his career in offshore drilling spanned technical, operational and leadership roles. These included Operations Manager, Managing Director of Maersk Drilling in Norway, Chief Executive Officer of Maersk Supply Service, and Chief Operating Officer and Chief Executive Officer of Maersk Drilling. Mr. Madsen is a Danish citizen and holds a Master's degree in Science in Engineering from the Danish Technical University and an MBA from IMD and the University of Geneva. Mr. Madsen serves on the Compensation Committee.

Directorships and senior management positions	
Current directorships and senior management positions	N/A
Previous directorships and senior management positions – last five years	Chief Executive Officer of CHC Group LLC (2023), Chief Executive Officer of Maersk Drilling (2016-2022)

Nils E. Larsen, Board Member

Nils E. Larsen has served as a director of Former VDI Topco since 10 February 2016, and as a director of the Company since 8 February 2024. Mr. Larsen is the Founder and, since 2013, President of SZR Consulting, LLC. SZR Consulting, LLC provides financial and operational advisory and consulting services to companies and investors in a variety of industries including oil and gas, media, sports and industrial services. In addition, Mr. Larsen has been working with The Carlyle Group since 2013 and is currently a consultant to the firm. Prior to forming SZR Consulting, LLC and the work with The Carlyle Group, Mr. Larsen served in a variety of senior executive positions with Tribune Company from 2008 to 2013, including as the President and Chief Executive Officer of Tribune Broadcasting and as the Co-President of Tribune Company. Before joining Tribune Company, Mr. Larsen was employed by Equity Group Investments, LLC from 1995 to 2008 (serving as a Managing Director from 2001 to 2008), focusing on investments in the media, transportation, energy, industrial manufacturing, retail grocery and member loyalty and rewards sectors. Mr. Larsen resumed a limited role with Equity Group Investments, LLC in 2013 although that relationship is currently no longer substantive. Mr. Larsen started his career at CS First Boston where he focused on the capital requirements and derivative products needs of U.S. financial institutions and non-U.S. based entities. Mr. Larsen has significant governance experience in entities across their lifecycles providing this essential insight to the Company. Mr. Larsen received his A.B. summa cum laude from Bowdoin College. Mr. Larsen serves on as chairman of the Audit Committee.

Directorships and senior management positions	
Current directorships and senior management positions	Treehouse REIT (January 2021 to present; Chairman of the Audit Committee January 2021 to present; Nominating and Governance Committee March 2023 to present), Compensation Committee 2018 to May 2021), LiveStyle, Inc. (2016 to present), McDermott International Inc. (Lead Director 2020 to June 2021; Chairman June 2021 to present; Chairman of the Compensation Committee 2020 to present; Nominating and Governance Committee 2020 to present); Noble Trading Resources Holdings Limited (April 2022 to present; Business Risk Oversight Committee April 2022 to present; ESG Committee March 2023 to present).
Previous directorships and senior management positions – last five years	Extreme Reach (2015 to October 2022; Compensation Committee 2018 to October 2022), Liberty Tire Recycling Holdings (Chairman 2015 to May 2021); Blackhawk Mining LLC (2018 to October 2019), Esterline Technologies Corporation (2016 to 2019; Audit Committee and Enterprise Risk Committee 2016 to 2019) and Veridiam, Inc. (April

	2019 to September 2020; Chairman August 2019 to September 2020).

Ihab M. Toma, Board Member

Ihab Toma has served as a member of the Board of Directors and as Chief Executive Officer of Former VDI Topco since 29 August 2016, and as Chief Executive Officer and director of the Company since 8 February 2024. Mr. Toma has over 37 years of experience in the oilfield industry. From 2014 until 2016, Mr. Toma served as a senior advisor to First Reserve Corporation, a leading global private equity and infrastructure firm exclusively focused on energy. Previously, Mr. Toma served from 2009 until 2013 in various executive capacities at Transocean, as Executive Vice President – Chief of Staff, Executive Vice President – Operations, Executive Vice President – Global Business and Senior Vice President – Marketing and Planning. Prior to his time at Transocean, from 1986 until 2009, Mr. Toma served in multiple capacities at Schlumberger. He served as Vice President, Sales and Marketing for Europe, Africa and Caspian for Schlumberger Oilfield Services from April 2006 to August 2009. From 2000 to 2006, he led Schlumberger's Information Solutions business in various capacities, including President, Vice President – Sales and Marketing, Vice President – Information Management and Vice President – Europe, Africa and CIS Operations. Mr. Toma began his career with Schlumberger in 1986. Mr. Toma holds a Bachelor of Science degree in Electrical, Electronics and Communications Engineering from Cairo University, Egypt.

Directorships and senior management positions	
Current directorships and senior management positions	Apex International (January 2019 to present), 3T/Drilling Systems (UK) Ltd. (June 2015 to present)
Previous directorships and senior management positions – last five years	AGR Group (Vice Chairman from January 2015 to December 2018), Engström & Engstöm (Chairman from May 2014 to May 2017), Fara-Rever (January 2018 to February 2021) and Paradigm Geophysical Corp (October 2013 to April 2018).

L. Spencer Wells, Board Member

L. Spencer Wells has served as a director of Former VDI Topco since 10 February 2016, and as a director of the Company since 8 February 2024. Mr. Wells is a founder and, since 2013, has been a Partner of Drivetrain Advisors, a provider of fiduciary services to the alternative investment community, with a particular expertise in restructuring and turnarounds. From 2010 to 2013, Mr. Wells served as a senior advisor and partner with TPG Special Situations Partners where he helped manage a $2.5B portfolio of liquid and illiquid distressed credit investments. Mr. Wells served as a partner at Silverpoint Capital from 2002 to 2009 where he managed a $1.3B investment portfolio consisting primarily of stressed and distressed bank loans and bonds focusing on the oil and gas exploration and production, oilfield services, power generation, financial institutions and chemicals industries. He previously served as an analyst on the distressed debt trading desks at Union Bank of Switzerland, Deutsche Bank and Bankers Trust. Mr. Wells' significant experience in the debt, equity and capital markets provides the Board of Directors with insight into operating the Company following its reorganization plan. Mr. Wells also has significant experience serving on private and public companies' boards, which gives him insight into matters regarding corporate governance and fiduciary responsibilities. Mr. Wells received his Bachelor of Arts degree from Wesleyan University and his Masters of Business Administration from the Columbia Business School. Mr. Wells serves on the Audit Committee and as the Chairman of the Compensation Committee.

Directorships and senior management positions	
Current directorships and senior management positions	Advanced Emissions Solutions, Inc. (Chairman 2014 to present), Aventine Property Group (Chairman 2021 to present), Drivetrain Advisors LLC (2013 to present), NextDecade Corp (2017 to present), Parker Drilling, Inc. (2019 to present), RMFT Advisors LLC (2013 – present), Samson Resources II LLC (2017 to present), Treehouse REIT, Inc. (January 2019 to present).
Previous directorships and senior management positions – last five years	International Walls, Inc. (2020 to 2022), Vanguard Natural Resources (January 2019 to 2020), Jones Energy, Inc. (2018 to 2019), Affinion Group Holdings, Inc. (Chairman 2015 to 2017), Certus Holdings, Inc. and CertusBank, N.A (2014 to 2016), Global Geophysical Services, Inc. (Chairman 2015 to 2016), Lily Robotics, Inc. (2017), Preferred Proppants LLC (2014 to 2018), Syncora Holdings, Ltd. (2015 to 2016), Telford Offshore Holdings Ltd (2018 to 2020), Roust Corporation (2017), Town Sports International Holdings, Inc. (2015 to 2020) and uBiome Inc. (2019).

Scott McReaken

Scott McReaken has served as a member of the Board of Directors since October 2024. Mr. McReaken has served as the Chief Financial Officer of One X, LLC (formerly known as Covenant Testing Technologies LLC), a private company providing oil and gas well completion services in major onshore US basins, since May 2024. Mr. McReaken previously served as the Chief Executive Officer of Northern Ocean Ltd. and Northern Drilling Ltd., affiliated Norwegian public companies owning and operating ultra-deepwater drilling rigs in Norway and West Africa, from November 2018 until April 2024. In addition, Mr. McReaken served as Chief Financial Officer of North Atlantic Drilling Ltd, a US public company based in Norway owning and operating offshore drilling rigs operating in the North Sea and the UK, from August 2015 until November 2018. Mr. McReaken served as Chief Executive Officer of Sevan Drilling Ltd, a Norwegian public company owning and operating ultra-deepwater drilling rigs in Brasil and the US Gulf, between 2013 and 2018. Previous experiences include serving senior leadership roles in oil and gas drilling companies, Seadrill Ltd. in Houston, Texas, Vantage Drilling Company in Houston, Texas, and Pride International Inc. in Luanda, Angola, Buenos Aires, Argentina, and Houston, Texas, after beginning his career at Arthur Andersen LP in Houston, Texas. Mr. McReaken has served as a director on the Board of Scandrill Inc., an onshore US drilling company, since January 2022, and served as the Secretary and Treasurer of the International Association of Drilling Contractors between 2013 and 2024. Mr. McReaken received a Bachelor of Business Administration in Accounting from The University of Texas McCombs School of Business and is a licensed Certified Public Accountant (CPA) and Certified Internal Auditor (CIA).

Directorships and senior management positions	
Current directorships and senior management positions	Chief Financial Officer of One X, LLC (May 2024 to present), board member of Scandrill Inc. (January 2022 to present).
Previous directorships and senior management positions – last five years	International Association of Drilling Contractors (January 2013 to May 2024), Sevan Drilling Ltd (December 2016 to November 2018), and Theatre Under the Stars (TUTS) (September 2018 to June 2024).

8.3. Management

8.3.1. Overview

The Group's Management team consists of 5 individuals. The names of the members of Executive Management as at the date of this Information Document, and their respective positions, are presented in the table below:

Name	**Current position within the Group**	**Employed with the Group since**
Ihab M. Toma	Chief Executive Officer	2016
Rafael Blattner	Chief Financial Officer	2013
William L. Thomson	Chief Commercial Officer/ Chief Technical Officer	2008
Derek Massie	Vice President of Human Resources	2018

**A new employee will join the Company as General Counsel, Chief Compliance Officer and Corporate Secretary, in November 2024.*

The Company's registered office at c/o Walkers Corporate (Bermuda) Limited, Park Place, 55 Par La Ville Road, Hamilton HM 11, Bermuda serves as the business address for the members of the Management in relation to their employment with the Group.

8.3.2. Brief biographies of the members of the Management

Set out below are brief biographies of the members of the Executive Management. The biographies include the members of Executive Management's 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 Executive Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years.

Ihab Toma, Chief Executive Officer

Ihab Toma has served as a member of the Board of Directors and as Chief Executive Officer of the Company since 29 August 2016. For a brief biography of Mr. Toma, please see above under Section 8.2.2. "*Brief biographies of the Board Members*".

Rafael Blattner, Chief Financial Officer

Mr. Blattner has served as Chief Financial Officer of Former VDI Topco since 1 August 2023, and as Chief Financial Officer of the Company since 8 February 2024. Mr. Blattner has been with the Company since August of 2013, most recently serving as the Company's Vice President of Corporate Development & MD Managed Rigs Services since June of 2022. Prior to that, Mr. Blattner served in various development, strategy and finance roles with the Company, including as Managing Director – Managed Rigs Services

& Corporate Development, and as Director of Corporate Finance & Treasurer. Mr. Blattner earned a Bachelor's of Science in Economics from the University of Houston, an MBA from the University of Texas at Austin – Red McCombs School of Business and completed the Advanced management Program at IESE Business School.

Directorships and senior management positions	
Current directorships and senior management positions	N/A
Previous directorships and senior management positions – last five years	N/A

William L. Thomson, Chief Commercial Officer/ Chief Technical Officer

Willam L. Thomson has served as the Group's Chief Commercial Officer/Chief Technical Officer since July 2022, and previously served as the Vice President of Marketing & Business Development since June 2016. Mr. Thomson has served as Chief Commercial Officer and Chief Technical Officer of the Company since 8 February 2024. Prior to that, he served as the Company's Vice President of Technical Services, Supply Chain & Projects from March 2008. Prior to joining the Company, Mr. Thomson worked for Transocean, and predecessor companies, beginning in 1994, where, in addition to other roles, Mr. Thomson served as Operations Manager – Assets in the United Kingdom sector of the North Sea managing ten semi-submersibles and as Technical Support Manager – Africa. Additionally, Mr. Thomson worked as a project manager responsible for various refurbishments, upgrades and new build jack-up projects in shipyards in Africa, Asia, Europe, and the Middle East. Mr. Thomson earned an Honours degree in Naval Architecture and Offshore Engineering from the University of Strathclyde (UK) in 1992 and a PgD in Oil and Gas Law from the Robert Gordon University in 2006.

Directorships and senior management positions	
Current directorships and senior management positions	N/A
Previous directorships and senior management positions – last five years	N/A

Derek Massie, Vice President of Human Resources

Derek Massie joined Former VDI Topco in 2017 and has served as Vice President of Human Resources since January 2018, and as the Company's Vice President of Human Resources since 8 February 2024. Prior to joining the Company, Mr. Massie served as Principal Consultant at Dynamic People Strategies Ltd from 2016 to 2017; Principal Consultant at Maxwell Drummond International from 2013 to 2016, conducting executive search assignments and executing human capital projects. Mr. Massie has held senior human resources roles with Rowan Drilling, Seadrill Ltd, Acergy MS Ltd, Aggreko Plc and Schlumberger. Mr. Massie is a Fellow of the Chartered Institute of People development and holds a masters degree in Business Administration from the Robert Gordon University.

Directorships and senior management positions	
Current directorships and senior management positions	N/A
Previous directorships and senior management positions – last five years	N/A

8.4. Benefits upon termination

In connection with their commencement of employment, Messrs. Toma and Massie each entered into employment agreements with the Group that provide for certain severance benefits upon certain terminations of employment. Futhermore, the Group has entered into an amended and restated employment agreements with Messrs. Thomson and Halkett, each effective 10 February 2016 (the "**Amended and Restated Employment Agreement**").

Pursuant to the Amended and Restated Employment Agreement for Mr. Thomson, and pursuant to Messrs. Blattner's, and Massie's employment agreement, upon a termination without "cause" or by the executive for "good reason", other than in connection with a change of control, the named executive officers are eligible to receive severance payments in an amount equal to one-times the sum

of the executive officer's base salary and target annual bonus for the year of termination (two times such amount for Mr. Halkett). If such termination occurs within 6 months prior to, or within 24 months following, a change of control, then these named executive officers are eligible to receive an amount equal to a multiple of the sum of (i) the executive's annual base salary plus (ii) the executive's "average bonus amount" (as defined in the employment agreement, and which generally means the average of any annual bonuses paid or payable during the three-year period prior to occurrence of the change of control (but no less than the target annual bonus for any such year)). The Group is not obligated to make any cash payments to these executives if their employment is terminated by the Group for cause or by the executive without good reason.

Pursuant to the terms of the employment agreement, as amended, with Mr. Toma, Mr. Toma will be eligible to receive an amount equal to two times the sum of (i) his annual base salary plus (ii) his target annual bonus, payable in equal installments over a two-year period following the termination date if the Group terminate Mr. Toma's employment without "cause" or if Mr. Toma resigns his employment for "good reason" (as those terms are defined in his employment agreement, and in either case, a "Qualifying Termination"). In the event of an "anticipatory termination" within six months prior to a "change of control" (as those terms are defined in the employment agreement) or a Qualifying Termination within two years following a change of control, Mr. Toma will be eligible to receive one year of outplacement assistance and a lump sum amount equal to three times the sum of (i) his annual base salary plus (ii) his "average bonus amount" (as defined in the employment agreement, and which generally means the average of any annual bonuses paid or payable during the three-year period prior to occurrence of the change of control (but no less than his target annual bonus for any such year)). The employment agreement provides that Mr. Toma will not compete with th Group or solicit its customers or employees, in any case during his employment with the Group or for a period of one year thereafter. This period increases to two years in the case of Mr. Toma's retirement from the Company and, in the case of the non-competition provision, is also extended to coincide with his continued receipt of severance benefits.

Other than above, there are no agreements providing for benefits upon termination.

8.5. Arrangements for involving employees in the capital of the Company

8.5.1. Share-based compensation

On 9 August 2016, the Group adopted the amended and restated 2016 management incentive plan ("**2016 Amended MIP**") to align the interests of participants with those of the Company's shareholders by providing incentive compensation opportunities tied to the performance of the Company's equity securities. Pursuant to the 2016 Amended MIP, the Compensation Committee may grant to employees, directors and consultants stock options, restricted stock, Restricted Stock Units ("**RSUs**") or other awards. As of 30 June 2024, there were 77,097 ordinary shares available for future grant under the 2016 Amended MIP.

During the six months ended 30 June 2024, 81,744 of previously granted Time-based restricted stock units ("**TBGs**") were issued as ordinary shares to current or former employees or directors of the Company, of which 15,762 ordinary shares were repurchased to settle withholding taxes. During the six months ended 30 June 2023, 131,844 previously granted TBGs were issued as ordinary shares to current or former employees or directors of the Company, of which 17,590 ordinary shares were repurchased to settle withholding taxes.

8.5.2. RSUs with time or performance conditions

The conditions for the RSUs granted under the 2016 Amended MIP can be time or performance based. TBGs granted under the 2016 Amended MIP vest annually, ratably over four years; however, accelerated vesting is provided for in the event set forth in each individual award letter. Otherwise, the settlement of any vested TBGs occurs upon the earlier of the set anniversary of the effective date or a Qualified Liquidity Event ("**QLE**") (as defined in the 2016 Amended MIP) as set forth in each individual award letter.

Performance-based restricted stock units ("**PBGs**") granted under the 2016 Amended MIP contained vesting eligibility provisions tied to the earlier of a QLE or seven years from the effective date (as set forth in each individual award letter). Upon the occurrence of a vesting eligibility event, the number of PBGs that actually vest was dependent on the achievement of pre-determined TEV targets specified in the award grants. It was determined that the PBGs did not meet the TEV performance condition as of the seventh anniversary of the Effective Date and therefore, all PBGs granted were forfeited and cancelled in 2023.

Both the TBGs and PBGs are classified as equity awards (see Note 6 to the Interim Financial Statements).

8.5.3. RSUs and PSUs with time and IPO or time and performance conditions

These grants contain the following vesting eligibility conditions:

- TBGs vest on a linear basis upon each anniversary and upon the occurrence of an IPO prior to the earlier of a QLE and the seventh anniversary of the effective date.

- PBGs vest on a linear basis upon each anniversary and upon achievement of share price hurdle. The achievement of the share price hurdle must occur prior the earlier of (i) a QLE or (ii) the seventh anniversary of the effective date.

RSUs granted in March 2024 are accounted for as equity awards as they will be settled in shares. For the period ended 31 March 2024, the IPO condition had not been met and therefore, no share-based compensation expense was recorded for RSU TBGs or PSU TBGs. RSU TBGs were awarded in October 2023 and PSU TBGs were awarded in January 2024.

In January 2024, the Company granted certain phantom stock awards that are settled in cash and therefore are accounted for as liability awards. The fair value of a liability-classified PSU award is determined on a quarterly basis beginning at the grant date until final vesting of the award.

8.5.4. Dividend equivalents

Pursuant to the 2016 Amended MIP and the terms of the applicable unit awards, participants holding RSUs are contractually entitled to receive all dividends or other distributions that are paid to the Company's shareholders provided that any such dividends will be subject to the same vesting requirements of the underlying units. Dividend payments accrue to outstanding awards (both vested and unvested) in the form of "Dividend Equivalents" equal to the dividend per share underlying the applicable MIP award.

8.5.5. Dilutive effect

As of the date of the prospectus, a total of 672,695 RSU's have been issued, of which 10,686 have vested but have yet to settle while 662,009 are unvested. Consequently, based on the current total number of outstanding Shares in the Company (13,295,262 Shares), the potential maximum dilutive effect of the RSU's once vested and settled is 5.05%.

8.6. Shareholdings and restricted stock units of Board Members and Management in the Company

The below table sets forth the number of Shares and RSUs held by the members of the Management and Board Members as of the date of this Information Document.

Name and position – Board of Directors	No. of Shares	No. of RSUs[6]
Thomas R. Bates Jr. (Chair)	3,378	10,419 RSUs
Scott McReaken (Board Member)	-	580 RSUs
Nils E. Larsen (Board Member)	2,027	9,194 RSUs
Ihab M. Toma (CEO and Board Member)	53,175	220,000 RSUs
L. Spencer Wells (Board Member)	2,027	9,194 RSUs
Jørn Madsen (Board Member)	-	3,248 RSUs

Name and position – Management	No. of Shares	No. of RSUs[7]
Ihab M. Toma (CEO and Board Member)	53,175	220,000 RSUs
Rafael Blattner (CFO)	4,136	66,000 RSUs
William L. Thomson (Chief Commercial Officer/ Chief Technical Officer)	9,527	66,000 RSUs
Derek Massie (VP Human Resources)	5,001	-

8.7. Employees

As of 30 June 2024, the Group had a total of 860 employees worldwide, of which approximately 478 are direct employees.

8.8. Audit committee

The Company has established an audit committee comprising of Nils Larsen, Tom Bates and Spencer Wells, with Mr. Larsen serving as Chairman of the audit committee (the "**Audit Committee**"). Each of Messrs. Larsen, Bates and Wells are considered by the Board of Directors to be independent. The Audit Committee operates pursuant to a written charter and is responsible for reviews and recommends to the Board of Directors internal accounting and financial controls and accounting principles and auditing practices to be employed in the preparation and review of the Company's financial statements. In addition, the Audit Committee has authority

[6] 100% of these RSUs are time-based grants.
[7] 50% of these RSUs are time-based grants and 50% are performance-based grants.

to engage independent registered public accountants to audit the Group's annual financial statements and determine the scope of the audit to be undertaken by such accountants. The Audit Committee is also charged with reviewing and approving all related party transactions.

8.9. Compensation committee

The Company has established a compensation committee comprising of Spencer Wells and Jørn Madsen, with Mr. Wells serving as Chairman of the compensation committee (the "**Comensation Committee**"). The Compensation Committee is responsible for determining the compensation of the Board of Directors and Executive Officers as well as establishing the Company's compensation philosophies. The Compensation Committee operates independently of management and annually has the authority to seek advice from advisors as it deems appropriate. The Compensation Committee reviews the compensation program, including the allocation of the respective components of compensation, and operates pursuant to a written charter. Pursuant to its charter, the Compensation Committee may, in its discretion and to the extent permissible by law, delegate all or a portion of its duties and responsibilities to a subcommittee of the Compensation Committee. The Compensation Committee reviews and approves the compensation and benefits for executive officers of the Company (other than the CEO), and reviews and recommends for approval by the Board the compensation and benefits of the CEO.

8.10. Corporate governance

The Company is subject to Bermuda laws and regulations with respect to corporate governance. Bermuda does not have an all-encompassing corporate governance code that applies to all Bermuda companies. Corporate governance principles are as set forth in the Companies Act, the memorandum of association, Bye-laws, as well as any corporate governance framework adopted by the Company. The Board of Directors has a responsibility to ensure that the Company has sound corporate governance mechanisms. The Company is not a Bermuda regulated entity and thus not subject to mandatory corporate governance codes pursuant to Bermuda law. However, as the Company recognizes the importance of, and is committed to, maintaining good corporate governance across the Group, and will consider implementing corporate governance practices which aligne with principles set out under the norwegian Code of Practice for Corporate Governance going forward and to the extent that the same are in accordance with Bermuda law.

8.11. Other information

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

- any convictions in relation to fraudulent offences;
- been associated with any bankruptcies, receiverships or liquidations in his or her capacity as a member of the management or board of directors of a company; or
- received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor been disqualified by a court from acting as a member of the board of directors, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any 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 of Directors, including any family relationships between such persons.

9. CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

9.1. Company corporate information

The Company's legal and commercial name is Vantage Drilling International Ltd. The Company is an exempted company limited by shares organised and existing under the laws of Bermuda. The Company was incorporated in Bermuda on 8 February 2024. The Company's registration number is 202403233 and its LEI code is 254900AQNVGV14C1BU42. The Company has issued 13,295,262 Shares, all of which are validly issued, fully paid and non-assessable.

The Shares have been created under the Bermuda Companies Act. As of the date of this Information Document, 10,549,462 of the Shares are primary recorded with the VPS and as such registered in book-entry form with the VPS, under ISIN BMG9551V1081. The Company's register of members in the VPS is administrated by DNB Bank ASA (address: Dronning Eufemias gate 30, 0191 Oslo) being the Company's VPS Registrar.

The Company's registered office is at c/o Walkers Corporate (Bermuda) Limited, Park Place, 55 Par La Ville Road, Hamilton HM 11, Bermuda, its main telephone number at that address is + 441 242-1500 and its e-mail is bermuda.corporate@walkersglobal.com. The Company's website can be found at www.vantagedrilling.com/. The content of www.vantagedrilling.com/ is not incorporated by reference into, or otherwise form part of, this Information Document.

9.2. The change of domicile

The Merger of Former VDI Topco into the Company was consummated on 31 March 2024, with the Company being the surviving company. Former VDI Topco was incorporated as an exempted company limited by shares in the Cayman Islands on 4 March 2019. Upon recommendation by the board of directors of Former VDI Topco, and pursuant to shareholder resolutions passed at an extraordinary general meeting of Former VDI Topco on 23 January 2023, Former VDI Topco redomiciled to Bermuda by de-registering as an exempted company in the Cayman Islands (pursuant to the powers and in the manner required under Former VDI Topco's memorandum of association and articles of association then in force) and being registered by way of continuation as a Bermuda exempted company limited by shares pursuant to the provisions of sections 206 and 207 of the Companies Act (as amended) of the Cayman Islands and sections 132C to 132F (inclusive) of the Companies Act (the "**Continuation**").

Following the Continuation, Former VDI Topco effected the Merger with the Company, pursuant to the provisions of section 104H of the Bermuda Companies Act, with the Company being the surviving company following the Merger.

The principal objective and commercial rationale for the Continuation was to avoid cumbersome administrative processes under Cayman Islands law requiring the approval of the Company's secured creditors for a merger.

In January 2020, Former VDI Topco filed an election to be treated as a partnership for U.S. federal income tax purposes. During 2023, Former VDI Topco intended to seek a listing of its equity on Euronext Growth. Based on feedback from European shareholders and Norwegian equity traders/brokers, it was identified that Former VDI Topco's status as a partnership for U.S. federal income tax purposes could cause confusion and ultimately reduce the potential population of buyers of Former VDI Topco's equity (both retail and institutional). These factors were determined as reducing potential liquidity in the shares and undermining Former VDI Topco's objectives of listing its equity on Euronext Growth. Accordingly, the objective of the Merger was to create a new legal entity in which to vest Former VDI Topco's undertaking, property and liabilities, which would not be treated as a partnership for U.S. federal tax purposes. The Company, as the surviving company following the Merger, is not treated as a partnership for U.S. federal income tax purposes.

Pursuant to section 109 of the Bermuda Companies Act, and with effect from 31 March 2024 being the effective date of the Merger:

- the Merger became effective;
- the vesting of the undertaking, property and liabilities of Former VDI Topco and the Company in the Company, as the surviving company following the Merger, became effective;
- the Company as the surviving company following the Merger shall continue to be liable for the obligations of each of Former VDI Topco and the Company;
- any existing causes of action, claims or liability to prosecution remain unaffected by the Merger;
- any civil, criminal or administrative action or proceeding pending by or against Former VDI Topco or the Company may be continued to be prosecuted by or against the Company, as the surviving company following the Merger;

- any conviction against, or ruling order or judgment in favour or against Former VDI Topco or the Company may be enforced by or against the Company as the surviving company following the Merger;

- the certificate of merger is deemed to be the certificate of incorporation of the Company, however the date of incorporation or continuation of a company is its original date of incorporation and the Merger does not affect such original incorporation and/or continuation dates of Former VDI Topco and the Company; and

Former VDI Topco was struck off the register of companies maintained by the Registrar of Companies of Bermuda but the cessation of Former VDI Topco was not a winding-up within the provisions of Part XIII of the Companies Act.

9.3. Share capital and share capital history

As at the date of this Information Document, the Company's authorized share capital is $50,000. As of the date of this Information Document, 13,295,262 shares are issued and outstanding, all of which are validly issued, fully paid and non-assessable, and each with a par value of USD $0.001 The Company has one class of shares in issue. All of the Shares are ordinary shares of the Company, issued under the Bermuda Companies Act and carry full shareholder rights, including rights to dividends. All Shares rank pari passu with each other and are freely transferable.

As at the date of this Information Document, the Company does not own any Shares as treasury shares.

The table below shows the development in the Company's share capital from the date of its incorporation on 8 February 2024 and up to the date of this Information Document:

Date of registration	Type of event	Nominal value	Number of issued shares	Issued share capital	Authorized share capital
8 February 2024	Incorporation	$0.001	13,295,262	$13,295.262	$50,000

9.4. Ownership structure

As of 22 October 2024, the Company had approximately 163 shareholders. An overview of shareholders holding 5% or more of the Shares of the Company as of the date of this Information Document is set out below:

#	Shareholders*	Number of Shares	Percent
1	Cross Ocean Partners	3,081,608	23.2%
2	Exmar NV	1,605,833	12.1%
3	Kite Lake Capital Management (U.K.), LLP	1,235,653	9.3%
4	Axebrook Capital, LLP	973,087	7.3%
5	Karlin Asset Management	904,008	6.8%

*Shares held on separate accounts by funds that are affiliated have been consolidated in the overview.

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.

9.5. Board authorisations

As of the date of this Information Document, the Company's authorised share capital is $50,000 divided into 50,000,000 ordinary shares of par value of $0.001 each. There are currently 13,295,262 issued ordinary shares of the Company, each with a par value of $0.001. Pursuant to the Bye-laws, the Board of Directors may issue any unissued authorised share capital.

9.6. Financial instruments

The Company has not issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company, other than restricted stock unit awards to certain employees and directors, which if vested would entitle the holders to shares in the Company (see Section 8.5 "*Arrangements for involving employees in the capital of the Company*" for further information).

9.7. Shareholder rights

The Company has one class of Shares in issue, and all Shares in that class provide equal rights in the Company. Each of the Company's Shares carries one vote. The rights attached to the Shares are further described in Section 9.8 "*The Bye-laws and certain aspects of Bermuda corporate law*".

9.8. The Bye-laws and certain aspects of Bermuda corporate law

The Company's Memorandum of Association and Bye-laws are set out in Appendix A—"Bye-Laws and Memorandum of Association" to this Information Document. A summary of the Bye-laws and certain pertinent aspects of Bermuda corporate law is detailed below.

Objects pursuant to the Memorandum of Association and Bye-laws

Pursuant to the Memorandum of Association, the objects for which the Company was formed and incorporated are unrestricted. The Bye-laws do not regulate the Company's purpose.

Special shareholder meetings

Bye-law 53 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 and Bye-law 52,, 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 of the paid-up capital of the company as at the date the request is made.

Shareholder action by written consent

The 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. Bye-law 96 provides that such resolution must be signed by (or, in the case of a Shareholder that is a corporation, on behalf of), those Shareholders who at the date that the notice is given represent such majority of votes as would be required if the resolution had been voted upon at a general meeting of the company.

Shareholder meetings: quorum; voting requirement; voting rights

Bye-law 71 provides that (save as otherwise provided) at any general meeting two or more persons present in person and representing in person or by proxy at least a majority of the total issued voting shares in the Company (excluding treasury shares) throughout the meeting shall form a quorum for the transaction of business.

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 by shareholders entitled to vote (or class thereof, where required) (a "**Resolution**") provided that certain actions shall require at least two-thirds of votes cast by shareholders entitled to vote (or class thereof, where required) (a "**Special Majority Resolution**"). The actions by the Company requiring a Special Majority Resolution are: reduction of share capital or share premium; changes to the Bye-laws; changes to the Memorandum of Association; and change of name. There is no cumulative voting. Every shareholder of the Company who is present in person or by proxy has one vote for every 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.

Notice of shareholder meetings

The 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' notice 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 54 provides that at least ten (but not more than 60) calendar days' notice of an annual general meeting shall be given to each shareholder entitled to attend and vote thereat, stating the place, date and hour at which the meeting is to be held, that the election of Directors will take place thereat, and as far as practicable, the other business to be conducted at the meeting. Bye-law 55 provides that at least ten (but not more than 60) calendar days' notice of a special general meeting shall be given to each shareholder entitled to attend and vote thereat, stating the date, time, place and the general nature of the business to be considered at the meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting, the matters that are intended to be presented, and, in the case of annual general meetings, the name of any nominee who the directors intend to present for election, and shall be given in the manner provided for in these Bye-laws or in such other manner if any as may be prescribed by the Company.

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 shares giving that right.

No business may be transacted at any general meeting, other than business that is either (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorised committee thereof), (B) otherwise properly brought before an annual general meeting by or at the direction of the Board of Directors (or any duly authorised committee thereof) or (C) in the case of an annual general meeting, relates to the nomination for election of a director made by a shareholder who (1) is a shareholder of record on both (x) the date of the giving of the notice by such shareholder and (y) the record date for the determination of shareholders entitled to vote at such annual general meeting and (2) complies with the form and notice procedures set forth in the Bye-laws.

For the nomination for election of a director to be made by a shareholder at an annual general meeting, to be timely, such shareholder's notice shall be received by the secretary of the Company at the registered office of the Company not less than 45 days and not more than 75 days prior to the one year anniversary of the prior years' annual general meeting; provided, however, that if the Company's annual general meeting is convened to occur on a date more than 30 days earlier or later than the one year anniversary of the Company's prior annual general meeting, then for notice by the shareholder to be timely such notice must be received not later than the close of business on the later of (i) the 90th day before such annual meeting or (ii) the 10th day following the day on which the date of such meeting is first announced to the shareholders in writing.

To be in proper written form for purposes of the Bye-laws, a shareholder's notice to the secretary of the Company must set forth:

(a) as to each person whom the shareholder proposes to nominate for election as a director: the name, age, business address and residence address of the person; the principal occupation or employment of the person; the class and number of shares that are, directly or indirectly, owned, beneficially or of record, by such person; a description of all direct and indirect compensation and other material monetary and non-monetary agreements and understandings during the past 3 years, and any other material relationships, between or among the nominating shareholder on the one hand, and each proposed nominee and his or her affiliates, on the other hand; and such person's written consent to serve as a director, if elected, and

(b) as to the shareholder giving notice (and the beneficial owner, if any, on whose behalf the director nomination is made): the name and address of such shareholder as it appears on the Register of Members, and of such beneficial owner; the number of shares which are owned (1) beneficially and (2) of record by such shareholder and by such beneficial owner; a description of all arrangements or understandings between such shareholder or such beneficial owner and any other person or entity (including, without limitation, their names) in connection with the ownership of shares and the nomination of such nominee(s), and any material interest of such shareholder or such beneficial owner in such nomination(s); whether such shareholder intends to deliver a form of proxy to holders of the Company's shares to elect such nominee or nominees; and a representation that the shareholder giving the notice is a member of the Company entitled to vote at such annual general meeting and that such shareholder intends to appear in person or by proxy at the annual general meeting to nominate the persons named in its notice.

If the chairperson of an annual general meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairperson shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings of that meeting.

Notice of shareholder proposals

Under the 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 1,000 words) in respect of any matter referred to in a proposed resolution or any business to be conducted at the annual general meeting.

Board of Directors' meetings: quorum; voting requirements

Bye-law 137 provides that the quorum necessary for the transaction of the business of the Board may, subject to the requirements of the 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. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

Board of Directors: number and election or appointment

Under the 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. 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. Bye-law 106 provides that the Board of Directors shall consist of such number of directors (not exceeding nine) as may be fixed by the Board of Directors from time to time.

Board of Directors: Removal

Bye-law 107 and the 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. If a director is removed from the Board of Directors under Bye-law 108, the shareholders may fill the vacancy at the meeting at which such director is removed. In the absence of such election or appointment, the Board of Directors may fill the vacancy.

Conflicts of Interest

Under Bye-law 124, any director or any director's firm, partner or any company with whom any director is associated, may act in any capacity for, be employed by or render services (other than audit services) to the Company and such director or such director's firm, partner or company shall be entitled to remuneration as if such director were not a director. A director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company is required to declare the nature of such interest as required by the Companies Act. A transaction entered into by the Company in respect of which a director is interested is voidable by the Company unless the director discloses their interest to the Board of Directors at the earliest opportunity, unless the transaction or proposed transaction: (a) is between the director and the Company; and (b) is entered into on the ordinary course of the Company's business and on usual terms and conditions. Following such a declaration, a director may vote in respect of any contract or proposed contract or arrangement in which such director is interested and may be counted in the quorum for such meeting and no such contract or proposed contract or arrangement shall thereby be void or voidable and such director shall not be liable to account to the Company for any profit realized thereby.

Directors' duties and responsibilities

The Companies Act 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.

The Bye-laws provide 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:

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

The 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, Companies Act imposes various duties on directors and officers of a company with respect to certain matters of management and administration of such company.

Directors' liabilities; indemnification and exculpation of directors

The 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 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 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-law 129 provides that, to the fullest extent permitted by the Companies Act, a director of the Company shall not be liable to the Company or its shareholders for breach of fiduciary duty as a director. Bye-law 130 further provides that any director or officer of the Company who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending

or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Company shall be indemnified and held harmless by the Company to the fullest extent authorised by the Companies Act, against all expense, liability and loss reasonably incurred or suffered by such director and officer in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director or officer including to the benefit of the indemnitee's heirs, testators, intestates, executors and administrators, subject to the provisions of Bye-laws 130 and 131.

Variation of shareholder rights

The Company currently has one class of shares. Bye-law 38 provides that, subject to the Companies Act, all or any of the rights for the time being attached to any class of shares for the time being issued may, from time to time (whether or not the Company is being wound up), be altered or abrogated with the consent in writing of the holders of not less than 75% in nominal value of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of that class. The necessary quorum for any such separate general meeting shall be two persons at least holding or representing by proxy not less than one-third of the issued shares of the class.

Amendment to the Memorandum of Association

The 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 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.

Amendment to 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 162 provides that a Special Majority Resolution shall be required to approve an alteration or amendment to the Bye-laws.

Shareholder suits

Class actions are generally not available to shareholders under Bermuda law, and derivative actions are available in only limited circumstances. 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 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 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.

Pre-emption rights on a new issue of shares

Under the Companies Act, no shareholder has a pre-emptive right to subscribe for additional issues of a company's 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.

Takeover bids and forced transfer of shares

Bermuda law does not provide for a code on take-overs or mergers in Bermuda. Under Bermuda law, an acquiring party is generally able to acquire, compulsorily, the shares of minority holders in a company. This can be achieved by a procedure under the Bermuda 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 shares, comprising in the aggregate a majority in number representing at least 75% in value of the shareholders (excluding 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 shares could be compelled to sell their 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 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 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 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 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 shares) orders otherwise.

Where the acquiring party or parties hold not less than 95% of the shares of a company, by acquiring, pursuant to a notice given to the remaining shareholders, the shares of such remaining shareholders – when such notice is given, the acquiring party is entitled and bound to acquire the 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 shares. This provision only applies where the acquiring party offers the same terms to all holders of shares whose shares are being acquired.

As a Company listed on Euronext Growth, the Company is not subject to the takeover regulations set out in the Norwegian Securities Trading Act, or otherwise.

10. TAXATION

The tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdiction in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares. The summary regarding Norwegian and Bermudian taxation is based on the laws in force in as at the date of this Information Document, which may be subject to any changes in law, administrative practice or interpretation occurring after such date. Such changes could possibly be made on a retrospective basis.

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 Shares 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 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.

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.

10.1. Norwegian taxation

10.1.1. Taxation of dividends

Norwegian Corporate Shareholders

Dividends received by shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are taxed as ordinary income at a flat rate of 22 %. For Norwegian Corporate Shareholders that are considered to be 'financial institutions' under the Norwegian financial activity tax (e.g., banks and holding companies), the effective rate of taxation for dividends is 25 %.

Norwegian Personal Shareholders

Dividends received by shareholders who are natural persons resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable as ordinary income currently at a rate of 22% (for 2024), to the extent the dividends exceed a statutory tax-free allowance (Nw.: *skjermingsfradrag*). With effect from the fiscal year 2024 the taxable amount is multiplied by a factor of 1.72, resulting in an effective tax rate of 37.84% (22% x 1.72). 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 Shareholders holding Shares at the expiration of the relevant calendar year. The risk-free interest rate is published in January in the year following the income year. The risk-free interest rate for 2023 was 3.2%. Norwegian Personal Shareholders who transfer Shares will thus not be entitled to deduct any calculated tax-free allowance related to the year of the transfer when determining the taxable amount in the year of transfer. Any part of the calculated tax-free allowance one year that exceeds the dividend distributed on a Share ("**excess allowance**") may be carried forward and set off against future dividends received on, or gains upon realization, of the same Share.

The Shares will not qualify for Norwegian share saving accounts (Nw.: *aksjesparekonto*) held by Norwegian Personal Shareholders, as the Company is resident outside the European Economic Area for tax purposes.

Non-Norwegian Shareholders

As a general rule, dividends received by shareholders (both corporate shareholders and personal shareholders) that are not resident in Norway for tax purposes ("**Non-Norwegian Shareholders**"), from Shares in companies who are not resident in Norway for tax purposes, including the Company, are not subject to Norwegian taxation, unless the Non-Norwegian Shareholder holds the Shares in connection with business activities carried out or managed from Norway.

10.1.2. Taxation upon realization of Shares

Norwegian Corporate Shareholders

A capital gain or loss derived by a Norwegian Corporate Shareholder from a disposal of Shares in the Company is taxable or tax deductible in Norway. The taxable gain/deductible loss per Share is calculated as the difference between the consideration for the

Share and the Norwegian Corporate Shareholder's cost price of the Share, including costs incurred in relation to the acquisition or disposal of the Share. 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 flat a rate of 22 %. For Norwegian Corporate Shareholders that are considered to be 'financial institutions' under the Norwegian financial activity tax (e.g., banks and holding companies), the effective rate of taxation of capital gains is 25 %.

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. If the Norwegian Corporate Shareholder 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 Corporate Shareholders that cease to be tax-resident in Norway.

Norwegian Personal Shareholders

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 Shareholder 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 Shareholder's ordinary income in the year of disposal. Ordinary income is currently taxable at a rate of 22%. However, with effect from the fiscal year 2024, the taxable capital gain (after the tax-free allowance reduction, cf. below) or tax-deductible loss shall be adjusted by a factor of 1.72, resulting in a marginal effective tax rate of 37.84%. 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 Shareholder's cost price of the Share, including costs incurred in relation to the acquisition or realization of the Share. Norwegian Personal Shareholders are entitled to deduct a statutory tax-free allowance from any capital gain, provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 10.1.1 "*Taxation of dividends*" above for a description of the calculation of the tax-free allowance. The allowance may only be deducted 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. If the Norwegian Personal Shareholder 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.

The Shares will not qualify for Norwegian share saving accounts (Nw.: *aksjesparekonto*) held by Norwegian Personal Shareholder, as the Company is resident outside the European Economic Area for tax purposes.

Non-Norwegian Shareholders

As a general rule, gains derived from the sale or other realization of shares received by Non-Norwegian Shareholders from shares in companies who are not resident in Norway for tax purposes, including the Company, are not subject to Norwegian taxation, unless the Non-Norwegian Shareholder holds the shares in connection with business activities carried out or managed from Norway.

Controlled Foreign Corporation (CFC) taxation

Norwegian shareholders in the Company will be subject to Norwegian taxation following the Norwegian Controlled Foreign Corporations regulations (Norwegian CFC-regulations) if Norwegian shareholders directly or indirectly own or control (hereinafter together referred to as "Control") the Shares of the Company.

Norwegian shareholders will be considered to Control the Company if:

- Norwegian shareholders Control 50 % or more of the Shares in the Company at the beginning of and at the end of a tax year; or
- If Norwegian shareholders Controlled the Company the previous tax year, the Company will also be considered Controlled by Norwegian shareholders in the following tax year unless Norwegian resident shareholders Control less than 50 % of the Shares at both the beginning and the end of the following tax year; or
- Norwegian shareholders Control more than 60 % of the Shares in the Company at the end of a tax year.

If less than 40% of the Shares are Controlled by Norwegian shareholders at the end of a tax year, the Company will not be considered Controlled by Norwegian shareholders for Norwegian tax purposes. Under the Norwegian CFC-regulations Norwegian shareholders are subject to Norwegian taxation on their proportionate part of the taxable net income generated by the Company (and relevant foreign companies of the Group), calculated according to Norwegian tax regulations, regardless of whether or not any dividends are

distributed from the Company. Please also refer to Section 1 "*Risk factors*" for information on risks relating to law, regulation and litigation.

10.1.3. Net wealth tax

Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are not subject to net wealth tax.

Norwegian Personal Shareholders

The value of Shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. With effect from the fiscal year 2024, the marginal net wealth tax rate is 1% of the tax assessment value of total net assets exceeding NOK 1.7 million (NOK 3.4 million jointly for married couples), increased to 1.1% of the tax assessment value of total net assets exceeding NOK 20 million. The value for assessment purposes for Shares is, with effect from the fiscal year 2023, equal to 80 % of the Share's share of the tax value of the Company.

Non-Norwegian shareholders

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian personal shareholders may, however, be liable for Norwegian net wealth tax if the shareholding is, in effect, connected to business activities carried out in or managed from Norway.

10.1.4. VAT and transfer tax

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of Shares.

10.1.5. Inheritance tax

A transfer of Shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

10.1.6. Norwegian CFC taxation

In the event that the Company's shareholders are affected by Norwegian CFC taxation, they could be exposed to Norwegian tax liabilities based on their pro-rata portion of the taxable net income generated by the Company and related foreign entities within the Group, as calculated in accordance with Norwegian tax regulations. Such a scenario may place a substantial tax encumbrance on these investors, with potential administrative complexities for both the Company and its shareholders.

10.2. Taxation in Bermuda

Taxation applicable to the Company

Under current Bermuda law, there are no income, corporate or profits tax, withholding tax, capital gains tax or capital transfer tax payable by the Company. However, on 27 December 2023, the Bermuda Government passed the CIT Act, which will become fully operative with respect to the imposition of corporate income tax on 1 January 2025. The CIT Act was passed as part of the implementation of a corporate tax regime within the scope of the OECD and the G20 international tax agreement on Pillar Two of the BEPs project known as GloBE.

Bermuda entities subject to tax under the CIT Act are the Bermuda constituent entities of MNE. MNE is defined under the CIT Act as a group with entities in more than one jurisdiction with EUR 750 million or more in consolidated annual revenues in at least two of the four fiscal years immediately preceding the fiscal year in question. Where Bermuda constituent entities are subject to tax under the CIT Act, 15% corporate income tax will be imposed on the taxable income determined in accordance with and subject to adjustments set out in the CIT Act. The CIT Act introduces certain 'qualified refundable tax credits' which are set to be developed during 2024 to incentivize companies to support Bermuda residents through investments in key areas such as education, healthcare, housing, and other projects to help develop Bermuda's workforce. The CIT Act is subject to change as a result of further developments of the concepts therein and revisions are expected.

The Company does not anticipate to fall within scope of the CIT Act in the near future. The imposition of a Bermuda corporate income tax could, if applicable to the Company (or any Bermuda incorporated subsidiary of the Company), have a material adverse effect on the Company's financial condition and results of operations.

The Company has received from the Minister of Finance of Bermuda, an assurance that until 31 March 2035, no income taxes or other taxes are payable by the Company in Bermuda (other than any tax or duty on such persons as are ordinarily resident in

Bermuda or any tax payable in accordance with the provisions of the Bermuda Land Tax Act 1967, as amended, or otherwise payable in relation to any property leased to the Company). However, the CIT Act applies notwithstanding this assurance under the Exempted Undertakings Tax Protection Act of 1966, as amended (the "**EUTP Act**").

The Company pays annual Bermuda government fees. In addition, all entities employing individuals in Bermuda are required to pay a payroll tax and other sundry taxes payable, directly or indirectly, to the Bermuda government.

Taxation applicable to the shareholders

The Company's shareholders will not, based on their shareholding in the Company only, be taxable in Bermuda as of the date hereof.

10.3 Cautionary note

Potential investors should be aware that the tax legislation of the investor's Member State and of the Company's country of incorporation may have an impact on the income received from the securities.

11. ADDITIONAL INFORMATION

11.1. Admission to Euronext Growth

On 17 October 2024, Euronext Oslo Børs approved the Company's application for Admission to Euronext Growth. The first day of trading of the Company's Shares on Euronext Growth will be on 28 October 2024. The Company's Shares are not listed on any other marketplace or on any regulated market, and no such listing has been applied for.

11.2. Independent auditor

The Company's independent auditor for the years ended 31 December 2022 and 2023 is BDO USA, P.C., with registered business address 2929 Allen Parkway, 20th floor, Houston, Texas 77019-7100. BDO USA, P.C. is an independent certified public accounting firm.

11.3. Advisors

DNB Markets, a part of DNB Bank ASA acted as Euronext Growth Advisor in connection with the Admission. DNB Markets, a part of DNB Bank ASA, its beneficial owners and persons with managerial roles within DNB Bank ASA do not hold ownership interest in the Company. Advokatfirmaet Thommessen AS is acting as legal advisor to DNB Markets.

The Company's legal advisor with respect to Norwegian law is Advokatfirmaet Schjødt AS and the Company's legal advisor with respect to Bermuda law is Walkers (Bermuda) Limited.

12. DEFINITIONS AND GLOSSARY

In the Information Document, the following defined terms have the following meanings:

Admission	The admission to trading of the Company's Shares on Euronext Growth
ADES	ADES International Holding Ltd
ADES Ancillary Agreements	The agreements entered into between VHI and ADES SAE including a: (i) secondment agreement; (ii) services agreement; and (iii) bareboat charter agreement, in each case to support a drilling campaign that utilized the Topaz Driller jack-up.
ADES SAE	Advanced Energy Services, S.A.E., a subsidiary of ADES
ADES Transactions	The sale of the Topaz Driller and the Soehanah pursuant to agreements entered into by the Group on 8 September 2024, which is subject to closing conditions.
ADVantage	The joint venture owned 51% of the Company and 49% by ADES
August 2022 Proceeding	The proceeding with regard to the interlocutory appeal commenced on 30 August 2022
Amended and Restated Employment Agreement	The amended and restated employment agreements between the Group and Messrs. Thomson and Halkett, each effective 10 February 2016
Aquadrill	Aquadrill LLC
Aquadrill Merger	The merger between Seadrill and Aquadrill, pursuant to which Aquadrill became the wholly owned subsidiary of Seadrill Ltd.
Aquarius Management Agreement	The management agreement with respect to the Aquarius
Audit Committee	The audit committee of the Company
BDO	BDO USA, P.C.
BEPS	The Base Erosion and Profit Shifting
Bermuda Constituent Entity Group	Bermuda entities that are part of multinational enterprise (MNE) Groups with €750 million or more in annual revenues in at least two of the four fiscal years immediately preceding the fiscal year in question
BMA	The Bermuda Monetary Authority
Brazilian Appellate Court	The Federal Court of Appeals in Porto Alegre, State of Rio Grande do Sul, Brazil
Brazilian Federal Court	The 11th Federal court of the Judicial Branch of Curitiba, State of Parana, Brazil
Board of Directors or Board	The board of directors of the Company
Bye-laws	The Company's bye-laws
CIT Act	The Corporate Income Tax Act of Bermuda of 2023
Comensation Committee	The compensation committee of the Company
Companies Act	The Bermuda Companies Act of 1981
Company	Vantage Drilling International Ltd.
Debt Agreements	The Indenture and the Revolving Credit Facility
DOJ	The United States Department of Justice
DSA	The agreement between Vantage Deepwater Company and Petrobras Venezuela for the provision of drilling services
EDC	Emerald Driller Company
ES Acts	The International Tax Co-operation (Economic Substance) Act 2021 (as amended) of the Cayman Islands and the Economic Substance Act 2018 (as amended) of Bermuda
Euronext Growth	Euronext Growth Oslo
Euronext Growth Advisor	DNB Markets, part of DNB Bank ASA, in its capacity as Euronext Growth Advisor with respect to the Admission
EUTP Act	The Exempted Undertakings Tax Protection Act of 1966, as amended
FCPA	The Foreign Corrupt Practices Act of 1977

Financial statements	Consolidated financial statements for the Group as of and for the financial years ended 31 December 2022 and 31 December 2023 prepared by Former VDI Topco
First Lien Notes	The 9.50% first lien notes
Former VDI Topco	The previous holding company of the Group, Vantage Drilling International
G20	The Group of Twenty industrialised countries
GloBE	The BEPS project known as the Global Anti-Base Erosion Model Rules (Pillar Two)
Group	The Company together with its consolidated subsidiaries
Improbity Action	The legal proceeding of which the Group was added as defendant on 27 April 2018
Improbity Decision	The decision by the Brazilian Appellate Court to revoke the asset freeze order and dismissing the Improbity Action.
Indenture	The First Lien Notes indenture
Information Document	This information document dated 28 October 2024
Interim Financial Statements	The unaudited consolidated financial statements for the six-month period ended 30 June 2024 with comparable figures for the same period in 2023
Jack-up Sale Agreements	The Group's separate purchase and sale agreements to sell the Topaz Driller and shares of the entity that owns the Soehanah jack-up.
KPIs	Key performance indicators
Management	The senior executive management team of the Group
Marketing and Management Agreements	A series of management and marketing agreements entered into by certain subsidiaries of VHI in relation to the Framework Agreement
Memorandum of Association	The Company's memorandum of association
Merger	The merger between the Former VDI Topco and the Company on 31 March 2024, with the Company being the surviving entity
MNE	Multinational enterprises
MPD	Managed Pressure Drilling
New Administrative Improbity Law	Federal Law no. 14,230/2021
Norwegian Corporate Shareholders	Limited liability companies (and certain similar entities) resident in Norway for tax purposes
Norwegian Personal Shareholders	Natural persons resident in Norway for tax purposes
Parent Financial Statements	The audited interim stand-alone financial statements for the Company for the period from its incorporation on 8 February 2024 and until 31 March 2024
PBGs	The Group's performance-based restricted stock units
Polaris Management Agreement	The management agreement with respect to the Polaris
Resolution	Question proposed for consideration at any general meeting shall be decided on by a simple majority of votes cast, as referred to in the Bye-laws
Revolving Credit Facility	The revolving credit facility entered into by the Company on 3 May 2024
Saudi Aramco	Saudi Arabian Oil Company
SEC	The United States Securities and Exchange Commission
Seadrill	Seadrill Ltd.
Shares	The shares of the Company
Special Majority Resolution	Actions that require the consent of a majority of at least two-thirds of the issued shares of the Company (or class thereof, where required), as referred to in the Bye-laws
TBGs	The Group's time-based restricted stock units
TE-Vantage MOU	The binding memorandum of understanding between the Group and TotalEnergies
TE-Vantage JV	The joint venture under the TE-Vantage MOU
TE-Vantage JV Transaction	The transactions under the TE-Vantage MOU, including among other the sale of Tungsten Explorer to the TE-Vantage JV

U.S. Securities Act	The U.S. Securities Act of 1933
US GAAP	The United States of America Generally Accepted Accounting Principles
UDW	Ultra-deepwater
Vantage Drilling	The Company
Vantage Energy	Vantage Energy Services, Inc.
VDC	Vantage Drilling Company
VHI	Vantage Holdings International
VPS Registrar	The Company's VPS Registrar to the holders of the Shares
2016 Amended MIP	The Company's amended and restated 2016 management incentive plan, adopted on August 9, 2016
2022 Cyber Matter	The Group's e-mail related cybersecurity intrusion in 2022
9.50% First Lien Notes Offering	The offering of $200.0 million in aggregate principal amount of the First Lien Notes

APPENDIX A:

BYE LAWS AND MEMORANDUM OF ASSOCIATION

BYE-LAWS

OF

VANTAGE DRILLING INTERNATIONAL LTD.*[1]

Walkers (Bermuda) Limited
Park Place, 55 Par La Ville Road,
Hamilton, HM11, Bermuda
T +1 441 242 1500 www.walkersglobal.com

REF: NN/DS/A03856

[1] *Please note that the name of the Company was changed from VDI Bermuda Ltd. to Vantage Drilling International Ltd. upon the merger between VDI Bermuda Ltd. (as the surviving company) and Vantage Drilling International Ltd. effective as at 31 March 2024.*

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DEFINITIONS

1. In these Bye-laws, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

"**Alternate Director**" means an alternate director appointed in accordance with these Bye-laws.

"**Appointed Stock Exchange**" has the meaning given in the Companies Act.

"**Auditor**" includes a company, individual or partnership and means the person for the time being performing the duties of the auditor of the company (if any).

"**Board**" means the board of Directors (including a sole Director) appointed or elected pursuant to these Bye-laws and acting by resolution in accordance with the Companies Act and these Bye-laws or the Director(s) present at a meeting of Director(s) at which there is a quorum.

"**Branch Register**" means a branch of the Register of Shareholders for the shares which is maintained by a Registrar pursuant to the terms of an agreement with the Company and pursuant to the Companies Act.

"**Business Day**" means any day that is not a Saturday, Sunday or other day on which commercial banks in Bermuda are authorised or required by law to close.

"**Bye-laws**" means these bye-laws adopted by the Company on 27 February 2024 as from time to time amended.

"**Companies Act**" means the Companies Act 1981 (as amended).

"**Company**" means the company incorporated in Bermuda under the name of VDI Bermuda Ltd. on 8 February 2024 for which these Bye-laws are approved and confirmed. Note as per the *above that the name of the Company was changed from VDI Bermuda Ltd. to Vantage Drilling International Ltd. upon the merger between VDI Bermuda Ltd. (as the surviving company) and Vantage Drilling International Ltd. effective as at 31 March 2024.

"**Contract**" means a written agreement, instrument or other writing which creates or affects rights or obligations.

"**Director**" means a director of the Company for the time being and shall include an Alternate Director.

"**indemnitee**" has the meaning given to it in Bye-law 130.

"**notice**" means written notice as further provided in these Bye-laws unless otherwise specifically stated.

"**Officer**" means any person appointed by the Board to hold an office in the Company.

"**Person**" shall be construed broadly and shall include, without limitation, an individual, a partnership, a corporation, a limited liability partnership, an investment fund, a limited liability company, a company, an association, a joint stock company, a trust, a joint venture, an

unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"**proceedings**" has the meaning given to it in Bye-law 130.

"**Register of Directors and Officers**" means the register of directors and officers of the Company.

"**Register of Shareholders**" means the register of members of the Company.

“**Registrar**” means such Person or body corporate who may from time to time be appointed by the Board as registrar of the Company with responsibility to maintain a Branch Register;

"**Registered Office**" means the registered office of the Company at such place in Bermuda as the Board shall from time to time appoint.

“**Registration Office**” means the place where the Board may from time to time determine to keep the Register of Shareholders and/or the Branch Register and where (except in cases where the Board otherwise directs) the transfer and documents of title are to be lodged for registration;

"**Resident Representative**" means any person appointed to act as resident representative and includes any deputy or assistant resident representative.

"**Resolution**" means a resolution adopted by a majority of the votes cast by Shareholders entitled to vote or, where required, of a separate class or separate classes of Shareholders, adopted either in a general meeting or by written resolution, in accordance with the provisions of these Bye-laws.

"**Secretary**" means the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary.

"**Shareholder**" means the person registered in the Register of Shareholders as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Shareholders as one of such joint holders or all of such persons, as the context so requires.

"**shares**" means shares in the capital of the Company of whatever class.

"**Special Majority Resolution**" means a resolution adopted by at least two-thirds of the votes cast by Shareholders entitled to vote or, where required, of a separate class or separate classes of Shareholders, adopted either in a general meeting or by written resolution, in accordance with the provisions of these Bye-laws.

"**Treasury Share**" means a share of the Company that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled.

"**VPS**" means Euronext Securities Oslo (also referred to as the Norwegian Central Securities Depository), being a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares are recorded, and shall include any successor registry. The VPS is operated by Verdipapirsentralen ASA.

2. In these Bye-laws, where not inconsistent with the context:

(a) words denoting the plural number include the singular number and vice versa;

(b) words denoting the masculine gender include the feminine and neuter genders;

(c) the word "**may**" shall be construed as permissive and the word "**shall**" shall be construed as imperative;

(d) any reference to a statutory provision shall be deemed to include any amendment or re-enactment thereof; and

(e) unless otherwise provided herein, words or expressions defined in the Companies Act shall bear the same meaning in these Bye-laws.

3. In these Bye-laws expressions referring to "**writing**" or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

4. Headings used in these Bye-laws are for convenience only and are not to be used or relied upon in the construction hereof.

POWER TO ISSUE SHARES

5. Subject to these Bye-laws and to any Resolution to the contrary or to any Resolution which sets out the particular terms and conditions attached to any shares or class of shares, the Board shall have the power to issue any unissued shares on such terms and conditions as it may determine and any shares or class of shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting or return of capital.

6. Subject to the Companies Act, any preference shares may be issued or converted into shares that (at a determinable date or at the option of the Company or the holder) are liable to be redeemed on such terms and in such manner as may be determined by the Board (before the issue or conversion).

POWER OF THE COMPANY TO PURCHASE ITS OWN SHARES

7. The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Companies Act on such terms as the Board shall think fit.

8. The Board may exercise all the powers of the Company to purchase for cancellation or acquire as Treasury Shares all or any part of its own shares in accordance with the Companies Act and shares so purchased for cancellation by the Company under this Bye-law shall be treated as cancelled and the amount of the Company's issued share capital shall be reduced by the nominal value of those shares accordingly but the purchase of shares under this Bye-law 8 shall not be taken as reducing the amount of the Company's authorised share capital.

RIGHTS ATTACHING TO SHARES

9. Subject to any Resolution to the contrary (and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares), the share capital shall be divided into shares of a single class the holders of which shall, subject to these Bye-laws:

   (a) be entitled to one vote per share;

   (b) be entitled to such dividends as the Board may from time to time declare;

   (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and

   (d) shall generally be entitled to enjoy all of the rights attaching to shares.

10. All the rights attaching to a Treasury Share shall be suspended and shall not be exercised by the Company while it holds such Treasury Share and, except where required by the Companies Act, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital, or shares, of the Company.

CALL ON SHARES

11. The Board may make such calls as it thinks fit upon the Shareholders in respect of any moneys (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Shareholders and, if a call is not paid on or before the day appointed for payment thereof, the Shareholder may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the Company's actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.

12. The joint holders of a share shall be jointly and severally liable to pay all calls and any interest, costs and expenses in respect thereof.

13. The Company may accept from any Shareholder the whole or a part of the amount remaining unpaid on any shares held by such Shareholder, although no part of that amount has been called up.

LIEN ON SHARES

14. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within 14 clear days after notice has been given to the holder of the shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.

15. To give effect to any such sale, the Directors may authorise any person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The purchaser or his nominee shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under these Bye-laws.

16. The net proceeds of such sale after payment of costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and any residue shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

17. Notwithstanding any other provision of these Bye-laws, in the case of any share which is the subject of any security agreement approved by the Directors by, or pursuant to which, a security interest, mortgage, charge or other encumbrance has been granted in respect of such share, (i) the Company shall not have any lien on any such share for any monies (whether presently payable or not) payable at a fixed time or called in respect of any such share, (ii) subject always to their Director's duties under Bermuda law, the Directors of the Company may not refuse to declare, and if requested to do so by any holder or the secured party under any such security agreement, may declare any such share to be exempt from any lien provisions provided for in Bye-laws 14 to 18 (inclusive) and (iii) the provisions of Bye-laws 14 to 18 (inclusive) shall not apply to any such share.

SHARE CERTIFICATES

18. Subject to the Companies Act, no share certificates shall be issued by the Company unless the Board has either for all or for some holders of such shares (who may be determined in such manner as the Board thinks fit) determined that the holders of such shares may be entitled to share certificates. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all

19. Subject to being entitled to a share certificate under the provisions of Bye-law 19, the Company shall be under no obligation to complete and deliver a share certificate unless specifically called upon to do so by the person to whom the shares have been allotted or transferred.

20. The holder of any shares of the Company shall immediately notify the Company of any loss, destruction or mutilation of the certificate therefor, and the Board may, in its discretion, cause to be issued to such holder a new certificate or certificates for such shares, upon the surrender of the mutilated certificates or, in the case of loss or destruction of the certificate, upon satisfactory proof of such loss or destruction, and the Board may, in its discretion, require the owner of the lost or destroyed certificate or their legal representative to give the Company a bond in such sum and with such surety or sureties as it may direct to indemnify the Company against any claim that may be made against it on account of the alleged loss or destruction of any such certificate.

21. Notwithstanding any provisions of these Bye-laws:

    (a) the Board shall, subject always to the Companies Act and any other applicable laws and regulations and the facilities and requirements of any relevant system concerned, have power to implement any arrangements it may, in its absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated shares by means of the system maintained by VPS or any other relevant system, and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer of shares in uncertificated form; and

    (b) unless otherwise determined by the Board and as permitted by the Companies Act and any other applicable laws and regulations, no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument.

REGISTER OF SHAREHOLDERS

22. The Board shall cause to be kept in one or more books a Register of Shareholders and shall enter therein the particulars required by the Companies Act. Subject to the provisions of the Companies Act, the Board may resolve that the Company may keep one or more Branch Registers in any place in or outside of Bermuda, and the Board may make, amend and revoke any such regulations as it may think fit respecting the keeping of any such Branch Register. The Board may authorise any share on the Register of Shareholders to be included in a Branch Register or any share registered on a Branch Register to be registered on another Branch Register, provided that at all times the Register of Shareholders and each Branch Register is maintained in accordance with the Companies Act.

23. The Register of Shareholders and any Branch Register shall be open to inspection without charge at the Registered Office of the Company or in the case of a Branch Register at the address such Branch Register is kept on every Business Day, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each Business Day be allowed for inspection. The Register of Shareholders and any Branch Register may, after notice has been given in accordance with the Companies Act, be closed for any time or times not exceeding in the whole thirty days in each year.

REGISTERED HOLDER ABSOLUTE OWNER

24. The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

TRANSFER OF REGISTERED SHARES

25. Unless otherwise agreed by the Board and except where the Company's shares are listed or admitted to trading on an Appointed Stock Exchange, shares shall be transferred by an instrument of transfer which shall be in such form as the Board may accept. Such instrument of transfer shall be signed by or on behalf of the transferor and transferee, provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be deemed to remain the holder of such share until the same has been registered as having been transferred to the transferee in the Register of Shareholders.

26. Subject to Bye-laws 27 and 29, the shares are transferable and the Board shall have no discretion to decline to register any transfer of shares, except as set out in this Bye-law 26. The Board may refuse to register the transfer of any share, and may direct the Registrar to decline (and the Registrar, to the extent it is able to do so, shall decline if so requested) to register the transfer of any interest in a share held through the VPS, where such a transfer would, in the opinion of the Board, be likely to result in 50% or more of the aggregate issued share capital of the Company (excluding any Treasury Shares), or shares of the Company which are attached 50% or more of the votes attached to all issued shares of the Company (excluding any Treasury Shares), being held or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or, alternatively, such shares being effectively connected to a Norwegian business activity, or the Company otherwise being deemed a Controlled Foreign Company as such term is defined pursuant to Norwegian tax legislation.

27. The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates (if such a certificate has been issued in

accordance with Bye-law 19) and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

28. Notwithstanding anything to the contrary in these Bye-laws, shares that are listed or admitted to trading on an Appointed Stock Exchange may be transferred in accordance with the rules and regulations of such exchange and Bye-law 29 shall not apply. Where applicable, all transfers of uncertificated shares shall be made in accordance with and be subject to the facilities and requirements of the transfer of title to shares in that class by means of any relevant system concerned and, subject thereto, in accordance with any arrangements made by the Board pursuant to Bye-law 22.

29. The Board shall refuse to register a transfer unless all applicable consents, authorisations and permissions of any governmental body or agency in Bermuda have been obtained.

30. The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Shareholder may transfer any such share to the executors or administrators of such deceased Shareholder.

TRANSMISSION OF REGISTERED SHARES

31. In the case of the death of a Shareholder, the survivor or survivors where the deceased Shareholder was a joint holder, and the legal personal representatives of the deceased Shareholder where the deceased Shareholder was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Shareholder's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Shareholder with other persons. Subject to the Companies Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Shareholder or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Shareholder.

32. Any person becoming entitled to a share in consequence of the death or bankruptcy of any Shareholder may be registered as a Shareholder upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in such form as the Board may accept.

33. On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Shareholder.

34. Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to such share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

POWER TO ALTER CAPITAL

35. The Company may, if authorised by resolution of the Board, divide, consolidate and subdivide its share capital in any manner permitted by the Companies Act.

36. The Company may, if authorised by Resolution, increase, change the currency of denomination of, reduce, cancel, diminish or otherwise alter its share capital in any manner permitted by the Companies Act provided that any reduction of share capital or share premium shall require authorisation by a Special Majority Resolution.

37. Where, on any alteration or reduction of share capital, fractions of shares or some other difficulty would arise, the Board may deal with or resolve the same in such manner as it thinks fit.

VARIATION OF RIGHTS ATTACHING TO SHARES

38. Subject to the Companies Act, all or any of the rights for the time being attached to any class of shares for the time being issued may, from time to time (whether or not the Company is being wound-up), be varied, altered or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class. The provisions of these Bye-laws as to general meetings shall apply *mutatis mutandis* to any such separate general meeting provided that the necessary quorum shall be two persons at least holding or representing by proxy not less than one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. If the Company has only one Shareholder, that Shareholder present in person or by proxy shall constitute a quorum. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

DIVIDENDS

39. The Board may, subject to these Bye-laws and in accordance with the Companies Act, declare a dividend or a distribution out of contributed surplus to be paid, or distributed, to the Shareholders, in proportion to the number of shares held by them, and such dividend or distribution may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets.

40. The Board may fix any date as the record date for determining the Shareholders entitled to receive any dividend.

41. The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

42. The Board may declare and make such other distributions (in cash or in specie) to the Shareholders as may be lawfully made out of the assets of the Company.

43. Unless otherwise specified in the terms and conditions of issue of the relevant class of shares, no unpaid dividend or distribution shall bear interest as against the Company.

POWER TO SET ASIDE PROFITS

44. The Board may, before declaring a dividend or distribution, set aside out of the surplus or profits of the Company, such amount as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or distributions or for any other purpose.

METHOD OF PAYMENT

45. Any dividend, interest, or other moneys payable in cash in respect of the shares may be paid through the VPS system or any other relevant system, by cheque or draft sent through the post directed to the Shareholder at such Shareholder's address in the Register of Shareholders, or to such person and to such address as the holder may in writing direct, or by transfer to such account as the Shareholder may direct in writing.

46. In the case of joint holders of shares, any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Shareholders, or to such person and to such address as the joint holders may in writing direct or by transfer to such account as the joint holders may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.

47. The Board may deduct from the dividends or distributions payable to any Shareholder all moneys due from such Shareholder to the Company on account of calls or otherwise.

CAPITALISATION

48. The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Shareholders.

49. The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying such amounts in paying up in full, partly or nil paid shares of those Shareholders who would have been entitled to such amounts if they were distributed by way of dividend or distribution.

ANNUAL GENERAL MEETINGS

50. Subject to any election made by the Company in accordance with the Companies Act to dispense with the requirement to hold annual general meetings, the Company shall hold an annual general meeting in each year (other than the year of incorporation) at such place, date and hour as shall be fixed by the Board.

SPECIAL GENERAL MEETINGS

51. The Board may convene a special general meeting whenever in their judgement such a meeting is necessary to be held at such place, date and hour as fixed by the Board.

REQUISITIONED GENERAL MEETINGS

52. On the requisition of Shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up share capital of the Company as at the date of the deposit carries the right to vote at general meetings, the Board shall forthwith proceed to convene a special general meeting and the provisions of the Companies Act shall apply.

NOTICE

53. The Company shall in each year hold a general meeting as its annual general meeting. Such annual general meeting shall be held in May of each year or at such other time and place as may be determined by the Directors, and shall specify the meeting as such in the notices calling it.

54. At least ten (but not more than 60) calendar days' notice of an annual general meeting shall be given to each Shareholder entitled to attend and vote thereat, stating the place, date and hour at which the meeting is to be held, that the election of Directors will take place thereat, and as far as practicable, the other business to be conducted at the meeting.

55. At least ten (but not more than 60) calendar days' notice of a special general meeting shall be given to each Shareholder entitled to attend and vote thereat, stating the date, time, place and the general nature of the business to be considered at the meeting.

56. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting, the matters that are intended to be presented, and, in the case of annual general meetings, the name of any nominee who the Directors intend to present for election, and shall be given in the manner provided for in these Bye-laws or in such other manner if any as may be prescribed by the Company.

57. The Board may fix any date as the record date for determining the Shareholders entitled to receive notice of and to vote at any general meeting.

58. A general meeting shall, notwithstanding that it is called on shorter notice than that specified in these Bye-laws, be deemed to have been properly called if it is so agreed by (i) all the Shareholders entitled to attend and vote thereat in the case of an annual general meeting; and (ii) 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 shares giving a right to attend and vote thereat in the case of a special general meeting.

59. The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

60. No business may be transacted at any general meeting, other than business that is either (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board (or any duly authorised committee thereof), (B) otherwise properly brought before an annual general meeting by or at the direction of the Board (or any duly authorised committee thereof) or (C) in the case of an annual general meeting, relates to the nomination for election of a Director made by a Shareholder who (1) is a Shareholder of record on both (x) the date of the giving of the notice by such Shareholder provided for in this Bye-law 62 and (y) the record date for the determination of Shareholders entitled to vote at such annual general meeting and (2) complies with the form and notice procedures set forth in these Bye-laws.

61. For the nomination for election of a Director to be made by a Shareholder at an annual general meeting, to be timely, such Shareholder's notice shall be received by the Secretary of the Company at the Registered Office of the Company not less than 45 days and not more than 75 days prior to the one year anniversary of the prior years' annual general meeting; provided, however, that if the Company's annual general meeting is convened to occur on a date more than 30 days earlier or later than the one year anniversary of the Company's prior annual general meeting, then for notice by the Shareholder to be timely such notice must be received not later than the close of business

on the later of (i) the 90th day before such annual meeting or (ii) the 10th day following the day on which the date of such meeting is first announced to the Shareholders in writing.

62. To be in proper written form for purposes of this Bye-law 64, a Shareholder's notice to the Secretary of the Company must set forth:

(a) as to each person whom the Shareholder proposes to nominate for election as a director:

(i) the name, age, business address and residence address of the person;

(ii) the principal occupation or employment of the person;

(iii) the class and number of shares that are, directly or indirectly, owned, beneficially or of record, by such person; and

(iv) such person's written consent to serve as a director, if elected,

(b) as to the Shareholder giving notice (and the beneficial owner, if any, on whose behalf the director nomination is made):

(i) the name and address of such Shareholder as it appears on the Register of Members, and of such beneficial owner;

(ii) the number of shares which are owned (1) beneficially and (2) of record by such Shareholder and by such beneficial owner;

(iii) a description of all arrangements or understandings between such Shareholder or such beneficial owner and any other person or entity (including, without limitation, their names) in connection with the ownership of shares and the nomination of such nominee(s), and any material interest of such Shareholder or such beneficial owner in such nomination(s);

(iv) whether such Shareholder intends to deliver a form of proxy to holders of the Company's shares to elect such nominee or nominees; and

(v) a representation that the Shareholder giving the notice is a Member entitled to vote at such annual general meeting and that such Shareholder intends to appear in person or by proxy at the annual general meeting to nominate the persons named in its notice.

63. If the Chairperson of an annual general meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairperson shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

64. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings of that meeting.

GIVING NOTICE AND ACCESS

65. A notice may be given by the Company to a Shareholder:

(a) by delivering it to such Shareholder in person; or

(b) by sending it by letter mail or courier to such Shareholder's address in the Register of Shareholders; or

(c) by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such Shareholder to the Company for such purpose; or

(d) by delivering it in accordance with the provisions of the Companies Act pertaining to the delivery of electronic records by publication on a website.

66. Any notice required to be given to a Shareholder shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Shareholders and notice so given shall be sufficient notice to all the holders of such shares.

67. Any notice (save for one delivered in accordance with Bye-law 65(d)) shall be deemed to have been served at the time when the same would be delivered in the ordinary course of transmission and, in proving such service, it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted, and the time when it was posted, delivered to the courier, or transmitted by electronic means.

68. In the case of information or documents delivered in accordance with Bye-law 65(d), service shall be deemed to have occurred when the requirements of the Companies Act in that regard have been met.

POSTPONEMENT OF GENERAL MEETING

69. The Secretary may postpone any general meeting called in accordance with these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement is given to the Shareholders before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Shareholder in accordance with these Bye-laws.

ELECTRONIC PARTICIPATION IN MEETINGS

70. Shareholders may participate in any general meeting by such telephone, videoconference, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

QUORUM AT GENERAL MEETINGS

71. At any general meeting two or more persons present in person and representing in person or by proxy at least a majority of the total issued voting shares in the Company (excluding Treasury Shares) throughout the meeting shall form a quorum for the transaction of business, provided that if the Company shall at any time have only one Shareholder, one Shareholder present in person or by proxy shall form a quorum for the transaction of business at any general meeting held during such time.

72. If within half an hour of the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed cancelled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time

and place or to such other day, time or place as the Secretary may determine. Unless the meeting is adjourned to a specific date, time and place announced at the meeting being adjourned, fresh notice of the resumption of the meeting shall be given to each Shareholder entitled to attend and vote thereat in accordance with these Bye-laws.

CHAIR TO PRESIDE AT GENERAL MEETINGS

73. Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the chair, if there be one, and if not the president, if there be one, shall act as chair at all general meetings at which such person is present. In their absence, a chair shall be appointed or elected by those present at the meeting and entitled to vote.

VOTING ON RESOLUTIONS AND SPECIAL MAJORITY RESOLUTIONS

74. Subject to the Companies Act and these Bye-laws, any question proposed for the consideration of the Shareholders at any general meeting (unless a Special Majority Resolution) shall be decided by the affirmative votes of a majority of the votes cast in accordance with these Bye-laws and in the case of an equality of votes, the proposed Resolution shall fail.

75. Subject to the Companies Act and these Bye-laws, any question proposed for the consideration of the Shareholders at any general meeting that is a Special Majority Resolution in accordance with these Bye-laws shall be decided by the affirmative votes of a majority of two-thirds of the votes cast in accordance with these Bye-laws.

76. No Shareholder shall be entitled to vote at a general meeting unless such Shareholder has paid all the calls on all shares held by such Shareholder.

77. At any general meeting a proposed Resolution or Special Majority Resolution put to the vote of the meeting shall, in the first instance, be voted upon by a show of hands and, subject to any rights or restrictions for the time being lawfully attached to any class of shares and subject to these Bye-laws, every Shareholder present in person and every person holding a valid proxy at such meeting shall be entitled to one vote and shall cast such vote by raising their hand.

78. In the event that a Shareholder participates in a general meeting by telephone, videoconference, electronic or other communication facilities or means, the chair of the meeting shall direct the manner in which such Shareholder may cast their vote on a show of hands.

79. At any general meeting if an amendment is proposed to any proposed Resolution or Special Majority Resolution under consideration and the chair of the meeting rules on whether or not the proposed amendment is out of order, the proceedings on the substantive Resolution or Special Majority Resolution shall not be invalidated by any error in such ruling.

80. At any general meeting a declaration by the chair of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to these Bye-laws, be conclusive evidence of that fact.

POWER TO DEMAND A VOTE ON A POLL

81. Notwithstanding the foregoing, a poll may be demanded by any of the following persons:

    (a) the chair of such meeting; or

(b) at least three Shareholders present in person or represented by proxy; or

(c) any Shareholder or Shareholders present in person or represented by proxy and holding between them not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at such meeting; or

(d) any Shareholder or Shareholders present in person or represented by proxy holding shares in the Company conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total amount paid up on all such shares conferring such right.

82. Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein, or in the case of a general meeting at which one or more Shareholders are present by telephone, video, electronic or other communication facilities or means, in such manner as the chair of the meeting may direct and the result of such poll shall be deemed to be the Resolution or Special Majority Resolution of the meeting at which the poll was demanded and shall replace any previous Resolution or Special Majority Resolution upon the same matter which has been the subject of a show of hands. A person entitled to more than one vote need not use all their votes or cast all the votes they use in the same way.

83. A poll demanded for the purpose of electing a chair of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and in such manner during such meeting as the chair (or acting chair) of the meeting may direct. Any business other than that upon which a poll has been demanded may be conducted pending the taking of the poll.

84. Where a vote is taken by poll, each person physically present and entitled to vote shall be furnished with a ballot paper on which such person shall record their vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. Each person present by telephone, videoconference, electronic or other communication facilities or means shall cast their vote in such manner as the chair shall direct. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be examined and counted by a committee of not less than two Shareholders or proxy holders appointed by the chair for the purpose and the result of the poll shall be declared by the chair.

VOTING BY JOINT HOLDERS OF SHARES

85. In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Shareholders.

INSTRUMENT OF PROXY

86. An instrument appointing a proxy shall be in writing in such form as the chair of the meeting shall accept.

87. The instrument appointing a proxy must be received by the Company at the Registered Office or at such other place or in such manner as is specified in the notice convening the meeting or in any

instrument of proxy sent out by the Company in relation to the meeting at which the person named in the instrument appointing a proxy proposes to vote, and an instrument appointing a proxy which is not received in the manner so prescribed shall be invalid.

88. A Shareholder who is the holder of two or more shares may appoint more than one proxy to represent such Shareholder and vote on such Shareholder's behalf in respect of different shares.

89. The decision of the chair of any general meeting as to the validity of any appointment of a proxy shall be final.

REPRESENTATION OF CORPORATE SHAREHOLDER

90. A corporation which is a Shareholder may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Shareholder, and that Shareholder shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

91. Notwithstanding the foregoing, the chair of the meeting may accept such assurances as they think fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Shareholder.

ADJOURNMENT OF GENERAL MEETING

92. The chair of a general meeting may, with the consent of the Shareholders at any general meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Shareholder entitled to attend and vote thereat in accordance with these Bye-laws.

WRITTEN RESOLUTIONS

93. Subject to these Bye-laws, anything which may be done by Resolution or Special Majority Resolution of the Company in a general meeting or by Resolution or Special Majority Resolution of a meeting of any class of the Shareholders may, without a meeting, be done by written Resolution or Special Majority Resolution in accordance with this Bye-law.

94. Notice of a proposed written Resolution or Special Majority Resolution shall be given, and a copy of the proposed written Resolution or Special Majority Resolution shall be circulated to all Shareholders who would be entitled to attend a meeting and vote thereon. The accidental omission to give notice to, or the non-receipt of a notice by, any Shareholder does not invalidate the passing of a written Resolution or Special Majority Resolution

95. A written Resolution or Special Majority Resolution is passed when it is signed by (or, in the case of a Shareholder that is a corporation, whether or not a company within the meaning of the Companies Act, on behalf of), those Shareholders who at the date that the notice is given represent such majority of votes as would be required if the Resolution or Special Majority Resolution had been voted upon at a general meeting of the Company.

96. A written Resolution or Special Majority Resolution may be signed in any number of counterparts.

97. A written Resolution or Special Majority Resolution made in accordance with this Bye-law is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Shareholders, as the case may be, and any reference in any Bye-law to a meeting at which a Resolution is passed or to Shareholders voting in favour of a Resolution or Special Majority Resolution shall be construed accordingly.

98. A written Resolution or Special Majority Resolution made in accordance with this Bye-law shall constitute minutes for the purposes of the Companies Act.

99. This Bye-law shall not apply to:

(a) a resolution passed to remove an Auditor from office before the expiration of such Auditor's term of office; or

(b) a resolution passed for the purpose of removing a Director before the expiration of such Director's term of office.

100. For the purposes of this Bye-law, the effective date of the Resolution or Special Majority Resolution is the date when the Resolution or Special Majority Resolution is signed by (or in the case of a Shareholder that is a corporation, whether or not a company within the meaning of the Companies Act, on behalf of) the last Shareholder to sign that represents such majority of votes as would be required if the Resolution or Special Majority Resolution had been voted upon at a general meeting of the Company and any reference in any Bye-law to the date of passing of a Resolution or Special Majority Resolution is, in relation to a Resolution or Special Majority Resolution made in accordance with this Bye-law, a reference to such date.

DIRECTORS' ATTENDANCE AT GENERAL MEETINGS

101. The Directors shall be entitled to receive notice of, attend, and be heard at any general meeting.

ELECTION OF DIRECTORS

102. The Board of Directors shall be elected or appointed in the first place at the statutory meeting of the Company and thereafter, except in the case of a casual vacancy, at the annual general meeting or at any special general meeting called for that purpose. Where the number of persons validly proposed for re-election or election as a Director is greater than the number of Directors to be elected, the persons receiving the most votes (up to the number of Directors to be elected) shall be elected as Directors, and an absolute majority of the votes cast shall not be a prerequisite to the election of such Directors.

103. At any general meeting, the Shareholders may authorise the Board to fill any vacancy in their number left unfilled at a general meeting.

104. The Directors may appoint any person to be a Director to fill a vacancy provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Bye-laws as the maximum number of Directors.

NUMBER OF DIRECTORS

105. The Board shall consist of such number of Directors (not exceeding nine) as may be fixed by the Board from time to time.

TERM OF OFFICE OF DIRECTORS

106. Directors shall hold office for such term as the Shareholders may determine or, in the absence of such determination, until the earlier of the next annual general meeting; when their successors are elected or appointed; or their office is otherwise vacated.

REMOVAL OF DIRECTORS

107. Subject to any provision to the contrary in these Bye-laws, the Shareholders entitled to vote for the election of Directors may, at any special general meeting convened and held in accordance with these Bye-laws, remove a Director provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director no fewer than 14 days before the meeting and at such meeting the Director shall be entitled to be heard on the motion for such Director's removal.

108. If a Director is removed from the Board under Bye-law 107, the Shareholders may fill the vacancy at the meeting at which such Director is removed. In the absence of such election or appointment, the Board may fill the vacancy.

109. The Board may at any Board meeting held in accordance with these Bye-laws remove a Director by unanimous resolution of all the other Directors (being not less than two in number).

VACANCY IN THE OFFICE OF DIRECTOR

110. The office of Director shall be vacated if the Director:

(a) is removed from office pursuant to these Bye-laws or is prohibited from being a Director by law;

(b) is or becomes bankrupt or insolvent;

(c) absents themselves (without being represented by proxy or an Alternate Director appointed by him) from three consecutive meetings of the board of Directors without special leave of absence from the Directors, and they pass a resolution that such Director has by reason of such absence vacated office;

(d) is or becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health and the Board resolves that such Director's office is vacated, or dies; or

(e) they resign their office by notice to the Company which need not be in writing.

ALTERNATE DIRECTORS

111. At any general meeting, the Shareholders may elect a person or persons to act as a Director in the alternative to any one or more Directors or may authorise the Board to appoint such Alternate Directors.

112. Unless the Shareholders otherwise resolve, any Director may appoint a person or persons to act as a Director as alternate to such Director by notice deposited with the Secretary.

113. Any person elected or appointed pursuant to Bye-laws 111 or 112 shall have all the rights and powers of the Director or Directors for whom such person is elected or appointed in the alternative, provided that, subject to bye-law 6, such person shall not be counted more than once in determining whether or not a quorum is present.

114. An Alternate Director shall be entitled to receive notice of all Board meetings and to attend and vote at any such meeting at which a Director for whom such Alternate Director was appointed in the alternative is not personally present and generally to perform at such meeting all the functions of such Director for whom such Alternate Director was appointed.

115. An Alternate Director's office shall terminate:

(a) in the case of an Alternate Director elected by the Shareholders:

(i) on the occurrence in relation to the Alternate Director of any event which, if it occurred in relation to the Director for whom they were elected to act in the alternative, would result in the termination of that Director; or

(ii) if the Director for whom they were elected to act in the alternative ceases for any reason to be a Director, provided that the Alternate Director removed in these circumstances may be re-appointed by the Board as an alternate to the person appointed to fill the vacancy; and

(b) in the case of an Alternate Director appointed by a Director:

(i) on the occurrence in relation to the Director of any event which, if it occurred in relation to their appointor, would result in the termination of the appointor's directorship; or

(ii) when the Alternate Director's appointor revokes the appointment by notice in writing to the Company specifying when the appointment is to terminate; or

(iii) if the Alternate Director's appointor ceases for any reason to be a Director.

DIRECTORS TO MANAGE BUSINESS

116. The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Companies Act or by these Bye-laws, required to be exercised by the Company in general meeting.

POWERS OF THE BOARD OF DIRECTORS

117. The Board may:

(a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;

(b) exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and may issue debentures,

debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;

(c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;

(d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;

(e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;

(f) procure that the Company pays all expenses incurred in promoting and incorporating the Company;

(g) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board which may consist partly or entirely of non-Directors, provided that every committee shall conform to such directions as the Board shall impose on them and provided further that the meetings and proceedings of any such committee shall be governed by the provisions of these Bye-laws regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by directions imposed by the Board;

(h) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board may see fit;

(i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;

(j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law;

(k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company; and

(l) take all necessary or desirable actions within its control to ensure that the Company is not deemed to be a Controlled Foreign Company as such term is defined pursuant to Norwegian tax legislation.

REGISTER OF DIRECTORS AND OFFICERS

118. The Secretary shall establish and maintain a Register of the Directors and Officers of the Company as required by the Companies Act. The Register of the Directors and Officers shall be open to

inspection without charge at the Registered Office of the Company on every Business Day, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each Business Day be allowed for inspection. The Register of the Directors and Officers may, after notice has been given in accordance with the Companies Act, be closed for any time or times not exceeding in the whole thirty days in each year.

APPOINTMENT OF OFFICERS

119. The Board may appoint such officers (who may or may not be Directors) as the Board may determine.

APPOINTMENT OF SECRETARY AND RESIDENT REPRESENTATIVE

120. The Secretary and Resident Representative, if necessary, shall be appointed by the Board at such remuneration (if any) and upon such terms as it may think fit and any Secretary so appointed may be removed by the Board.

DUTIES OF OFFICERS

121. The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

DUTIES OF THE SECRETARY

122. The duties of the Secretary shall be those prescribed by the Companies Act together with such other duties as shall from time to time be prescribed by the Board.

REMUNERATION OF OFFICERS

123. The Officers shall receive such remuneration as the Board may determine.

CONFLICTS OF INTEREST

124. Any Director, or any Director’s firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director’s firm, partner or company shall be entitled to remuneration as if such Director were not a Director. Nothing herein contained shall authorise a Director or Director’s firm, partner or company to act as Auditor to the Company.

125. A Director who is directly or indirectly interested in a Contract or proposed Contract or arrangement with the Company shall declare the nature of such interest as required by the Companies Act.

126. A transaction entered into by the Company in respect of which a Director is interested is voidable by the Company unless the Director discloses their interest to the Board at the earliest opportunity, unless the transaction or proposed transaction: (a) is between the Director and the Company; and (b) is entered into on the ordinary course of the Company's business and on usual terms and conditions.

127. Following a declaration being made pursuant to this Bye-law, a Director may vote in respect of any Contract or proposed Contract or arrangement in which such Director is interested and may be counted in the quorum for such meeting and no such Contract or proposed Contract or arrangement

shall be void or voidable by reason only that the Director who made the declaration voted on it or was counted in the quorum of the relevant meeting and such Director shall not be liable to account to the Company for any profit realised thereby.

128. Subject to the Companies Act and any further disclosure required thereby, a general notice to the Directors by a Director or Officer declaring that they are a director or officer or have an interest in any business entity and is to be regarded as interested in any transaction or arrangement made with that business entity shall be sufficient declaration of interest in relation to any transaction or arrangement so made.

INDEMNIFICATION AND EXCULPATION OF DIRECTORS AND OFFICERS

129. To the fullest extent permitted by the Companies Act, a Director of the Company shall not be liable to the Company or its Shareholders for breach of fiduciary duty as a Director.

130. Without limitation of any right conferred by Bye-law 129, each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative (hereinafter a "**proceeding**"), by reason of the fact that such person is or was a Director, Officer or Resident Representative of the Company, or is or was serving at the request of the Company as a Director, Officer, Resident Representative, employee or agent of another company or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "**indemnitee**"), whether the basis of such proceeding is alleged action in an official capacity while serving as a Director, Officer, Resident Representative, employee or agent or in any other capacity while serving as a Director, Officer, Resident Representative, employee or agent, shall be indemnified and held harmless by the Company to the fullest extent authorised by the Companies Act (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a Director, Officer or Resident Representative and shall inure to the benefit of the indemnitee's heirs, testators, intestates, executors and administrators; provided, however, except as provided in Bye-law 131 with respect to proceedings to enforce rights to indemnification, the Company shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) initiated by such indemnitee was authorised by the Board. The right to indemnification conferred in this Bye-law 130 shall be a contract right and shall include the right to be paid by the Company, the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "**advancement of expenses**"); provided, however, that, if the Companies Act requires, an advancement of expenses incurred by an indemnitee in their capacity as a Director, Officer or Resident Representative shall be made only upon delivery to the Company of an undertaking (hereinafter an "**undertaking**"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "**final adjudication**") that such indemnitee is not entitled to be indemnified for such expenses under this Bye-law or otherwise.

131. If a claim under Bye-law 130 is not paid in full by the Company within 60 days after a written claim has been received by the Company, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Company to recover an advancement of expenses pursuant to the terms of any undertaking, the indemnitee shall be entitled to be paid also

the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Company to recover an advancement of expenses pursuant to the terms of an undertaking the Company shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met the applicable standard of conduct set forth in the Companies Act. Neither the failure of the Company (including the Board, independent legal counsel, or the Shareholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Companies Act, nor an actual determination by the Company (including the Board, independent legal counsel or the Shareholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Bye-law or otherwise shall be on the Company.

132. The rights to indemnification and to the advancement of expenses conferred in Bye-law 130 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Company, agreement, vote of Shareholders or disinterested directors or otherwise.

133. The Company may purchase and maintain insurance, at its expense, to protect itself and any person who is or was a Director, Officer, Resident Representative, employee or agent of the Company or any person who is or was serving at the request of the Company as a Director, Officer, Resident Representative, employer or agent of another company, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Companies Act.

BOARD MEETINGS

134. The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

NOTICE OF BOARD MEETINGS

135. A Director or Alternate Director may, or other officer of the Company on the requisition of a Director or Alternate Director shall, call a meeting of the Directors by at least two days' notice in writing to every Director and Alternate Director which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held..

ELECTRONIC PARTICIPATION IN MEETINGS

136. Directors may participate in any meeting by such telephonic, videoconference, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

QUORUM AT BOARD MEETINGS

137. The quorum for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall be at least a majority of the Directors if there are two or more Directors, and shall be one if there is only one Director. A person who holds office as an Alternate Director shall, if his appointor is not present, be counted in the quorum. A Director who also acts as an Alternate Director shall, if his appointor is not present, count twice towards the quorum.

BOARD TO CONTINUE IN THE EVENT OF VACANCY

138. The Board may act notwithstanding any vacancy in its number but, if and so long as its number is reduced below the number fixed by these Bye-laws as the quorum necessary for the transaction of business at meetings of the Board, the continuing Directors or Director may act for the purpose of (i) summoning a general meeting; or (ii) preserving the assets of the Company.

CHAIR TO PRESIDE

139. Unless otherwise agreed by a majority of the Directors attending, the chair, if there be one, and if not, the President, if there be one, shall act as chair at all meetings of the Board at which such person is present. In their absence, a chair shall be appointed or elected by the Directors present at the meeting.

WRITTEN RESOLUTIONS

140. A written resolution signed by (or in the case of a Director that is a body corporate, on behalf of) all the Directors, which may be in counterparts, shall be as valid as if it had been passed at a meeting of the Board duly called and constituted, such resolution to be effective on the date on which the resolution is signed by (or in the case of a Director that is a body corporate, on behalf of) the last Director.

VALIDITY OF PRIOR ACTS OF THE BOARD

141. No regulation or alteration to these Bye-laws made by the Company in a general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

MINUTES

142. The Board shall cause minutes to be duly entered in books provided for the purpose:

(a) of all elections and appointments of Officers;

(b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and

(c) of all resolutions and proceedings of general meetings of the Shareholders, meetings of the Board, meetings of managers and meetings of committees appointed by the Board.

PLACE WHERE CORPORATE RECORDS KEPT

143. Minutes prepared in accordance with the Companies Act and these Bye-laws shall be kept by the Secretary at the Registered Office of the Company.

FORM AND USE OF SEAL

144. The Company may adopt a seal in such form as the Board may determine. The Board may adopt one or more duplicate seals for use in or outside Bermuda.

145. A seal may, but need not, be affixed to any deed, instrument, share certificate or document, and if the seal is to be affixed thereto, it shall be attested by the signature of (a) any Director; (b) any Officer; (c) the Secretary; or (d) any person authorised by the Board for that purpose.

146. A Resident Representative may, but need not, affix the seal of the Company to certify the authenticity of any copies of documents.

BOOKS OF ACCOUNT

147. The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:

(a) all amounts of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;

(b) all sales and purchases of goods by the Company; and

(c) all assets and liabilities of the Company.

148. Such records of account shall be kept at the Registered Office of the Company, or subject to the Companies Act, at such other place as the Board thinks fit and shall be available for inspection by the Directors during normal business hours.

FINANCIAL YEAR END

149. The financial year end of the Company may be determined by resolution of the Board and failing such resolution shall be 31 December in each year.

ANNUAL AUDIT

150. Subject to any waiver of the requirement to appoint an auditor pursuant to the Companies Act, the accounts of the Company shall be audited at least once in every year.

APPOINTMENT OF AUDITOR

151. Subject to any waiver of the requirement to appoint an auditor pursuant to the Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, an independent representative of the Shareholders shall be appointed by them as Auditor of the accounts of the Company.

152. The Auditor may be a Shareholder but no Director, Officer or employee of the Company shall, during their continuance in office, be eligible to act as an Auditor of the Company.

REMUNERATION OF AUDITOR

153. Save in the case of an Auditor appointed pursuant to Bye-law 160, the remuneration of the Auditor shall be fixed by the Company in a general meeting or in such manner as the Shareholders may determine. In the case of an Auditor appointed pursuant to Bye-law 160, the remuneration of the Auditor shall be fixed by the Board.

DUTIES OF AUDITOR

154. Subject to any waiver of the requirement to appoint an auditor pursuant to the Companies Act, the financial statements provided for by these Bye-laws shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards.

155. The generally accepted auditing standards referred to in this Bye-law may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be provided for in the Companies Act. If so, the financial statements and the report of the Auditor shall identify the generally accepted auditing standards used.

CHANGE TO THE COMPANY'S AUDITORS

156. No change to the Company's Auditors may be made save in accordance with the Companies Act and until the same has been approved by a unanimous resolution of the Board and by a Resolution.

ACCESS TO RECORDS

157. The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto, and the Auditor may call on the Directors or Officers of the Company for any information in their possession relating to the books or affairs of the Company.

FINANCIAL STATEMENTS

158. Subject to any waiver of the requirement to lay accounts pursuant to the Companies Act, financial statements as required by the Companies Act shall be laid before the Shareholders in a general meeting. A written Resolution made in accordance with Bye-law 93 receiving, accepting, adopting, approving or otherwise acknowledging financial statements shall be deemed to be the laying of such statements before the Shareholders in a general meeting.

DISTRIBUTION OF AUDITOR'S REPORT

159. The report of the Auditor shall be submitted to the Shareholders in a general meeting.

VACANCY IN THE OFFICE OF AUDITOR

160. The Board may fill any casual vacancy in the office of the Auditor.

WINDING-UP

161. If the Company shall be wound up the liquidator may, with the sanction of a Resolution, divide amongst the Shareholders in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as they deem fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Shareholders as the liquidator shall think fit, but so that no Shareholder shall be compelled to accept any shares or other securities or assets whereon there is any liability.

CHANGES TO BYE-LAWS

162. No Bye-law may be rescinded, altered or amended and no new Bye-law may be made save in accordance with the Companies Act and unless the same has been approved by the Board and by a Special Majority Resolution.

CHANGES TO THE MEMORANDUM OF ASSOCIATION

163. No alteration or amendment to the Memorandum of Association may be made save in accordance with the Companies Act and unless the same has been approved by the Board and by a Special Majority Resolution.

MERGER AND AMALGAMATION

164. The Company may merge or amalgamate in accordance with the Companies Act.

DISCONTINUANCE

165. The Board may exercise all the powers of the Company to discontinue the Company to a jurisdiction outside Bermuda pursuant to the Companies Act.

CHANGE OF NAME

166. The Company may not change its name save in accordance with the Companies Act and unless the same has been approved by the Board and by a Special Majority Resolution.

Memorandum of Association
The Companies Act 1981
Section 7(1) and (2)

VDI Bermuda Ltd. (202403233)

Filing Date	08-Feb-2024 13:51:28

General details

Type of company	Exempted
Company Name	VDI Bermuda Ltd.
Entity type	Company Limited By Shares

Objects and provisions

The objects for which the Company is formed and incorporated are unrestricted only	Yes
Provisions regarding the powers of the Company	The Company shall have the capacity, rights, powers and privileges of a natural person and the additional powers set out below: (a) the power, pursuant to Section 42 of the Companies Act, to issue preference shares which are liable to be redeemed at the option of the holder; (b) the power, pursuant to Section 42A of the Companies Act, to purchase its own shares; and (c) the power, pursuant to Section 42B of the Companies Act, to acquire its own shares, to be held as treasury shares, for cash or any other consideration.

Subscribers

Subscriber 1

Name	Allison FORTE-HOLLOWAY
Address	

	Park Place, 55 Par-la-Ville Road, Hamilton, Pembroke, HM11, Bermuda
Nationality	Barbados
Has Bermudian status	No
Number of shares	1

Shareholdings

Currency	USD - United States Dollar
Authorised share capital	50,000.00

Declarations

The liability of the members of the Company is limited to the amount (if any) for the time being unpaid on the shares respectively held by them.	Yes
The subscribers listed in this application respectively agreed to take such number of shares of the Company as may be allotted to them respectively by the provisional directors of the Company, not exceeding the number of shares for which they have respectively subscribed, and to satisfy such calls as may be made by the directors, provisional directors or promoters of the Company in respect of	Yes

the shares allotted to them respectively.

Submitted By	WALKERS CORPORATE (BERMUDA) LIMITED TINA TROTT BERMUDA, PARK PLACE, 55 PAR-LA-VILLE ROAD, HAMILTON, PEMBROKE, HM 11
Public filing document	#202403233 - VDI Bermuda Ltd. - Details of class of shares (MoA).pdf

APPENDIX B:

AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

VANTAGE

Vantage Drilling International Ltd.

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

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SAFE HARBOR STATEMENT

This Annual Report (this "Annual Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are included throughout this Annual Report, including under "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." 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 Annual 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," under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the following:

- the small size of our fleet and associated vulnerabilities in the case of prolonged downtime of any of our drilling rigs;
- our small number of customers, related concentration and/or the loss of any customers;
- credit risks of our key customers and other third-parties we engage commercially;
- increased costs resulting from supply chain constraints, delays and impediments, including, but not limited to, increases in (i) the costs of obtaining supplies, (ii) freight, transportation and input costs, among others;
- our limited ability to mobilize our drilling units between geographic regions;
- termination or renegotiation of our management and marketing agreements, failure to enter into the definitive agreements contemplated by the TE-Vantage MOU. If such definitive agreements are executed, the failure to meet the conditions precedent to consummate the TE-Vantage Transaction;
- termination or renegotiation of our management, customer and vendor contracts, and the invoking of force majeure clauses;
- our dependence on key personnel;
- availability of workers and the related labor costs;
- 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;
- levels of operating and maintenance costs, and capital expenditures that may be contractually or otherwise required to be allocated to any of our drilling rigs;
- 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;
- 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;
- excess supply of drilling units worldwide;
- competition within our industry;
- operating hazards in the offshore drilling industry;
- epidemics, pandemics, global health crises, or other public health events and concerns, including any resurgence of COVID-19 and the effectiveness of associated vaccinations and treatments;
- consolidation of our competitors and suppliers;
- effects of new products and new technology on the market;
- reduced expenditures by oil and gas exploration and production companies;

- losses on impairment of long-lived assets;
- 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, in connection with (i) the Russo-Ukrainian War and (ii) any impact, effect, damage, including any destruction and/or bodily harm directly or indirectly relating to or caused by the ongoing hostilities in the Middle East;
- 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;
- 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;
- any non-compliance with the FCPA and any other anti-corruption laws;
- changes in legislation removing or increasing current applicable limitations of liability;
- governmental, tax and environmental regulations and related actions and legal matters, including the actions taken by governments in response to global health events and crises, as well as the results and effects of legal proceedings and governmental audits, assessments, orders and investigations;
- compliance with the Economic Substance Act 2018 (as amended), and the Economic Substance Act 2021 (as amended), among other legislation enacted in Bermuda and the Cayman Islands that is applicable to our business and operations;
- our incorporation under the laws of Bermuda and the limited rights to relief that may be available compared to U.S. law;
- our current level of indebtedness and the ability to incur additional indebtedness in the near- and long-term;
- compliance with restrictions and covenants in our debt agreements;
- 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;
- adequacy of, or gaps in, insurance coverage upon the occurrence of a catastrophic or other material adverse event;
- our recent lack of overall profitability and whether we will generate material revenues or profits in the near- and long-term;
- our ability to identify and complete strategic and/or transformational transactions, including acquisitions, dispositions, joint ventures (including the TE-Vantage JV Transactions (as defined below)) and mergers, as well as the impact that such transactions may have on our operations and financial condition;
- 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;
- 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) developments at financial institutions, including bank failures, that impact general sentiment regarding the stability and liquidity of banks and the global economy, and the resulting impact on the stability of the global financial markets at large;
- changes in tax laws, treaties or regulations, including the passage and implementation of the Corporate Income Tax Act, 2023 and the Company's reliance on the Tax Assurances (as defined below); and
- the impact of the Company's decision to voluntarily deregister under the Exchange Act.

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 Annual Report.

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

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GLOSSARY OF TERMS

The following terms used in this Annual Report have the following meanings, unless specified elsewhere in this Annual Report:

Abbreviation/Acronym	Definition
2016 Amended MIP	The Company's Amended and Restated 2016 Management Incentive Plan
2022 Form 10-K	The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on March 31, 2023
9.25% First Lien Indenture	First Lien Indenture, dated as of November 30, 2018, by and between Vantage Drilling International and U.S. Bank National Association
9.25% First Lien Notes	The Company's 9.25% Senior Secured First Lien Notes due November 15, 2023
9.50% First Lien Indenture	Indenture, dated as of March 1, 2023, by and between VDI, the guarantors party thereto, and U.S. Bank Trust Company, National Association, as trustee and first lien collateral agent
9.50% First Lien Notes	The Company's 9.50% Senior Secured First Lien Notes due February 15, 2028
ADES	ADES International Holding Ltd, an offshore and onshore provider of oil and gas drilling and production services in the Middle East, India and Africa
ADVantage	ADVantage Drilling Services SAE, a joint venture owned 51% by the Company and 49% by ADES
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board of Directors	The Company's board of directors
COVID-19	Coronavirus disease 2019, a new strain of coronavirus caused by SARS-CoV-2
Current Year	The year ended December 31, 2023
DOJ	U.S. Department of Justice
EDC	Emerald Driller Company
EDC Sale	The sale by VHI of all of the issued and outstanding equity of EDC to ADES Arabia Holding, pursuant to the terms of that certain Share Purchase Agreement, dated as of December 6, 2021, by and between VHI and ADES Arabia Holding, as amended, which closed on May 27, 2022
Effective Date	February 10, 2016, the date the Company emerged from bankruptcy
EPS	Earnings per share
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FCPA	U.S. Foreign Corrupt Practices Act, as amended
Investment Company Act	Investment Company Act of 1940, as amended
IPO	Initial public offering
IRS	U.S. Internal Revenue Service
MPD	Managed pressure drilling
New Shares	Shares issued by the reorganized Company
Non-U.S. Holder	A beneficial owner of the Ordinary Shares (other than a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder
OPEC	The Organization of the Petroleum Exporting Countries
OPEC+	The Organization of the Petroleum Exporting Countries plus 10 non-OPEC nations
Ordinary Shares	The Company's ordinary shares, par value $0.001 per share
OTC	Over the counter
PBGs	Performance-based restricted stock units
Petrobras	Petroleo Brasileiro S.A.
Previous Year	The year ended December 31, 2021
Prior Year	The year ended December 31, 2022
PSU	PBGs and TBGs with both a time condition and IPO or performance condition
QLE	A qualified liquidity event as defined in the 2016 Amended MIP
ROU	Right-of-use
Russo-Ukrainian War	The ongoing war resulting from Russia's invasion of Ukraine in February 2022
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Tax Election	Tax election filed with the IRS on January 22, 2020, to allow VDI to be treated as a partnership, rather than a corporation, for U.S. federal income tax purposes, with an effective date retroactive to December 9, 2019
TBGs	Time-based restricted stock units
TEV	Total enterprise value
U.S.	United States of America
U.S. GAAP	Accounting principles generally accepted in the United States of America

U.S. Holder	A beneficial owner of the Ordinary Shares that is, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that was organized under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust, if a U.S. court can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or such trust has a valid election in effect under applicable treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes
USD or $	U.S. Dollar
VDC	Vantage Drilling Company, the Company's former parent company
VDI	Vantage Drilling International Ltd.
VHI	Vantage Holdings International, a subsidiary of VDI
VIE	Variable interest entity

PART I

Item 1. Business.

Our Company

Vantage Drilling International Ltd., a Bermuda exempted company, together with its consolidated subsidiaries (collectively the "Company"), is an international offshore drilling company focused on operating a fleet of modern, high specification drilling units. Our principal business is to contract drilling units, related equipment and work crews, primarily on a dayrate basis, to drill oil and gas wells for our customers. Through our fleet of drilling units, we are a provider of offshore contract drilling services to major, national and independent oil and gas companies, focused on international markets. Additionally, for third-party owned drilling units, we provide operational and marketing services for operating and stacked rigs, construction supervision services for rigs that are under construction, and preservation management services for rigs that are stacked.

Our Fleet

Our business consists of two operating segments: (1) "Drilling Services," which includes activities related to owned jackup rigs and drillships; and (2) "Managed Services," which consists of activities related to rigs owned by third-parties that we manage, support or operate through bareboat charters.

Jackups

A jackup rig is a mobile, self-elevating drilling platform equipped with legs that are lowered to the ocean floor until a foundation is established for support, at which point the hull is raised out of the water into position to conduct drilling and workover operations. Both of our premium jackup rigs were built at PPL Shipyard in Singapore. The design of our premium jackup rigs is the Baker Marine Pacific Class 375. These units are ultra-premium jackup rigs with independent legs capable of drilling in up to 375 feet of water, a cantilever drilling floor and a total drilling depth capacity of approximately 30,000 feet.

Drillships

Drillships are self-propelled and suited for drilling in remote locations because of their mobility and large load carrying capacity. While both of our drillships are dynamically positioned and designed for drilling in water depths of up to 12,000 feet, with a total vertical drilling depth capacity of up to 40,000 feet, currently equipped to drill in 10,000 feet and 11,000 feet for the *Platinum Explorer* and *Tungsten Explorer,* respectively. Each drillship's hull design has a variable deck load in excess of 20,000 tons and measures approximately 781 feet long by 138 feet wide. Both of our drillships were built at Daewoo Shipbuilding & Marine Engineering shipyard in South Korea.

The following table sets forth certain information concerning our owned, managed and supported offshore drilling fleet as of March 14, 2024.

Name	Year Built	Water Depth Rating (feet)	Drilling Depth Capacity (feet)	Location	Status
Owned Rigs:					
Jackups					
Topaz Driller	2009	375	30,000	Ivory Coast	Operating
Soehanah	2007	375	30,000	Indonesia	Operating
Drillships (1)					
Platinum Explorer	2010	12,000	40,000	India	Demobilizing
Tungsten Explorer	2013	12,000	40,000	Namibia	Operating
Third-Party Owned Rigs:					
Drillships					
Capella	2008	10,000	37,500	Indonesia	Operating
Jackups					
Emerald Driller	2008	375	30,000	Qatar	Operating
Sapphire Driller	2009	375	30,000	Qatar	Operating
Aquamarine Driller	2009	375	30,000	Qatar	Operating

(1) The drillships are designed to drill in up to 12,000 feet of water. The *Platinum Explorer* is currently equipped to drill in 10,000 feet of water and the *Tungsten Explorer* is currently equipped to drill in 11,000 feet of water.

Recent Developments

Bermuda Continuation and Statutory Merger

As part of a corporate reorganization, VDI held an extraordinary general meeting on January 23, 2024 whereby the shareholders approved (i) the re-domiciliation of VDI from the Cayman Islands to Bermuda and (ii) a proposal to merge VDI with a newly formed Bermuda entity, VDI Bermuda Ltd., a wholly-owned subsidiary of the Company, pursuant to a statutory merger (the "Statutory Merger"). On February 12, 2024, VDI deregistered by way of discontinuation in the Cayman Islands and continued into Bermuda as a Bermuda exempted company limited by shares (renamed as "Vantage Drilling International Ltd."). VDI held a special general meeting on March 19, 2024 whereby the shareholders approved the Company's entry into the statutory merger agreement, including the consummation of the Statutory Merger and other related transactions thereto. VDI and VDI Bermuda Ltd. are expected to consummate the Statutory Merger in the beginning of the second quarter 2024 with VDI Bermuda Ltd. being the surviving company and subsequently adopting the name "Vantage Drilling International Ltd."

TotalEnergies and Vantage Joint Venture

On February 6, 2024, VHI entered into a binding Memorandum of Understanding ("TE-Vantage MOU") with TotalEnergies to create a joint venture (the "TE-Vantage JV") that will acquire the *Tungsten Explorer* from Vantage (the "TE-Vantage JV Transaction"). Under the terms of the TE-Vantage MOU, subject to certain customary conditions precedent including, without limitation, rig acceptance, TotalEnergies will pay approximately $199.0 million in cash for a 75% interest in the TE-Vantage JV that will own the *Tungsten Explorer*, with Vantage owning the remaining 25% interest. Furthermore, as anticipated, the TE-Vantage JV will contract with Vantage to operate the *Tungsten Explorer* for 10 years pursuant to a management agreement to be executed in connection with the TE-Vantage JV Transaction.

Pursuant to the TE-Vantage MOU, the parties intend to negotiate and execute definitive agreements in respect of the aforementioned transactions including the TE-Vantage JV Transaction.

Strengths

We believe our primary competitive strengths include the following:

We own and operate a diversified, premium fleet. We have a diversified fleet of four high-specification drilling units that can provide premium drilling services for both shallow water and deepwater applications. We recognize that shallow water and deepwater business cycles may differ, particularly during an industry recovery, and believe our fleet diversity reduces our reliance on any particular market segment. Our fleet currently includes two jackup rigs and two drillships.

- *Jackup rigs.* We believe that our ultra-premium jackup rigs compare favorably to the majority of the current global jackup rig fleet, which is primarily comprised of rigs that are older, smaller and less capable due to their reliance on, and utilization of, less modern equipment. Each of our jackup rigs has a water depth capability of 375 feet and drilling depth capability of 30,000 feet. Our jackup rigs are equipped with offline stand-building systems, which provide significant drilling efficiency and have at least a 1.4-million-pound hook load, allowing more demanding wells to be drilled. Each of our jackup rigs have (i) a cantilever reach envelop of 75 x 30 feet, which enables each rig to reach more well slots on a platform without requiring a rig move, (ii) a large deck space, (iii) up to 3,749 tons of variable deck-load, allowing more equipment and supplies to be stored on the rig, and (iv) a 120-person accommodation, all of which we believe bring efficiencies, better logistics and significant cost savings to our customers. Certain of our drilling contracts may require that we undertake certain improvements and upgrades to our rigs. For example, an existing letter of award relating to the *Topaz Driller* requires that we increase the capacity of the rig's living quarters to support up to 150 persons, among other improvements and upgrades. We believe our jackups are generally preferred by clients for their superior and more efficient drilling performance, better and more cost-effective logistics, and consistent activity levels. As demonstrated since 2015, clients have shown a preference for modern jackups, such as ours, with global modern jackup utilization rebounding more rapidly than older rigs.
- *Drillships.* Both of our ultra-deepwater drillships are designed to drill in up to 12,000 feet of water, and one of our drillships has been further upgraded with a hook load of 2.5 million pounds, which further enhances its ability to drill deep, complex and demanding wells. Our drillships are currently equipped with risers to drill in water depths of up to 10,000 feet and 11,000 feet for the *Platinum Explorer* and *Tungsten Explorer,* respectively, which we believe are the optimal specifications for the majority of current ultra-deepwater development projects. However, additional risers could be added to drill in water depths of up to 12,000 feet as needed by our clients. Finally, an MPD system has been installed on the *Tungsten Explorer* drillship, and we have the ability to equip this MPD on our other drillship. Based on our experience, a significant number of the recent and active requirements for floaters are requesting an MPD system (or a subset of an MPD system called Riser Gas Handling). We believe these active, high-specification and upgraded drillships will position us to secure contracts and command premium dayrates in the long-term.

Our focus on increased efficiency has led to an optimized cost structure. As a result of the industry-wide downturn that commenced in 2014, we implemented company-wide cost savings initiatives in 2016 in an effort to reduce our rig operating expenses and general and administrative expenses through the right sizing of shore-based teams and centralization of shore-based operational support in Dubai near key areas of operation. Further, we have significantly reduced our rig operating cost through nationalization and regionalization of senior offshore positions and active supply chain management. We believe our optimized cost structure is among the best in the industry and provides us with the flexibility to operate across business cycles and will lead to enhanced profitability in the event of a recovery in the offshore drilling industry.

*We are a leading drilling contractor with strong client relationships***.** We believe that our safety and operational performance, experienced and skilled employees, and modern and highly advanced fleet have produced a track record of high-quality client service and operational safety, efficiency and effectiveness. We have received special recognition from several of our clients for superior drilling services based on key operational metrics, including with respect to safe operations, drilling efficiency, low non-productive time and best contractor performance.

We have a proven management team. Our executive team has a strong reputation for sound execution, customer focus and delivering strong financial performance. Our management team has extensive experience in the oilfield services and offshore drilling industries, as well as experience operating in key global offshore development locations, including the Gulf of Mexico, West Africa, the Middle East, Southeast Asia and India, with major international and national oil companies as well as independent exploration and production companies. In addition to the members of the management team, we have highly trained personnel operating and maintaining our rigs. We believe that our team's significant experience, technical expertise and strong client relationships, as well as the functional depth throughout our organization, enhance our ability to deliver superior drilling services to our clients and effectively operate on a global basis.

Our Industry

The offshore contract drilling industry provides drilling, workover and well construction services to oil and gas exploration and production companies through the use of mobile offshore drilling units. Offshore drilling rigs are generally marketed on a worldwide basis as rigs can be moved from one region to another. The cost of moving a rig and the availability of rig-moving vessels may cause the supply and demand balance to vary between regions. However, significant variations between regions do not tend to exist long-term because of rig mobility.

The offshore drilling market generally consists of shallow water (<400 ft.), midwater (>400 ft.), deepwater (>4,000 ft.) and ultra-deepwater (>7,500 ft.). The global shallow water market is serviced primarily by jackups.

Our jackup fleet is focused on the "long-legged" (>350 ft.) high specification market. The drillships that we operate are focused primarily on the ultra-deepwater segment, but can also operate efficiently and cost effectively in the midwater and deepwater markets.

Historically, the offshore drilling industry has been very cyclical with periods of high demand, limited rig supply and high dayrates alternating with periods of low demand, excess rig supply and low dayrates. Periods of low demand and excess rig supply intensify the competition in our industry and often result in some rigs becoming idle for long periods of time. Periods of high demand and limited (or a shortage of) rig supply could result in the reactivation of previously stacked rigs and/or the construction of new rigs, which in turn could lead to excess rig supply. As is common throughout the oilfield services industry, offshore drilling is largely driven by actual or anticipated changes in oil and gas prices and capital spending by companies exploring for and producing oil and gas.

In response to the oversupply of drilling rigs which began in 2016, a number of drilling contractors have removed older, less competitive rigs from their fleets by either cold stacking the drilling rigs, repurposing rigs for use in other industries or taking them permanently out of service. In addition to scrapping ("recycling"), many offshore drillers, including our competitors, with significant levels of debt on their balance sheets have previously completed, or may elect to pursue in the near-term, debt restructurings (see "Risk Factors—*We may not be able to compete effectively against the actions taken by our competitors, which could materially and adversely impact our business operations and financial results*" in Part I, Item 1A. of this Annual Report). These debt restructurings may result in lower cost structures, and additional pressure and incentive to recycle rigs. As drillers emerged from these debt restructurings, consolidation in the industry commenced and it is likely that consolidation will continue, reducing the number of industry participants and lowering cost structures.

In response to both market conditions and excessive levels of idle capacity in recent years, there was intense downward pressure on operating dayrates beginning in 2015 as most drilling contractors had preferred to maintain rigs in an active state to mitigate the risks and costs of stacking and reactivating rigs and to benefit from the fact that customers had generally favored operating rigs over reactivated cold-stacked rigs. Prior to the COVID-19 pandemic, this downward pressure on pricing was starting to reverse itself as evidenced by increased demand for our services in 2019 and early 2020, and dayrates were showing signs of general improvement. However, beginning in the second quarter of 2020, with the initial onset, continued spread, and resulting impact of the COVID-19 pandemic, dayrates, rig activity and contract opportunities each came under significant pressure again. Dayrates began showing signs of improvement during 2021, resembling pricing trends exhibited prior to the onset of COVID-19. This trend continued into 2023, with

dayrates in certain regions reaching more than $400,000 in respect of drillships and $125,000 in respect of jackup rigs. However, while the shallow water segment has held up, the deepwater sector began to experience some weakness in demand in the second half of 2023, which is likely to continue throughout 2024 as more drillships come off contracts during the year. Therefore, while our industry has generally shown indications of being on more solid ground, as compared to the past decade, 2024 is anticipated to be a year of transition with demand generally expected to improve in 2025.

Customers

Our customers are primarily large multinational oil and gas companies, government owned oil and gas companies and independent oil and gas producers. The following customers accounted for more than 10% of our consolidated revenue in the respective periods:

		Year Ended December 31,		
Customer	**Segment**	**2023**	**2022**	**2021**
Oil & Natural Gas Corporation	Drilling Services and Managed Services	35%	20%	19%
Seadrill	Managed Services	21%	31%	7%
TotalEnergies (1)	Drilling Services	21%	1%	6%
Eni S.p.A (2)	Drilling Services	10%	15%	27%
Belayim Petroleum Company (Petrobel)	Drilling Services	0%	10%	1%
North Oil Company	Drilling Services	0%	5%	13%

(1) Includes Total E&P Cyprus B.V., Total E&P Qatar and TotalEnergies EP Namibia BV

(2) Includes Eni Cyprus Limited, Eni Montenegro BV, Eni Congo S.A., ENI Morocco BV, ENI North Ganal Limited and ENI Mozambique S.p.A

Drilling Contracts

Our drilling contracts are the result of negotiation with our customers, and most contracts are awarded through competitive bidding against other contractors. Drilling contracts generally provide for payment on a dayrate basis, with higher rates while the drilling unit is operating and lower rates for periods of mobilization or when drilling operations are interrupted or restricted by equipment breakdowns, adverse environmental conditions or other conditions beyond our control. Currently all of our drilling contracts are on a dayrate basis. 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. Certain of our contracts with customers may be cancelable at the option of the customer upon payment of an early termination fee. Such payments may not, however, fully compensate us for the loss of the contract. Contracts also customarily provide for either automatic termination or termination at the option of the customer typically without the payment of any termination fee, under various circumstances such as non-performance, in the event of extensive downtime or impaired performance caused by equipment or operational issues, or sustained periods of downtime due to force majeure events or for convenience by the customer. Many of these events are beyond our control. The contract term in some instances may be extended by the client exercising options for the drilling of additional wells or for an additional term. Our contracts also typically include a provision that allows the client to extend the contract to finish drilling a well-in-progress. During periods of depressed market conditions, our clients may seek to renegotiate drilling contracts to reduce their obligations or may seek to repudiate their contracts. Suspension of drilling contracts will result in the reduction in or loss of dayrate for the period of the suspension. To the extent (i) our customers cancel some of our contracts and we are unable to secure new contracts on a timely basis and on substantially similar terms, (ii) our contracts are suspended for an extended period of time or (iii) a number of our contracts are renegotiated, it could adversely affect our consolidated statements of financial position, results of operations or cash flows.

The following table sets forth certain information concerning the current contract status of our owned, managed and supported offshore drilling fleet as of March 14, 2024:

Name	Region	Contract End Date	Customer
Owned Rigs:			
Topaz Driller	Ivory Coast	Q1 2024	Foxtrot International
Soehanah	Southeast Asia	Q3 2025	Medco EP
Platinum Explorer	India	Q1 2024	Demobilizing
Tungsten Explorer	Southern Africa	Q2 2025	TotalEnergies
Third-Party Owned Rigs:			
Capella	Southeast Asia	Q3 2024	Harbour Energy
Emerald Driller	Qatar	Q2 2024	TotalEnergies
Sapphire Driller	Qatar	Q2 2025	North Oil Company
Aquamarine Driller	Qatar	Q2 2025	North Oil Company

Contract Backlog

As of December 31, 2023, our owned fleet had total drilling contract backlog of approximately $202.9 million (including approximately $6.1 million for rigs owned by third-parties). With respect to rigs owned by third-parties, we enter into contracts directly with customers and lease the rigs through bareboat charters from the owners. The terms of the bareboat charters are consistent with the management agreements, resulting in the same financial impact to us had the rigs remained under the management agreements. We anticipate that approximately $166.9 million of our total contract backlog as of December 31, 2023 will be performed during 2024, with the remainder to be performed in subsequent years.

Competition

The contract drilling industry is highly competitive. Demand for contract drilling and related services is influenced by several factors, including the current and expected prices of oil and gas and the expenditures of oil and gas companies for exploration and development of oil and gas. In addition, demand for drilling services remains dependent on a variety of political and economic factors beyond our control, including worldwide demand for oil and gas, the ability of OPEC to set and maintain production levels and pricing, the level of production of non-OPEC countries, including production levels in the U.S. shale plays, and the policies of various governments regarding exploration and development of their oil and gas reserves.

Drilling contracts are generally awarded on a competitive bid or negotiated basis. Pricing (dayrate) is often the primary factor in determining which qualified contractor is awarded a job. Rig availability, capabilities, age and each contractor's safety performance record and reputation for quality also can be key factors in the determination. Operators also may consider crew experience, rig location and efficiency. We believe that the market for drilling contracts has tightened and therefore, utilization and day rates are anticipated to remain elevated for the foreseeable future.

Our competition ranges from large international companies offering a wide range of drilling and other oilfield services to smaller, locally owned companies. Competition for rigs is usually on a global basis, as these rigs are highly mobile and may be moved, although at a cost that is sometimes substantial, from one region to another in response to demand.

Operating Hazards

Our operations are subject to many hazards inherent in the offshore drilling business, including, but not limited to, blowouts, craterings, fires, explosions, equipment failures, loss of well control, loss of hole, damaged or lost equipment and damage or loss from inclement weather or natural disasters.

These hazards could cause personal injury or death, serious damage to or destruction of property and equipment, suspension of drilling operations, or damage to the environment, including damage to producing formations and surrounding areas. Generally, we seek to obtain contractual indemnification from our customers for some of these risks. To the extent not transferred to customers by contract, we seek protection against some of these risks through insurance, including property casualty insurance on our rigs and drilling equipment, protection and indemnity, commercial general liability, which has coverage extension for underground resources and equipment coverage, commercial contract indemnity and commercial umbrella insurance.

There are risks that are outside of our control. Nonetheless, we believe that we are adequately insured for liability and property damage to others with respect to our operations. However, such insurance may not be sufficient to protect us against liability for all consequences of well disasters, extensive fire damage or damage to the environment. For more information regarding the risks related to our insurance policies, see "Risk Factors—Our business involves numerous operating hazards, and our insurance and contractual indemnity rights may not be adequate to cover our losses" in Part I, Item 1A. of this Annual Report.

Insurance

We maintain insurance coverage that includes coverage for physical damage, third-party liability, employer's liability, war risk, general liability, vessel pollution and other coverage. However, our insurance is subject to exclusions and limitations and there is no assurance that such coverage will adequately protect us against liability from all potential consequences and damages.

Our primary marine package provides for hull and machinery coverage for our drilling units up to a scheduled value for each asset, which we believe approximates replacement cost. The maximum coverage for our four drilling units is $620.0 million. In addition, we have included Seadrill-owned rigs which are under our management pursuant to the framework, management and marketing agreements in our insurance programs. The policies are subject to certain exclusions, limitations, deductibles and other conditions. Deductibles for physical damage to our jackup rigs and our drillships are $2.5 million and $5.0 million, respectively, per occurrence. Our protection and indemnity policy provides liability coverage limits of $500.0 million per rig. In addition to these policies, we have separate policies providing coverage for onshore general liability, employer's liability, auto liability and non-owned aircraft liability, with customary coverage, limits and deductibles.

Foreign Regulation

Our operations are conducted in foreign jurisdictions and are subject to, and affected in varying degrees by, governmental laws and regulations in countries in which we operate, including laws, regulations and duties relating to the importation and exportation of and operation of drilling units and other equipment, currency conversions and repatriation, oil and gas exploration and development, environmental protection, taxation of offshore earnings and earnings of expatriate personnel and the use of local employees and suppliers by foreign contractors. Governments in some foreign countries have become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and gas and other aspects of the oil and gas industries in their countries. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work done by major oil and gas companies and may continue to do so. Furthermore, these regulations have limited the opportunities for international drilling contractors to participate in tenders for contracts or to perform services in certain countries as the governments have strongly favored local service providers. Operations in less developed countries may be subject to legal systems that are not as predictable as those in more developed countries, which can lead to greater uncertainty in legal matters and proceedings.

The shipment of goods, services and technology across international borders subjects us to extensive trade laws and regulations. Our import and export activities are governed by unique customs laws and regulations in each of the countries where we operate. The laws and regulations concerning import and export activity, recordkeeping and reporting, import and export control and economic sanctions are complex and constantly changing. These laws and regulations may be enacted, amended, enforced or interpreted in a manner materially impacting our operations. Governments also may impose economic sanctions against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities. Shipments can be delayed and denied import or export for a variety of reasons, some of which are outside our control and some of which may result from failure to comply with existing legal and regulatory regimes. Shipping delays or denials could cause unscheduled operational downtime.

Governmental and Environmental Regulations

For a discussion of the effects of governmental and environmental regulation on our current operations, see *"Risk Factors—Our business is subject to numerous governmental laws and regulations, including those that may impose significant costs and liability on us for environmental and natural resource damages"* and *"—Public concern and legislative and regulatory initiatives regarding the risks associated with climate change and the environmental and social impacts of fossil fuel extraction and use, and the growing emphasis by investors on investing in companies that are committed to environmental sustainability, could adversely affect our operations, the demand for oil and gas, our reputation and our access to capital and ability to refinance our debt"* in Part I, Item 1A. of this Annual Report, all of which is incorporated by reference in its entirety under this section.

Generally. Many aspects of our operations are affected by foreign, federal, state and local governmental laws, rules, regulations and policies that may relate directly or indirectly to the contract drilling industry, including those requiring us to control the discharge of oil and other contaminants into the environment or otherwise relating to environmental protection. Moreover, in light of the current U.S. Presidential administration's focus and emphasis on energy transition, it is likely that new legislation, regulatory enforcement actions and executive orders, which are specifically aimed at reducing greenhouse gas emissions, or prohibiting, delaying or restricting oil development activities in certain jurisdictions, will be proposed and adopted in the near-term (see "Risk Factors—Our business is subject to numerous governmental laws and regulations, including those that may impose significant costs and liability on us for environmental and natural resource damages" in Part I, Item 1A. of this Annual Report for further information).

We have historically conducted work in the Gulf of Mexico and may conduct such work in the future. Although we are not currently conducting any operations under the jurisdiction of U.S. environmental and natural resource agencies, similar restrictions and concerns apply in the jurisdictions in which we currently operate. These requirements and concerns may be more or less stringent than those associated with the following U.S. laws.

Heightened and Stringent Environmental Regulations and Laws. Heightened environmental concerns have led to greater and more stringent environmental regulations, laws, initiatives and requirements aimed at protecting the environment, including the imposition of strict liability in certain cases, higher drilling costs, and a more difficult and onerous well permitting process in many jurisdictions throughout the world. Furthermore, a variety of initiatives intended to enhance vessel security have also been adopted in certain jurisdictions where we operate. For example, these initiatives may require the development of vessel security plans and on-board installation of automatic information systems to enhance vessel-to-vessel and vessel-to-shore communications. The application of these requirements or the adoption of new or more stringent requirements could have a material adverse effect on our financial condition and results of operations. Although significant capital expenditures may be required to comply with these governmental laws, regulations and initiatives, such compliance has thus far not materially adversely affected our earnings or competitive position as of the date of this Annual Report, and we believe that we are currently in compliance in all material respects with the environmental regulations to which we are subject. While we anticipate that we will continue to make expenditures to comply with governmental and environmental requirements, to date, we have not expended material amounts beyond those amounts spent on our basic rig designs in order to comply and we do not believe that our compliance with such requirements will have a material adverse effect upon our results of operations or competitive position or materially increase our capital expenditures.

Standards Imposed by MARPOL. The International Maritime Organization (the “IMO”), a specialized agency of the United Nations, is responsible for developing measures to improve the safety and security of international shipping and to prevent marine pollution from ships. Among the various international conventions negotiated by the IMO is the International Convention for the Prevention of Pollution from Ships (“MARPOL”). MARPOL imposes environmental standards on the shipping industry relating to oil spills, management of garbage, the handling and disposal of noxious liquids, harmful substances in packaged forms, sewage and air emissions. Annex VI to MARPOL (“Annex IV”) sets limits on sulfur dioxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances. Annex VI also imposes a global cap on the sulfur content of fuel oil and allows for specialized areas to be established internationally with more stringent controls on sulfur emissions. For vessels 400 gross tons and greater, platforms and drilling units, Annex VI imposes various survey and certification requirements. For this purpose, gross tonnage is based on the International Tonnage Certificate for the vessel. The U.S. has ratified Annex VI. In addition, any drilling units we operate internationally are subject to the requirements of Annex VI in those countries that have implemented its provisions. We believe the drilling units we currently offer for international projects comply with Annex VI, but changes to our equipment and ratifying countries’ regulatory interpretations of the Annex VI requirements could impose additional costs on us, which could be significant.

Requirements Set Forth in the Economic Substance Act 2018 (as amended) of Bermuda and the Economic Substance Act 2021 (as amended) of the Cayman Islands, and Pursuant to the Economic Substance Act 2018 (as amended) of Bermuda and the Economic Substance Act 2021 (as amended) of the Cayman Islands (collectively, the “ES Acts”). Pursuant to the ES Acts, a registered entity (other than an entity which is resident for tax purposes in certain jurisdictions outside Bermuda or the Cayman Islands) that carries on as a business any one or more of the “relevant activities” referred to in the ES Acts must comply with economic substance requirements. In particular, the ES Acts could require covered entities to (i) maintain an adequate level of qualified employees in Bermuda and/or the Cayman Islands, (ii) incur an adequate level of annual expenditure in Bermuda and/or the Cayman Islands, (iii) maintain physical offices and premises in Bermuda and/or the Cayman Islands, or (iv) perform core income-generating activities in relation to relevant activities being carried on in Bermuda and/or the Cayman Islands. The list of “relevant activities” includes carrying on any of the following activities: banking; insurance; fund management; financing; leasing; headquarters; shipping; distribution and service centers; intellectual property; and holding entities. The ES Acts could substantially affect the way we operate our business for the Company and any subsidiary to the extent it is organized in Bermuda or the Cayman Islands, which could in turn materially and adversely affect our business, financial condition and results of operations.

Human Capital

Employees and Reporting

As of December 31, 2023, we managed a workforce consisting of approximately 1,056 employees worldwide, of which approximately 544 were our direct employees. We report on a monthly basis to senior management on headcount, recruitment, compensation, competency and attrition. We also report human capital-related data to the Board of Directors on a quarterly or on an as required basis.

Diversity, Equity and Inclusion

The diversity of our workforce is a core part of who we are, and this diversity permeates throughout the organization. As of December 31, 2023, in our shore-based direct employee population, our personnel represent 28 different nationalities, with approximately 65% coming from Asia, Africa, Latin America and the Middle East. Furthermore, approximately 32% of our shore-based employees are women. With regard to our offshore direct workforce, our employees represent 34 different nationalities, with more than 58% coming from Asia, Africa, Latin America and the Middle East. Likewise, our management team also has representation from 16 different nationalities.

Compensation and Benefits

We believe we offer market competitive compensation as well as an attractive benefits package. We are dedicated to hiring and building a strong diverse team offering equal opportunities to realize and develop our team's full potential.

People Development

We develop and grow our personnel with zero discrimination and strive to add value in the jurisdictions and regions in which we operate. We achieve this by (i) creating local employment, (ii) making commitments to training and development, and (iii) where possible, utilizing local supply chains. Our offshore employees have the opportunity to enhance their competence via our Vantage Competency Assurance Program, which includes state of the art rig simulators located on each rig. This supplements our comprehensive onboarding, induction and on and off-the-job training programs. Our key personnel also complete ethics and bribery training on an annual basis.

Quality, Health, Safety and Environment

We are committed to conducting our activities in a manner that (i) protects and prioritizes the health and safety of all our personnel and (ii) minimizes our environmental footprint in the jurisdictions and regions in which we operate. We also comply with applicable laws and regulations regarding workplace safety and are subject to audits by entities, including the Occupational Safety and Health Administration in the U.S. Our stated vision is to have "A Perfect Day – Every Day," which includes the paramount objective of having zero incidents in our operations. For the year ended December 31, 2023, we finished the year with a Lost Time Incident Rate of 0.05 and a Total Recordable Incident Rate of 0.23. We have focused on, and will continue to emphasize, the following goals and priorities, among others, in order to continue the foregoing trends:

- Providing visible and active leadership that creates a mature safety culture, which preserves the wellbeing of our personnel and their families;
- Continuously improving our world-class Quality, Health, Safety and Environment ("QHSE") management system by continuously measuring and reviewing our overall QHSE performance;
- Reporting and investigating all incidents and implementing the lessons learned from each such incident;
- Complying with, and where feasible, exceeding the requirements of applicable laws and regulations;
- Developing and enhancing our personnel's technical and systems competence;
- Systematically identifying hazards and managing the risks and exposures associated with such hazards to a level considered As Low As Reasonably Practicable (ALARP);
- Caring for and protecting the environment;
- Maintaining the integrity of our assets through professional operations and sound maintenance practices;
- Ensuring all personnel are aware of their obligation to promptly 'Stop' a job if they notice something unsafe; and
- Complying with the principles and intent of the Vantage Perfect Day Leadership Foundations.

Item 1A. Risk Factors.

There are numerous factors that affect our business and operating results, many of which are beyond our control. Immediately below is a summary of the principal factors that might cause our future operating results to differ materially from those currently expected. The risk factors summarized below are not the only risks facing us. Additional discussion of the risks summarized in the "Risk Factor Summary," as well as other risks that may affect our business and operating results, can be found below under the heading "Risk Factors," and should be carefully considered and evaluated before making an investment decision regarding our business. Moreover, additional risks and uncertainties not specified herein, not currently known to us or currently deemed to be immaterial also may materially adversely affect our business, financial position, operating results or cash flows.

Risk Factor Summary:

Risks Related to our Operations:

- given the size of our fleet, we are vulnerable to the effects of extended and prolonged downtime of any of our drilling rigs;
- a small number of customers account for a significant portion of our revenues, and the loss of one or more of these customers, including as a result of any merger, acquisition, disposition or consolidation undertaken by any such customer, could materially and adversely affect our financial condition and results of operations;

- Contractual commitments, customer requirements and the condition of the equipment on our rigs may result in the need for us to contract from time to time with shipyards and original equipment manufacturers to perform upgrades, repairs or maintenance on such equipment, all of which is subject to risks, including delays and cost overruns, which could have an adverse impact on our business, liquidity, financial condition and results of operations;
- our long-term contracts are subject to the risk of cost increases and variability, which could adversely impact our short- and long-term profitability;
- there may be limits to our ability to mobilize drilling units between geographic markets and the time and costs of such drilling unit mobilizations may be material to our business;
- our drilling contracts are generally short-term in duration, and we could experience reduced profitability if customers reduce activity levels or if we otherwise fail to secure new drilling contracts or extend existing contracts upon their termination;
- we may not realize expected revenue from certain framework, management and marketing agreements with Seadrill;
- the loss of some of our key executive officers and employees could negatively impact our business prospects;
- our information technology systems, as well as those of our service and equipment providers and other persons that we engage, are subject to cybersecurity risks and threats, and any adverse cybersecurity event could impede the Company's ability to operate its business;

Risks Related to Business and Industry:

- we may be required to make substantial capital and operating expenditures to maintain and upgrade our fleet to maintain our competitiveness and to comply with laws and the applicable regulations and standards of governmental authorities and organizations;
- low prices for oil and gas may reduce demand for our services and could have a material adverse effect on our revenue and profitability;
- our industry is highly competitive, cyclical and subject to intense price competition;
- our contracts may be terminated early in certain circumstances and our customers may seek to renegotiate the terms of their existing contracts with us;
- our business involves numerous operating hazards, and our insurance and contractual indemnity rights may not be adequate to cover our losses associated with such operating hazards;
- failure to employ a sufficient number of skilled workers or an increase in labor costs could materially and adversely impact our operations;
- epidemics, pandemics, global health crises, or other public health events, threats and concerns, including, but not limited to, any resurgence of COVID-19, could have a material adverse effect on our business, financial position, operating results and cash flows;
- we may not be able to compete effectively against the actions taken by our competitors, which could materially and adversely impact our business operations and financial results;
- we may not be able to replace expiring or terminated contracts for our existing rigs at dayrates that are economically feasible for us;
- new technology and/or products may cause us to become less competitive, and higher levels of capital expenditures may be necessary in order to remain competitive;
- customers may be unable or unwilling to indemnify us;
- consolidation of suppliers and vendors may increase the costs of obtaining critical supplies and services, which may have a material adverse effect on our results of operations and financial condition;
- reactivation of idle rigs may take longer or be more costly than we anticipate;
- the ongoing conflicts in Ukraine and Middle East, including the actual (or perceived threat of an) expansion or exacerbation of such conflicts, and the actions undertaken by western nations in response to such conflicts, have created, and could continue to create, significant hydrocarbon price volatility and materially impact the global oil and gas markets for the foreseeable future;

- a low amount of, or reduction in, expenditures by oil and gas exploration and production companies, a decrease in demand for oil and gas, or other related factors, could materially and adversely affect our business;
- the market value of our current vessels may decrease, which could cause us to take accounting charges or incur losses if we decide to sell them following a decline in their values;
- negative publicity may adversely affect us;

Risks Related to Governmental Regulations and Laws:

- public concern and legislative and regulatory initiatives regarding the risks associated with climate change and the environmental and social impacts of fossil fuel extraction and use, and the growing emphasis by investors on investing in companies that are committed to environmental sustainability, could adversely affect our operations, the demand for oil and gas, our reputation and our access to capital and ability to refinance our debt;
- the international nature of our operations creates additional political, economic, legal and other uncertainties not generally associated with domestic operations;
- we are subject to litigation and other disputes that could have a material and adverse effect on our business operations and financial condition;
- political disturbances, geopolitical instability and tensions, or terrorist attacks, and associated changes in global trade policies and economic sanctions could adversely impact our operations;
- our aspirations, goals, commitment targets and initiatives related to sustainability, including emissions reduction, and our public statements and disclosures regarding them, expose us to numerous risks;
- we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws;
- our offshore drilling operations could be adversely impacted by changes in regulation of offshore oil and gas exploration and development activity;
- our business is subject to numerous governmental laws and regulations, including those that may impose significant costs and liability on us for environmental and natural resource damages;
- the Economic Substance Act 2018 (as amended) and the Economic Substance Act 2021 (as amended), among other legislation enacted in Bermuda and the Cayman Islands, could materially and adversely affect our operations and financial conditions;
- because VDI is incorporated under the laws of Bermuda, stakeholders may face difficulties in protecting their interests, and their ability to protect their rights through the U.S. federal courts may be limited;

Risks Related to our Financial Condition and Taxes:

- high rates of global inflation and the occurrence of a recession could have a material and adverse impact on our business, results of operations and financial condition;
- our level of indebtedness could adversely affect our financial health and prevent us from fulfilling our debt obligations;
- our insurance coverage may not be adequate if a catastrophic event occurs;
- we may not be able to make principal or interest payments on our existing and future indebtedness, nor refinance such existing and future indebtedness on favorable terms, if at all, and our inability to make such payments on, or refinance, any such indebtedness could materially and adversely affect our liquidity and results of operations;
- because our common stock is not listed on a national securities exchange, it is less liquid and its price may be negatively impacted by factors that are unrelated to, and independent of, our business operations;
- we may suffer losses as a result of foreign currency fluctuations;
- we are exposed to the credit risks of our key customers and other counterparties that we engage;
- our current backlog of contract drilling revenue may not be fully realized, which may have a material adverse impact on our consolidated statement of financial position, results of operations or cash flows;
- we have experienced, and could continue to experience, a lack of profitable operations in the near- and long-term;

- we may from time to time engage in certain strategic or transformational transactions in the future, including acquisitions, dispositions, mergers and joint ventures (such as the TE-Vantage JV Transaction), any of which could affect the value or type of our assets and overall financial condition;
- we may be required to repurchase certain of our indebtedness with cash upon a change of control or other triggering events;
- changes in tax laws, treaties or regulations, including Bermuda Corporate Income Tax Act of 2023, effective tax rates and adverse outcomes resulting from examination of our tax returns could adversely affect our financial results;
- a loss of a tax dispute or a successful tax challenge to our operating structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries could result in a higher tax rate on our worldwide earnings, which could in turn result in a material adverse effect on our financial condition and results of operations;
- material and adverse developments impacting the financial services industry at large, including the occurrence of actual (or widespread concerns regarding the potential occurrence of) defaults, illiquidity, operational failures and non-performance by financial institutions and critical counterparties, could have a material and adverse effect on our business, financial condition and results of operations;
- U.S. Holders will be required to pay U.S. taxes on their share of VDI's income even if they do not receive any cash distributions from VDI;
- distributions made by VDI may reduce a U.S. Holder's tax basis in the Ordinary Shares, and therefore, U.S. Holders may realize a greater gain on the disposition of their Ordinary Shares than they otherwise may expect, and may have a tax gain even if the price they receive in a disposition of their Ordinary Shares is less than their original tax basis.
- in the case of a disposition of our Ordinary Shares, VDI's debt must be taken into account under the partnership tax accounting rules;
- U.S. tax-exempt holders and non-U.S. Holders face unique U.S. tax issues from owning Ordinary Shares that may result in adverse U.S. tax consequences to them; and
- the sufficiency of our internal controls, including exposure arising from the failure to establish and maintain effective internal control over financial reporting the ability to fully remediate any material weaknesses identified with respect to such internal controls.

Risk Factors:

Risks Related to our Operations

Given the size of our fleet makes us vulnerable to the effects of prolonged downtime of any of our drilling rigs.

Our financial condition is substantially dependent on the continued and effective performance of our existing fleet of drilling rigs, all of which were operational during the year ended December 31, 2023. Accordingly, given the small size of our fleet, the continued and ongoing operational performance of our rigs is critical to our business and makes us vulnerable to extended and ongoing downtime. Our operations may be suspended because of machinery breakdowns, human error, abnormal operating conditions, failure of subcontractors to perform or supply goods or services, delays on replacement parts or personnel shortages, any of which may cause us to experience operational downtime.

Any downtime or suspension of operations of our fleet, including as a result of, among other factors, equipment breakdowns, repairs and maintenance, supply chain constraints and related supply shortages, labor strikes and other work stoppages, shortages of material and skilled labor, surveys by government and maritime authorities, periodic classification surveys, severe weather or harsh operating conditions, force majeure events, and delays arising from global and macroeconomic health crises (including from COVID-19 or otherwise), could have a material and adverse effect on our profitability and ability to generate revenue. In 2023, we experienced several occurrences of downtime related to the *Tungsten Explorer*. These issues have continued in 2024. Specifically, the *Tungsten Explorer* experienced over 60 days and 16 days of downtime related to surface and subsea/BOP equipment failure in 2023 and 2024 respectively. While the equipment has been repaired and replacement parts procured, we cannot provide assurance that further downtime events, including those related to subsea/BOP equipment or other equipment will not occur in the future. Furthermore, under certain circumstances, our contracts may permit customers to terminate contracts early without the payment of any termination fees, including as a result of non-performance, periods of downtime and impaired performance arising from equipment and/or operational issues, and sustained periods of downtime in connection with force majeure events. Additionally, disruptions to or restrictions on the ability of our suppliers, manufacturers and service providers to supply parts, equipment or services in the jurisdictions in which we operate, whether as a result of government actions, labor shortages, the inability to source parts or equipment from affected locations, or other effects related to public health crises and other significant macroeconomic events, may have significant and adverse consequences on our ability

to meet our commitments to customers, including by increasing our operating costs and increasing the risk of rig downtime, which could in turn result in contract delays or terminations. Moreover, certain customers may have special termination rights afforded under local law. Therefore, during periods of challenging market conditions that lead to extended downtime, we may be subject to an increased risk of our customers seeking to repudiate their contracts. Our customers could seek to renegotiate their contracts with us by threatening breaches of contract and applying commercial pressure, any of which could result in lower revenue or the cancellation of contracts with or without any applicable early termination payments.

A small number of customers account for a significant portion of our revenues, and the loss of one or more of these customers could materially adversely affect our financial condition and results of operations. The concentration of revenue with a small number of customers also exposes us to credit risk of these customers for non-payment or contract termination.

We derive a significant portion of our revenues from a few customers. Four customers accounted for approximately 87% of our revenue during the fiscal year ended December 31, 2023. Our financial condition and results of operations could be materially and adversely affected if any one of these customers interrupts or curtails their activities, fails to pay for the services that have been performed, terminates their contracts, fails to renew their existing contracts or refuses to award new contracts and we are unable to enter into contracts with new customers on comparable terms.

Contractual commitments, customer requirements and the condition of the equipment on our rigs may result in the need for us to contract from time to time with shipyards and original equipment manufacturers to perform upgrades, repairs or maintenance on such equipment, all of which are subject to risks, including delays and cost overruns, which could have an adverse impact on our business, liquidity, financial condition and results of operations.

Contractual commitments, customer requirements and the condition of the equipment on our rigs, may result in the need for us to contract from time to time with shipyards and original equipment manufacturers to perform upgrades, repairs or maintenance on such equipment. These projects are subject to the risks of delay or cost overruns including costs or delays resulting from the following:

- unexpected long delivery times for, or shortages of, key equipment, parts and materials;
- shortages of skilled labor and other shipyard personnel necessary to perform the work;
- unforeseen increases in the cost of equipment, labor and raw materials, particularly steel;
- unforeseen design and engineering problems;
- unanticipated actual or purported change orders;
- work stoppages;
- latent damages or deterioration to equipment and machinery in excess of engineering estimates and assumptions;
- failure or delay of third-party service providers and labor disputes;
- disputes with shipyards and suppliers;
- delays and unexpected costs of incorporating parts and materials needed for the completion of projects;
- financial or other difficulties at shipyards;
- severe and adverse weather conditions; and
- inability to obtain required permits or approvals.

If we experience delays and costs overruns in connection with such upgrades, repairs or maintenance, including as a result of the factors listed above, it could also materially and adversely affect our business, financial condition and results of operations.

Our long-term contracts are subject to the risk of cost increases and variances, any of which could adversely impact our profitability in both the near- and long-term.

The costs to operate our business generally increase as the demand for contract drilling services and skilled labor increases. While some of our contracts include cost escalation provisions that allow changes to our dayrate based on stipulated cost increases or decreases, the timing and amount earned from these dayrate adjustments may cause fluctuations in the costs we actually incur, and many contracts do not allow for such dayrate adjustments. During times of reduced demand, reductions in costs may not be immediately available as portions of the crew may be required to prepare our rigs for stacking, after which time the crew members are assigned to active rigs or dismissed. Moreover, as our rigs are mobilized from one geographic location to another, the labor and other operating and maintenance costs can vary significantly. In periods of increasing activity and when the number of operating units in our areas of operation increases, either because of new construction, re-activation of idle units or the mobilization of units into the region, shortages of qualified personnel

could arise, creating upward pressure on wages and difficulty in staffing. Equipment maintenance expenses fluctuate depending upon the type of activity a drilling rig is performing and the age and condition of the equipment. Contract preparation expenses vary based on the scope and length of contract preparation required.

There may be limits to our ability to mobilize drilling units between geographic markets and the time and costs of such drilling unit mobilizations may be material to our business.

The offshore contract drilling market is generally a global market as drilling units may be mobilized from one market to another market. However, geographic markets can, from time to time, have material fluctuations in costs and risks as the ability to mobilize drilling units can be impacted by several factors including, but not limited to, governmental regulation and customs practices, the significant costs to move a drilling unit, availability of tow boats or heavy lift vessels, weather, political instability, civil unrest, military actions and the technical capability of the drilling units to operate in various environments. Any increase in the supply of drilling units in the geographic areas in which we operate, whether through new construction, refurbishment or conversion of drilling units from other uses, remobilization or changes in the law or its application, could increase competition and result in lower dayrates and/or utilization, which would adversely affect our financial position, results of operations and cash flows. Additionally, while a drilling unit is being mobilized from one geographic market to another, we may not be paid by the customer for the time that the drilling unit is out of service. Also, we may mobilize the drilling unit to another geographic market without a customer contract which could result in costs not reimbursable by future customers.

Our drilling contracts are generally short-term in duration, and we could experience reduced profitability if customers reduce activity levels or if we otherwise fail to secure new drilling contracts or extend existing contracts upon their termination.

Many of our drilling contracts are short-term, and oil and gas companies tend to reduce shallow water activity levels quickly in response to downward changes in oil and gas prices. Due to the short-term nature of most of our drilling contracts, a decline in market conditions can quickly and significantly affect our business if customers reduce their levels of operations. We may not be able to secure new contracts for our vessels or extend contracts on favorable terms, if at all, or satisfy any conditions precedent to finalizing any letters of intent or award with respect to our vessels. This could result in one or more of our vessels being idle for an extended period of time, which could adversely affect our profitability, financial position, results of operations and cash flows.

We may not realize expected revenue from certain framework, management and marketing agreements with Seadrill.

VHI previously entered into a framework agreement with Aquadrill LLC ("Aquadrill") on February 9, 2021 (the "Framework Agreement"), and, certain subsidiaries of VHI (the "VHI Entities") subsequently entered into a series of related management and marketing agreements (collectively, the "Marketing and Management Agreements" and together with the Framework Agreement, the "Framework, Management and Marketing Agreements") with certain subsidiaries of Aquadrill (collectively, the "Aquadrill Entities"). Pursuant to the Framework, Management and Marketing Agreements, the VHI Entities agreed to provide certain marketing and operational management services with respect to the Capella, Polaris and Aquarius floaters. Pursuant to the terms of the Framework, Management and Marketing Agreements, the Company is eligible to receive the following fees associated with the management and marketing of the Aquadrill rigs: (i) the Company is to be paid a fixed management fee of $2,000, $4,000, $6,000 and $10,000 per day to manage a cold stacked rig, warm stacked rig, reactivating rig and operating rig, respectively (provided, that, certain discounts are to be provided on the management fee associated with cold stacked rigs to the extent there are more than one such rigs managed by the Company for Aquadrill); (ii) there are certain bonus and malus amounts that are applied to the fixed management fee that are contingent on whether the actual expenditures for a particular rig that is stacked, mobilizing, being reactivated or preparing for a contract exceed or fall below budget; (iii) the Company is eligible to receive a marketing fee of 1.5% of the effective day rate of a drilling contract secured for the benefit of Aquadrill; (iv) the Company is eligible to earn a variable fee equal to 13% of the gross margin associated with managing an operating rig for Aquadrill; and (v) all costs incurred by the Company are reimbursed by Aquadrill (other than incremental overhead costs incurred by Vantage). In accordance with the terms of the Framework, Marketing and Management Agreements, Aquadrill may also terminate such agreements at any time upon 90 days' notice (the "Notice Termination Period"), subject to certain conditions set forth in such agreements.

On December 23, 2022, Seadrill Ltd., the predecessor of Seadrill, announced that it had entered into a merger agreement with Aquadrill, pursuant to which Aquadrill would become a wholly owned subsidiary of Seadrill (the "Aquadrill Merger"), and on April 3, 2023, Seadrill Ltd. announced that it had closed the Aquadrill Merger. After the Aquadrill Merger, Aquadrill was subsequently renamed "Seadrill LLC" ("Seadrill"). On April 10, 2023, we received a notice of termination of the management agreement (the "Aquarius Management Agreement") and marketing agreement with respect to the Aquarius (the "Aquarius Marketing Agreement," and together with the Aquarius Management Agreement, the "Aquarius Agreements"), and the marketing agreements with respect to the Capella (the Capella Marketing Agreement") and Polaris (the "Polaris Marketing Agreements"), in each case as a result of the Aquadrill Merger. Given that the Notice Termination Period had lapsed, we were subsequently no longer managing or marketing the Aquarius nor eligible to earn management fees under the Aquarius Management Agreement as of July 9, 2023. On November 16, 2023, we received a notice of termination of the management agreement (the "Polaris Management Agreement," and together with the Polaris Marketing

Agreement, the "Polaris Agreements"). Notwithstanding the termination of the Aquarius Agreements, the Capella Marketing Agreement and the Polaris Agreements, certain provisions under the Capella Marketing Agreement survived such termination and therefore, to the extent that a drilling contract(s) is secured and executed in respect of outstanding bids or tenders for the Capella, we will still be eligible to earn the marketing fee in respect of such secured and executed contracts, as well as in respect of existing drilling contracts. Moreover, as the Capella management agreement remains in effect as of the date hereof, we (i) continue to manage and operate the Capella for Seadrill (and for the oil and gas clients under its drilling contract) and (ii) remain eligible to receive the management and variable fees described immediately above.

As of March 14, 2024, the Capella was performing drilling services for a client under its drilling contract, the Polaris concluded its drilling campaign and returned to Seadrill at the end of January 2024 and is therefore, no longer under the Company's management, and the Aquarius returned to Seadrill in 2023 and is likewise, no longer under the Company's management.

The loss of some of our key executive officers and employees could negatively impact our business prospects.

Our future operational performance depends to a significant degree upon the continued service of key members of our management as well as marketing, technical and operations personnel. The loss of one or more of our key personnel could have a material adverse effect on our business. We believe our future success will also depend in large part upon our ability to attract, retain and further motivate highly skilled management, marketing, technical and operations personnel. We may experience intense competition for personnel, and we cannot assure you that we will be able to retain key employees or that we will be successful in attracting, assimilating and retaining personnel in the future.

Our information technology systems, as well as those of our service and equipment providers and other persons that we engage, are subject to cybersecurity risks and threats, and the occurrence of any cybersecurity event could impede the Company's ability to operate its business.

We depend on information technology systems that we manage, and others that are managed by our third-party service and equipment providers, to conduct our operations, including critical systems on our drilling units, proprietary and confidential data, financial information, regulated data and personal information of employees and other third-parties in the ordinary course of business, and these systems are subject to risks associated with cyber incidents or attacks as well as breaches due to human error. It has been reported that unknown entities or groups have mounted cyberattacks on businesses and other organizations solely to disable or disrupt computer systems, defraud or take financial advantage of companies to disrupt operations and, in some cases, steal data. Due to the nature of cyberattacks, breaches to our systems or the systems of our service or equipment providers could go unnoticed for prolonged periods of time. Successful breaches, employee malfeasance, or human or technological error could result in, amongst other things; unauthorized access to, as well as disclosure, modification, misuse, loss or destruction of, critical company, customer, or other third-party data or systems; loss of revenue, including through inaccurate or unauthorized payments; theft and misappropriation of funds, or sensitive, regulated or confidential or critical data, including personal and company information; the loss of access to critical data or systems through ransomware, phishing attempts, destructive attacks or other means; business delays; and service or system disruptions. Moreover, such cyberattacks could result in higher costs to correct and remedy the effects of such incidents.

The Company is also subject to a stringent and ever-changing regulatory environment with respect to privacy and data protection requirements, which could have a material impact on our results of operations. The legal landscape for new technologies, including artificial intelligence, remains uncertain, and development of the law in this area could impact our ability to protect against unauthorized third-party use, misappropriation, reproduction or infringement. The Audit Committee of the Board of Directors (the "Audit Committee") has oversight responsibility related to our cybersecurity risk management programs and periodically reviews reports on cybersecurity and other information technology risks.

In 2022, we experienced additional e-mail related cybersecurity intrusions (the "2022 Cyber Matters"). We became aware of the 2022 Cyber Matters in the fourth quarter of 2022, and we engaged and worked alongside a third-party forensic specialist to investigate and assess the nature and scope of the incident, implement appropriate technical remediation, and enhance the Company's cybersecurity to protect against further unauthorized access. Our investigation revealed that one or more malicious actors gained unauthorized access to certain employees' business emails. This enabled the malicious actors to fraudulently impersonate certain of the company's vendors, resulting in (i) two unauthorized transfers of cash from a company bank account to an outside bank account, (ii) one attempted transfer that was stopped and reversed by a financial institution and (iii) one attempted transfer that was stopped by the Company's internal controls. We have since taken, and will continue to take, and implement measures designed to detect, remediate and prevent similar cybersecurity intrusions and threats from recurring. The investigation surrounding the 2022 Cyber Matters has since concluded; however, we cannot predict whether there will be further developments arising from the 2022 Cyber Matters investigation that could adversely affect us. Furthermore, while our investigation did not reveal any information that suggests the 2022 Cyber Matters will result in a material loss to the Company, we are not able to determine the likelihood of loss, if any, arising from this matter as of the date of this Annual Report. Furthermore, we cannot provide assurance that we will not in the future experience any other actual or attempted breaches of our cybersecurity, or that our security efforts and remedial measures will prevent future security threats from materializing, if at all. If either our systems or the systems of our service or equipment providers used for protecting against cyber incidents or attacks

prove to be insufficient and another incident were to occur, it could have a material adverse effect on our business, reputation, financial condition, results of operations or cash flows.

Currently, we do not carry insurance for losses related to cybersecurity matters. If we do elect to obtain such coverage in the future, we may incur substantial costs, including in the form of high insurance premiums, especially if we or a third-party with which we do business were to fall victim to additional successful cyberattacks or experience any other cybersecurity incidents. Furthermore, in response to the COVID-19 pandemic, many of our office personnel began working remotely in 2020 (and continue to do so through a hybrid work environment), which heightens potential cybersecurity risks given the reliance on remote networking capabilities and utilization of external devices. Geopolitical tensions or conflicts, including in the Ukraine and Middle East, may additionally create heightened risk of cyber-attacks, including phishing campaigns, espionage and other forms of cyberattacks, and attackers have used artificial intelligence and machine learning to launch more automated, targeted and coordinated attacks against targets. Likewise, pro-Russian ransomware gangs and cyber-criminals have previously publicly threatened to increase their hacking activities in response to the implementation of sanctions and other actions taken by western countries. If either our systems or the systems of our service or equipment providers used for protecting against cyber incidents or attacks prove to be insufficient and incidents were to occur as a result of working remotely, it could have a material adverse effect on our business, reputation, financial condition, results of operations or cash flows.

Risks Related to Business and Industry

We may be required to make substantial capital and operating expenditures to maintain and upgrade our fleet to maintain our competitiveness and to comply with laws and the applicable regulations and standards of governmental authorities and organizations, each of which could negatively affect our financial condition, results of operations and cash flows.

Our business is highly capital intensive and dependent on having sufficient cash flow and or available sources of financing in order to fund capital expenditure requirements. We can provide no assurance that we will have access to adequate or economical sources of capital to fund necessary capital expenditures. Such capital expenditures could increase as a result of changes in, among other things, any of the following:

- the cost of labor and materials;
- customer requirements;
- fleet size;
- the cost of replacement parts for existing drilling rigs;
- the geographic location of the drilling rigs;
- the length of drilling contracts;
- governmental regulations and maritime self-regulatory organization and technical standards relating to safety, security or the environment; and
- industry standards.

Changes in offshore drilling technology, customer requirements for new or upgraded equipment and competition within our industry may require us to make significant capital expenditures in order to maintain our competitiveness. For example, the letter of award related to the *Topaz Driller* requires that the Company make significant investments to the rig in order to, among other things, increase the rig's accommodation facilities to 150 persons, The Company may seek third-party financing in order to fund these capital improvements. In addition, changes in governmental regulations, safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations, may require us to make additional unforeseen capital expenditures. As a result, we may be required to take our rigs out of service for extended periods of time, with corresponding losses of revenues, in order to make such alterations or to add such equipment. In the future, market conditions may not justify these expenditures or enable us to operate our older rigs profitably during the remainder of their economic lives.

In addition, we may require additional capital in the future. If we are unable to fund capital expenditures with our cash flow from operations or sales of non-strategic assets, we may be required to either incur additional borrowings or raise capital through the sale of debt or equity securities. If we raise funds by issuing equity securities, existing shareholders may experience dilution. Our failure to obtain the funds for necessary future capital expenditures, including with respect to the improvements required pursuant to the terms of our existing contracts, could have a material adverse effect on our business and on our consolidated statements of financial condition, results of operations and cash flows.

Our ability to access the capital markets may also be limited by our financial condition at the time, by certain restrictive covenants under the agreement governing our notes, by changes in laws and regulations or interpretation thereof and by adverse market conditions

resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control. For example, the invasion of Ukraine by Russia in February 2022, and the resulting impact of sanctions imposed by western nations against Russia, Russian-backed separatist regions in Ukraine, certain banks, companies, government officials, and other individuals in Russia and Belarus, could adversely impact the global oil and gas markets for the foreseeable future and, in the process, our ability to access additional capital funding sources. In December 2023, the President of the U.S. signed an executive order which seeks to strengthen U.S. sanctions against financial facilitators of Russia's war efforts, and additionally provided authority to broaden U.S. import bans on certain Russian goods. Likewise, in February 2024, the U.S.' Treasury Department, State Department and Department of Commerce, collectively, imposed an extensive set of new sanctions on Russia, which specifically target Russia's financial sector and military-industrial operations. Such sanctions seek to restrict Russia's energy industry and limit the evasion of sanctions outside the U.S., including by encompassing 500 additional persons associated with the ongoing Russo-Ukrainian War.

Low prices for oil and gas may reduce demand for our services and could have a material adverse effect on our revenue and profitability.

Demand for our services depends on oil and gas industry activity and expenditure levels that are directly affected by trends in oil and gas prices. In addition, demand for our services is particularly sensitive to the level of exploration, development and production activity of and the corresponding capital spending by, oil and gas companies. Any prolonged weakness in oil and gas prices could depress the near-term levels of exploration, development and production activity. Perceptions of longer-term lower oil and gas prices by oil and gas companies could similarly reduce or defer major expenditures given the long-term nature of many large-scale development projects. Lower levels of activity result in a corresponding decline in the demand for our services, which could have a material adverse effect on our revenue and profitability. Additionally, these factors may adversely impact our financial position if they are determined to cause an impairment of our long-lived assets.

Our industry is highly competitive, cyclical and subject to intense price competition.

Historically, the offshore contract drilling industry has been cyclical and volatile with periods of high demand, limited supply and high dayrates alternating with fluctuating periods of low demand, excess supply and low dayrates. Many offshore drilling units are highly mobile, and our competitors may move drilling units from region to region in response to changes in demand. In addition, excess supply of delivered and new-build rigs could have a significant impact on our industry and overall market demand. It is unclear when these new-build drilling rigs will actually be delivered, if at all, as many rig deliveries have (i) already been deferred to later dates, or (ii) been canceled entirely. Periods of low demand and excess supply intensify competition in our industry and often result in some of our drilling units becoming idle for long periods of time. Prolonged periods of low utilization and dayrates, or extended idle time, could result in the recognition of impairment charges on our drilling units if cash flow estimates, based upon information made available to management at the time, indicate that the carrying value of the drilling units may not be recoverable.

Our contracts may be terminated early in certain circumstances and our customers may seek to renegotiate the terms of their existing contracts with us.

In certain instances, our customers may have the contractual right to terminate, or may seek to renegotiate, their existing drilling contracts with us if we experience excessive downtime, operational issues above the contractual limit or safety-related issues, if the drilling unit is a total loss, if the drilling unit is not delivered to the customer within the period specified in the contract or in other specified circumstances, which include force majeure events beyond the control of either party.

Some of our current contracts, and some contracts that we may enter into in the future, may include terms allowing customers to terminate contracts without cause, with little or no prior notice and without penalty or early termination payments. In addition, we could be required to pay penalties, which could be material, if some of these contracts are terminated due to downtime, operational issues or failure to deliver. Some of the contracts with customers that we enter into in the future may be cancellable at the option of the customer upon payment of a penalty, which may not fully compensate us for the loss of the contract. Early termination of a contract may result in a drilling unit being idle for an extended period of time. The likelihood that a customer may seek to terminate a contract is increased during periods of market weakness. Under most of our contracts, it is an event of default if we file a petition for bankruptcy or reorganization, which would allow the customer to terminate such contract.

Further, during depressed market conditions, a customer may no longer need a unit that is currently under contract or may be able to obtain a comparable unit at a lower dayrate. As a result, customers may seek to renegotiate the terms of their existing drilling contracts or avoid their obligations under those contracts. During the COVID-19 pandemic, we experienced the termination of certain drilling contracts. For a discussion of the termination of, or amendment to, certain of our drilling contracts as a result of the COVID-19 pandemic, see "Risk Factors — Endemics, pandemics, global health crises, or other public health events, threats and concerns, including, but not limited to, the resurgence of COVID-19, could have a material adverse effect on our business, financial position, operating results and cash flows."

Our business involves numerous operating hazards and is subject to severe weather events, and our insurance and contractual indemnity rights may not be adequate to cover our losses resulting from such hazards and events.

Our operations are subject to the usual hazards inherent in the drilling and operation of oil and gas wells, such as blowouts, reservoir damage, loss of production, loss of well control, punch-throughs, craterings, fires and pollution. The occurrence of any one of these events could result in the suspension of drilling or production operations, claims by the operator and others affected by such events, severe damage to, or destruction of, the property and equipment involved, injury or death to drilling unit personnel, environmental damage and increased insurance costs. We may also be subject to personal injury lawsuits and other claims of drilling unit personnel as a result of our drilling operations. Operations also may be suspended because of machinery breakdowns, abnormal operating conditions, failure of subcontractors to perform or supply goods or services and personnel shortages.

In addition, our operations are subject to risks inherent in and endemic to marine operations, including capsizing, grounding, collision and loss or damage from severe weather. Severe weather could have a material adverse effect on our operations. Our drilling units could be damaged by high winds, turbulent seas or unstable sea bottom conditions which could potentially cause us to curtail operations for significant periods of time until such damages are repaired.

Damage to the environment could result from our operations, particularly through oil spillage or extensive uncontrolled fires. We may also be subject to property, environmental and other damage claims by host governments, oil and gas companies and other businesses operating offshore and in coastal areas, as well as claims by individuals living in or around coastal areas.

As is customary in our industry, the risks of our operations are partially covered by our insurance and partially by contractual indemnities from our customers. However, insurance policies and contractual rights to indemnify us may not adequately cover losses, and we may not have insurance coverage or rights to indemnify us for all such risks (see "Risks Factors – *Customers may be unable or unwilling to indemnify us*"). Moreover, pollution and environmental risks generally are not fully insurable. If a significant accident or other event resulting in damage to our drilling units, including severe weather, terrorist acts, war, civil disturbances, pollution or environmental damage, occurs and is not fully covered by insurance or a recoverable indemnity from a customer, it could materially and adversely affect our financial condition and results of operations.

Failure to employ a sufficient number of skilled workers could materially and adversely impact our operations.

We require skilled personnel to operate and provide technical services to, and support for, our drilling units. The shortages of qualified personnel or the inability to obtain and retain qualified personnel also could negatively affect the quality and timeliness of our work. In addition, our ability to expand operations depends in part upon our ability to increase the size of the skilled labor force. Due to the extremely weak conditions in the offshore drilling market, the lack of employment and lower wages for offshore personnel have caused and will continue to cause many of our current offshore personnel to permanently leave the industry for employment opportunities in other industries. If industry conditions improve, there is no guarantee these workers will return to the offshore industry resulting in a shortage of qualified personnel that we will be able to employ.

Epidemics, pandemics, global health crises, or other public health events, threats and concerns, including, but not limited to, any resurgence of COVID-19, could have a material adverse effect on our business, financial position, operating results and cash flows.

Epidemics, pandemics, global health crises, or other public health events, threats and concerns, including, but not limited to, the continued global spread of COVID-19, Ebola, the H1N1 flu virus, the Zika virus, Severe Acute Respiratory Syndrome and other highly communicable diseases, outbreaks of which have occurred fairly recently in various parts of the world in which we operate, could adversely impact our operations, the operations of our clients and the global economy, including the worldwide demand for oil and gas and the level of demand for our services. Any quarantine of personnel or the inability to access our offices or rigs could adversely affect our operations. Travel restrictions or operational problems in any part of the world in which we operate, or any reduction in the demand for drilling services caused by public health threats in the future, may adversely affect our business, financial position, operating results and cash flows.

Throughout 2020, we observed deterioration in macroeconomic conditions, oil price and market volatility, and reductions and delays in oil and gas exploration and development plans by operators as a result of the economic impact of the COVID-19 pandemic. We determined these events constituted "triggering events" requiring an assessment for impairment. We recorded a loss on impairment of $128.9 million during the year ended December 31, 2020. During this time, the market experienced a rapid decline in oil prices in response to oil demand concerns due to the economic impacts of COVID-19 and anticipated increases in supply from Russia and OPEC, particularly Saudi Arabia. These actions led to (i) significant weaknesses in oil prices and (ii) ensuing reductions of oil and gas company capital and operating budgets. Moreover, the COVID-19 pandemic has generally affected our customers, suppliers, vendors, and other business partners. If our customers or suppliers experience material and adverse business consequences due to the spread of COVID-19, demand for our services could also be adversely affected, and existing counterparties could seek to invoke "force majeure" clauses under their contracts with us and/or terminate such contracts.

While the adverse impact of, and challenges associated with, the COVID-19 pandemic continued throughout 2021, resulting in (i) lower revenue due to terminations of (or amendments to) certain of our drilling contracts and (ii) increased expenses due to higher labor and related costs, conditions have since stabilized. We cannot at this time determine with certainty whether these challenges will return as well as the long-term impact that such challenges may have on our operations on a go-forward basis; however, the Company has been actively managing and continues to actively manage the business in an attempt to mitigate and address the impact of any related events that arise in the future. The extent to which COVID-19 will ultimately impact the counterparties in which we engage in business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

A resurgence of COVID-19, or the occurrence of any other public health crisis, could negatively impact our ability to manage our business, and preexisting operational and other business risks that we (and our industry) face may be heightened, including, but not limited to, cybersecurity risks and threats. For a discussion regarding cybersecurity risks to our business, see Risk Factors - "Our information technology systems, as well as those of our service and equipment providers and other persons that we engage, are subject to cybersecurity risks and threats, and the occurrence of any cybersecurity event could impede the Company's ability to operate its business."

We may not be able to compete effectively against the actions taken by our competitors, which could materially and adversely impact our business operations and financial results.

Our competitors have engaged, and may continue to engage, in the process of restructuring their respective balance sheets and, in the process, reducing their overall cost structure. In addition, it is anticipated that some of these competitors may enter into strategic transactions, including mergers, which could provide further cost savings and efficiencies through synergies, the recycling of assets and other means. It is possible that such competitors could emerge stronger financially as a result of such transactions and therefore, be better positioned to secure valuable drilling contracts at lower rates. The emergence of stronger competitors in an already challenging financial environment could adversely affect our ability to secure critical drilling contracts and thereby adversely affect our business operations and financial condition.

We may not be able to replace expiring or terminated contracts for our existing rigs at dayrates that are economically feasible for us.

Due to the cyclical nature and high level of competition in our industry, we may not be able to replace expiring or terminated contracts. Our ability to replace expiring or terminated contracts will depend on prevailing market conditions, the specific needs of our customers, and numerous other factors beyond our control. Additionally, any contracts for our drilling units may be at dayrates that are below existing dayrates, which could have a material adverse effect on our overall business, financial condition, results of operations and future prospects.

New technology and/or products may cause us to become less competitive, and higher levels of capital expenditures may be necessary in order to remain competitive.

The offshore contract drilling industry is subject to the introduction of new drilling techniques and services using new technologies, some of which may be subject to patent protection. As competitors and others use or develop new technologies, we may be placed at a competitive disadvantage. Further, we may face competitive pressure to implement or acquire certain new technologies at a substantial cost. Some of our competitors have greater financial, technical and personnel resources that may enable them to more readily access technological advantages and implement new technologies before we can. We cannot be certain that we will be able to implement new technology or products on a timely basis or at an acceptable cost. Thus, our inability to effectively use and implement new and emerging technology may have a material and adverse effect on our financial condition and results of operations.

Customers may be unable or unwilling to indemnify us.

Consistent with standard industry practice, our customers generally assume liability for and indemnify us against well control and subsurface risks under our dayrate contracts, and we do not separately purchase insurance for such indemnified risks. These risks are those associated with the loss of control of a well, such as blowout or cratering, the cost to regain control or redrill the well and associated pollution. In the future, we may not be able to obtain agreements from customers to indemnify us for such damages and risks or the indemnities that we do obtain may be limited in scope and duration or subject to exceptions. Additionally, even if our customers agree to indemnify us, there can be no assurance that they will necessarily be financially able to indemnify us against all of these risks.

Consolidation of suppliers and vendors may increase the costs of obtaining critical supplies and services, which may have a material adverse effect on our results of operations and financial condition.

We rely on certain third-parties to provide supplies and services necessary for our offshore drilling operations, including, but not limited to, suppliers and vendors which provide, among other things, drilling equipment, machinery, and catering services. Recent mergers have reduced and consolidated the number of available suppliers and vendors, resulting in fewer alternatives for sourcing key

supplies and services. Such consolidation, combined with a high volume of drilling units under construction, could result in a shortage of supplies and services thereby increasing the cost of such supplies and services, and potentially inhibit the ability of suppliers and vendors to deliver on time, if at all. Cost increases and delays in, or the unavailability of, critical supplies and services could have a material and adverse effect on our results of operations and result in drilling unit downtime, and cause, among other things, delays in the repair and maintenance of our drilling units.

Reactivation of idle rigs may take longer or be more costly than we anticipate.

Reactivation of idle rigs may take longer and be more costly than anticipated. As our rigs are mobilized from one geographic location to another, the labor and other operating and maintenance costs can vary significantly. In general, labor costs increase primarily due to higher salary levels and inflationary pressures. Equipment maintenance expenses fluctuate depending upon the type of activity the rig is performing and the age and condition of the equipment. Contract preparation expenses vary based on the scope and length of contract preparation required and the duration of the firm contractual period over which such expenditures are amortized.

The ongoing conflicts in Ukraine and the Middle East, including the actual (or perceived threat of an) expansion or exacerbation of such conflicts, and the actions undertaken by western nations in response to such conflicts, have created, and could continue to create, significant hydrocarbon price volatility and materially impact the global oil and gas markets for the foreseeable future.

In February 2022, Russia launched a large-scale invasion of Ukraine and Russia and Ukraine continue to engage in active and armed conflict as of March 2023. Such conflict has resulted in significant destruction of Ukraine's infrastructure and substantial casualties amongst Russian and Ukrainian military personnel. Moreover, civilian casualties have increased significantly as a result of ongoing Russian attacks on cities throughout Ukraine, and millions of refugees have fled Ukraine for neighboring countries since the onset of the Russo-Ukrainian War. As a result of Russia's invasion of Ukraine and the ongoing Russo-Ukrainian War, the governments of several western nations, including the U.S., Canada, Japan, the United Kingdom and the European Union, implemented several commercial and economic sanctions against Russia, Russian-backed separatist regions in Ukraine, certain banks, companies, government officials, and other individuals in Russia and Belarus. Moreover, on March 9, 2022, President Joe Biden imposed an immediate ban on Russian oil and other energy imports, while the United Kingdom publicly indicated that it would seek to phase out imports from Russia by the end of 2022. In December 2022, the EU imposed an embargo prohibiting the maritime shipment of crude oil from Russia, subject to instituting a price cap of $60-per-barrel. The embargo was also agreed to by the Group of Seven countries and Australia. Additionally, Canada has barred Russian vessels from utilizing its ports. In addition to governmental entities, actors in the private sector, including, among others, Shell, BP and ExxonMobil, have stopped, or publicly announced that they intend to stop, operations in Russia and cease their partnerships with Russian firms, and shippers, insurance companies and refiners have similarly indicated that they will no longer purchase or ship crude oil from Russia. In December 2023, President of the U.S. signed an executive order which seeks to strengthen U.S. sanctions authorities against financial facilitators of Russia's war efforts, and additionally provided authority to broaden U.S. import bans on certain Russian goods. Likewise, in February 2024, the U.S.' Treasury Department, State Department and Department of Commerce, collectively, imposed an extensive set of new sanctions on Russia, which specifically target Russia's financial sector and military-industrial operations. Such sanctions seek to restrict Russia's energy industry and limit the evasion of sanctions outside the U.S., including by encompassing 500 additional persons associated with the ongoing Russo-Ukrainian War. The implementation of sanctions by governmental bodies and the withdrawal of private actors in Russia has caused, and is likely to continue to cause, among other impacts, significant volatility in the price of hydrocarbons, including constraints on crude oil production. Such fluctuations could continue in the near-term, especially as market participants seek to limit or flatly ban the use of Russian oil and gas, and pressure has intensified to seek out alternative fuel sources (for example, the U.S. has indicated that it may look to Saudi Arabia to increase its crude oil production).

Likewise, the recent and ongoing conflict in the Middle East has impacted and could continue to impact the global economy for the foreseeable future, and is threatening to spread, and may in the future spread, into other Middle Eastern countries. The conflicts have caused, and could intensify, volatility in oil and natural gas prices, and the extent and duration of the military actions, sanctions and resulting market disruptions could be significant and could potentially have a substantial negative impact on our business for an unknown period of time.

While it is not possible at this time to predict or determine the ultimate consequences of the conflicts in Ukraine and the Middle East, which could include, among other things, additional sanctions, greater regional instability, embargoes, geopolitical shifts and other material and adverse effects on macroeconomic conditions, supply chains, financial markets and currency exchange rates, hydrocarbon price volatility in particular is likely to continue for the foreseeable future. To the extent negotiations of a cease fire in Ukraine and the Middle East are unsuccessful, the potential destruction of critical oil-related infrastructure in Ukraine and the Middle East, and the implementation of further sanctions and other measures taken by governmental bodies and private actors, could have a lasting impact

in the near- and long-term on the (i) business, operations and financial condition of our business and the businesses of our critical counterparties and (ii) the global economy at large.

A low amount of, or reduction in, expenditures by oil and gas exploration and production companies, a decrease in demand for oil and gas, or other related factors, could materially and adversely affect our business.

Our business, including the utilization rates and dayrates we achieve for our drilling units, depends on the level of activity in oil and gas exploration, development and production expenditures of our customers. Oil and gas prices and customers' expectations of potential changes in these prices significantly affect this level of activity. Commodity prices are affected by numerous factors, including the following:

- changes in global economic conditions;
- the worldwide supply and demand for oil and gas;
- the cost of exploring for, producing and delivering oil and gas;
- expectations regarding future prices;
- advances in exploration, development and production technology;
- the ability or willingness of OPEC to set and maintain production levels and pricing;
- the availability and discovery rate of new oil and gas reserves in offshore areas;
- the availability and discovery rate of new oil and gas reserves in the U.S. shale oil and gas regions;
- the rate of decline of existing and new oil and gas reserves;
- the level of production in non-OPEC countries, including production levels in the U.S. shale plays;
- domestic and international tax policies;
- the development and exploitation of alternative fuels;
- severe and unpredictable weather conditions;
- public concern regarding the risks associated with climate change;
- blowouts and other catastrophic events;
- governmental laws and regulations, including those aimed at environmental preservation and reductions in carbon emissions;
- the policies of various governments regarding exploration and development of their oil and gas reserves;
- volatility in the exchange rate of USD against other currencies; and
- the worldwide political environment, uncertainty or instability resulting from an escalation or additional outbreak of armed hostilities or other crises in significant oil and gas producing regions or further acts of terrorism, including volatility in the price of hydrocarbons in connection with Russia's invasion of Ukraine in February 2022 (and the subsequent Russo-Ukrainian War) and the on-going conflict in the Middle East.

In addition to oil and gas prices, the offshore drilling industry is influenced by additional factors, including:

- the availability of competing offshore drilling vessels and the level of construction activity for new drilling vessels;
- the consolidation of market participants;
- the level of costs for associated offshore oilfield and construction services;
- oil and gas transportation costs;
- the discovery of new oil and gas reserves;
- the cost of non-conventional hydrocarbons; and
- regulatory restrictions on offshore drilling.

Any one of these factors could significantly reduce the demand, or prices paid, for our services and materially and adversely affect our business and results of operations.

The market value of our current vessels may decrease, which could cause us to take accounting charges or incur losses if we decide to sell them following a decline in their values.

If the offshore contract drilling industry continues to suffer adverse developments, the fair market values of our vessels may decline. The fair market values of the vessels we currently own or may acquire in the future may increase or decrease depending on a number of factors, many of which are beyond our control, including the general economic and market conditions affecting the oil and gas industry and the possible corresponding adverse effect on the level of offshore drilling activity.

Any such deterioration in the market values of our vessels could require us to record an impairment charge in our financial statements, which could adversely affect our results of operations. If we sell any of our vessels when prices for such vessels have fallen, the sale may be at less than such drillship's carrying amount on our financial statements, resulting in a loss.

Negative publicity may adversely affect us.

Media coverage and public statements that insinuate improper actions by us, regardless of their factual accuracy or truthfulness, may result in negative publicity, litigation or governmental investigations by regulators. Addressing negative publicity and any resulting litigation or investigations may distract management, increase costs and divert resources. Negative publicity may have an adverse impact on our reputation and the morale of our employees, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks Related to Government Regulations and Laws

Public concern and legislative and regulatory initiatives regarding the risks associated with climate change and the environmental and social impacts of fossil fuel extraction and use, and the growing emphasis by investors on investing in companies that are committed to environmental sustainability, could adversely affect our operations, the demand for oil and gas, our reputation and our access to capital and ability to refinance our debt.

Global climate issues, including the emission of greenhouse gases, continue to attract considerable public and scientific attention, and there has been increased focus on the oil and gas industry as a result. Numerous reports, including, the Fifth Assessment Report of the Intergovernmental Panel on Climate Change, have caused concern about the adverse impacts of human activity on the world's climate. The adoption of any legislation or regulation that requires reporting of greenhouse gases, including any rules currently contemplated by any governmental regulators, or otherwise restricts emissions of greenhouse gases from our operations, could require us to incur significant costs to reduce such emissions, could adversely affect demand for the oil and gas that we extract or limit our access to financial capital. Recently, there has been a growing concern and emphasis by governmental agencies regarding the effects of climate change on the environment and the need to make disclosures to investors regarding a company's environmental footprint. For example, on March 6, 2024, the SEC adopted a final rule requiring public companies to include certain climate-related disclosures in their respective registration statements and annual reports filed with the SEC, including climate-related financial statement metrics, greenhouse gas emissions and climate-related targets and goals, and management's role in managing material climate-related risks. A number of state legislators and regulators, including the State of California, as well as non-U.S. governmental agencies (such as the EU), have adopted or are currently considering proposing or adopting other rules, regulations, directives, initiatives and laws requiring ESG-related disclosures or limiting (or affirmatively requiring) certain ESG-related conduct. In the event that we were to become subject to any of the newly adopted climate change and/or ESG-related disclosure regimes, including in the United States and elsewhere, it could require us to, among other things, (i) restrict or limit our operating activities or other conduct, (ii) make material capital improvements and expend material capital resources in connection with such compliance efforts, and (iii) alter our business and operational strategy more generally. Furthermore, there continues to be a lack of consistent proposed climate change and ESG-related legislation, which creates regulatory and economic uncertainty. Separately, enhanced climate-related disclosure requirements and obligations could lead to reputational or other harm with customers, regulators, investors or other stakeholders and could also increase our litigation risks relating to statements alleged to have been made by us or others in our industry regarding climate change risks, or in connection with any future disclosures we may make regarding reported emissions, particularly given the inherent approximations, estimations and uncertainties with respect to calculating, determining and reporting greenhouse gas emissions. Additionally, governmental regulators, including the SEC, have also from time to time applied additional scrutiny to existing climate change-related assertions in public disclosures, increasing the potential for enforcement if any such governmental regulator were to allege that our climate change-related disclosures are misleading or deficient. We continue to monitor for these changes and their potential impact on our business, financial condition and industry at large, and seek to implement measures to comply with all such newly implemented requirements; however, given the rapidly changing nature of these rules, regulations, directives, initiatives and laws, and the heightened regulatory scrutiny being applied by governmental agencies across numerous jurisdictions, it is not possible to predict how such matters will ultimately impact our business or that of our critical counterparties at this time.

Moreover, over the recent years, sovereign wealth, pension and endowment funds have increased their divestments of fossil fuel equities and pressure lenders to limit funding to companies engaged in the extraction of fossil fuels. These efforts intensified during the COVID-19 pandemic, both in the U.S. and throughout the world. For example, New York State's Pension Fund, which had already divested from nearly two dozen thermal coal companies in July 2020, announced in December 2020 that it would seek to divest from fossil fuel stocks by 2025 and sell its shares in other companies that contribute to climate change by 2040. Likewise, in January 2021, two of New York City's largest pension funds, the New York City Employees' Retirement System and the New York City Teachers' Retirement System, approved the divestment of approximately $4.0 billion from fossil fuel companies, and the New York City Board of Education Retirement System is expected to follow suit. Furthermore, Sweden's state-backed pension funds were recently admonished by the Swedish Society for Nature Conservation, one of Sweden's largest climate organizations, for continuing to invest in fossil-fuel companies, and recent proposed changes to the ethical investment guidelines for the Government Pension Fund Global, Norway's sovereign wealth fund, could result in the fund selling approximately €910 million of its holdings. More recently, universities in the U.S., including Yale, Princeton, Stanford, the Massachusetts Institute of Technology and Vanderbilt, have faced scrutiny and pressure to divest from the fossil fuel industry, and in February 2022, students from such universities filed complaints with the attorneys general of their respective states requesting an investigation of alleged breaches of the Uniform Prudent Management of Institutional Funds Act.

The initiatives aimed at limiting climate change and reducing air pollution and the emission of greenhouse gases, including divestment from the oil and gas industry, could significantly interfere with our operations, business activities, and ability to access the capital markets and refinance our debt. Likewise, successful divestment efforts in the oil and gas industry could materially and adversely impact prices of our debt or equity securities. Given that members of the investment community have continued to heavily factor in, and will likely continue in the near-term to assess, a company's commitment to environmental, social and governance ("ESG")-related initiatives and sustainability performance as part of its overall investment strategy and thesis, investors, including large institutional investors, investment advisors and large sovereign wealth, pension and endowment funds, could elect to forego their investment in us to the extent we fail to satisfy such metrics. Such investors may also continue to accelerate their commitment to increasing the overall percentage of their portfolios that are allocated towards companies that have shown significant commitment to ESG-related matters and environmental sustainability. In light of the foregoing, investors may seek to re-allocate portions of their capital away from deepwater projects. These concerns and the uncertainty around global oil and gas prices may cause deepwater projects to become one of the least attractive areas for investment by our clients given the large capital requirements and the significant amount of time between discovery and production of oil and/or gas. Separately, we could lose existing investors in their entirety if we or our securities fail to meet the ESG-related standards and initiatives being sought and prioritized by such investors. Our failure to satisfy such metrics could also harm our overall reputation amongst members of the investment community, our critical counterparties and in the markets more generally.

Furthermore, the increased focus by the investment community on ESG-related practices and disclosures, including emission rates and overall impacts to global climate, has created, and will create for the foreseeable future, increased pressure regarding the enhancement of, and modification to, the disclosure and governance practices in our industry. For example, BlackRock, one of the largest asset managers in the world, which previously affirmed its commitment to divest from investments in fossil fuels due to concerns over climate change, recently called for the oil companies and other polluting-generating industries it invests in to disclose their carbons emissions and set clear targets to decrease the amounts of such pollution. As a result, we currently face, and could continue to face, increasing pressure regarding our ESG related practices and disclosures.

Lastly, increased attention regarding the risks of climate change and the emission of greenhouse gases augments the possibility of litigation or investigations being brought by public and private entities against oil and gas companies in connection with their greenhouse emissions. Should we be targeted by any such litigation or investigations, we may incur liability, which, to the extent that political or societal pressures or other factors are involved, could be imposed without regard to the causation of, or contribution to, the asserted damage, or to other mitigating factors.

The international nature of our operations creates additional political, economic, legal and other uncertainties not generally associated with domestic operations.

Our business strategy is to operate in international oil and gas producing areas. Our international operations are subject to a number of risks inherent in any business operating in foreign jurisdictions, including:

- political disturbances, geopolitical instability and tensions, or terrorist attacks, and associated changes in global trade policies and economic sanctions, including, but not limited to, in connection with Russia's invasion of Ukraine in February 2022 (and the subsequent Russo-Ukrainian War) and the on-going conflict in the Middle East;
- government corruption;
- potential seizure, expropriation or nationalization of assets;
- damage to our equipment or violence directed at our employees, including kidnappings;

- piracy;
- increased operating costs;
- complications associated with repairing and replacing equipment in remote locations;
- repudiation, modification or renegotiation of contracts;
- limitations on insurance coverage, such as war risk coverage in certain areas;
- import-export quotas;
- confiscatory taxation;
- work stoppages;
- unexpected changes in regulatory requirements;
- wage and price controls;
- imposition of trade barriers;
- imposition or changes in enforcement of local content laws;
- restrictions on currency or capital repatriations;
- currency fluctuations and devaluations; and
- other forms of government regulation and economic conditions that are beyond our control.

Our financial condition and results of operations could be susceptible to adverse events beyond our control that may occur in the particular jurisdictions in which we operate our business. Additionally, we may experience currency exchange losses where, at some future date, revenues are received, and expenses are paid in nonconvertible currencies or where we do not hedge exposure to a foreign currency. We may also incur losses as a result of an inability to collect revenues because of a shortage of convertible currency available in the country of operation, controls over currency exchange or controls over the repatriation of income or capital.

Many governments favor or effectively require that drilling contracts be awarded to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may result in inefficiencies or put us at a disadvantage when bidding for contracts against local competitors.

Our offshore contract drilling operations are subject to various laws and regulations in countries in which we operate, including laws and regulations relating to the equipment and operation of drilling units, currency conversions and repatriation, oil and gas exploration and development, taxation of offshore earnings and earnings of expatriate personnel, the use of local employees and suppliers by foreign contractors and duties on the importation and exportation of drilling units and other equipment. Governments in some foreign countries have become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and gas and other aspects of the oil and gas industries in their countries. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work done by major oil and gas companies and may continue to do so. Operations in less developed countries can be subject to legal systems which are not as predictable as those in more developed countries, which can lead to greater uncertainty in legal matters and proceedings.

We are subject to litigation and other disputes that could have a material and adverse effect on our business operations and financial condition.

We are, from time to time, involved in litigation and disputes that could negatively affect our business operations and financial condition. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, asbestos and other toxic tort claims, employment and tax matters, claims of infringement of patent and other intellectual property rights, and other litigation that arises in the ordinary course of our business. In addition, during periods of volatile and depressed market conditions, we may be subject to an increased risk of our customers, vendors, current and former employees and others initiating legal proceedings against us. Furthermore, actions or decisions we have taken or may take, or failed to take, as a consequence of the COVID-19 pandemic or any other public health crisis may result in investigations, litigation or legal claims against us. We cannot predict with certainty the outcome or effect of any dispute, claim or other litigation matter, and there can be no assurance as to the ultimate outcome of any litigation or dispute. While we maintain insurance coverage for potential litigation matters and disputes, some of these matters and disputes may not be covered by existing insurance. Moreover, to the extent we do maintain such insurance coverage it may not be sufficient, insurers may not remain solvent, other claims may exhaust some or all of the insurance available to us or insurers may interpret our insurance policies such that they refuse to cover all (or a portion) of the losses for which we make claims or may otherwise dispute claims we make under such policies. The risks associated with these litigation matters and disputes may be difficult

to assess or quantify and the existence and magnitude of potential claims often remain unknown for substantial periods of time. Furthermore, litigation and other disputes may have a material adverse effect on us because of potential adverse outcomes, defense costs, the diversion of our management's resources and other risk factors inherent in litigation or relating to the claims that may arise. Our involvement in any litigation matter or other disputes, including the matters set forth under "Note *8. Commitments and Contingencies*" - *Brazil Improbity Action* in Part II, Item 8 of this Annual Report, could cause us to incur significant legal and other associated costs, including the payment of damages.

Political disturbances, geopolitical instability and tensions, or terrorist attacks, and associated changes in global trade policies and economic sanctions could adversely impact our operations.

Our operations are subject to political and economic risks and uncertainties, including instability resulting from civil unrest, political demonstrations, mass strikes, or an escalation or additional outbreak of armed hostilities or other crises including in oil or gas producing areas, which may result in extended business interruptions, suspended operations, volatility in the price of oil and gas, and danger to our employees, or result in claims by our customers of a force majeure situation and payment disputes. Additionally, we are subject to risks of terrorism, piracy, political instability, hostilities, expropriation, confiscation or deprivation of our assets or military action impacting our operations, assets or financial performance in many of our areas of operations.

In particular, the invasion of Ukraine by Russia in February 2022 has led to, and will likely continue to lead to, geopolitical instability, disruption and volatility in the markets in which we operate. It is not possible at this time to predict or determine the ultimate consequences of the conflict in Ukraine, which could include, among other things, additional sanctions, greater regional instability, embargoes, geopolitical shifts and other material and adverse effects on macroeconomic conditions, currency exchange rates, supply chains and financial markets. Likewise, the recent and ongoing conflict in the Middle East has impacted and could continue to impact the global economy for the foreseeable future, and is threatening to spread, and may in the future spread, into other Middle Eastern countries. The conflicts have caused, and could intensify, volatility in oil and natural gas prices, and the extent and duration of the military actions, sanctions and resulting market disruptions could be significant and could potentially have a substantial negative impact geopolitical stability and on our business for an unknown period of time.

To the extent negotiations of a cease fire in Ukraine and the Middle East are unsuccessful, the potential destruction of critical oil-related infrastructure in Ukraine and the Middle East, and the implementation of further sanctions and other measures by governmental bodies and organizations, could have a lasting impact in the near- and long-term on the (i) business, operations and financial condition of our business and the businesses of our critical counterparties and (ii) the global economy at large.

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

We have developed, and will continue to develop and set, goals, targets, and other objectives related to sustainability matters, including our commitment target to reduce greenhouse gas emissions intensity. Statements related to these goals, commitment targets and objectives reflect our current intentions and do not constitute a guarantee that they will be achieved. Our efforts to research, establish, accomplish, and accurately report on these goals, commitment targets, and other objectives expose us to numerous operational, reputational, financial, legal, and other risks. Our ability to achieve any stated goal, commitment target, or objective, including with respect to emissions intensity reduction, is subject to numerous factors and conditions, some of which are outside of our control.

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

There remains an increased focus from lawmakers and regulators on corporate ESG practices, including climate change and related ESG disclosure requirements. Expectations regarding voluntary ESG initiatives and disclosures may result in increased costs (including but not limited to increased costs related to compliance, stakeholder engagement, contracting and insurance), changes in demand for certain products, enhanced compliance or disclosure obligations, or other adverse impacts to our business, financial condition or results of operations. In addition, standards for tracking and reporting ESG matters continue to evolve, and our business may be impacted by new laws, regulations or investor criteria in the U.S., Europe and around the world related to ESG. These and other regulations, disclosure-related and otherwise, including, to the extent applicable, the new California laws S.B. 253, S.B. 261 and A.B. 1305 and the EU's Corporate Sustainability Reporting Directive, may increase our costs as well as increase scrutiny regarding our ESG efforts, which may enhance the risks discussed in this risk factor. These legal and regulatory requirements, as well as stakeholder expectations related to ESG practices and disclosures are subject to change, can be unpredictable, and may be difficult and expensive for us to comply with.

If our aspirations, goals, commitment targets and initiatives fail to adapt to or comply with all laws, regulations, policies and related interpretations, our business and reputation could be negatively impacted and our access to, and cost of capital, could be materially and adversely affected. Additionally, many of our customers and suppliers may be subject to similar and evolving expectations, which may augment or create additional risks, including risks that may not be known to us.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws.

The FCPA and similar worldwide anti-bribery laws (together, anti-corruption laws) prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Our policies mandate compliance with these laws. We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. Despite our extensive training and compliance program, we cannot assure you that our internal control policies and procedures will protect us from improper acts committed by our directors, employees or agents. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our business and operations. We may be subject to competitive disadvantages to the extent that our competitors are able to secure business, licenses or other preferential treatment by making payments to government officials and others in positions of influence or using other methods that U.S. laws and regulations prohibit us from using.

In order to effectively compete in some foreign jurisdictions, we utilize local agents and seek to establish joint ventures with local operators or strategic partners. In addition, in some foreign jurisdictions in which we operate, we are required to retain the services of a national agent or sponsor. Although we have procedures and controls in place to monitor internal and external compliance, if we are found to be liable for violations of anti-corruption laws (either due to our own acts or omissions, or due to the acts or omissions of others, including actions taken by our agents and our strategic or local partners, even though our agents and partners may not be subject to the FCPA), we could suffer from civil and criminal penalties or other sanctions, which could have a material adverse effect on our business, financial position, results of operations and cash flows.

Our offshore drilling operations could be adversely impacted by changes in regulation of offshore oil and gas exploration and development activity.

Offshore drilling operations could be adversely impacted by changes in regulation of offshore oil and gas exploration and development activities. New regulatory requirements in the future could impose greater costs on our operations, which could have a material adverse impact on our results of operations. We do not currently operate in the U.S., but may do so in the future. The jurisdictions in which we currently operate have imposed requirements for offshore oil and gas exploration and development activities and, like the U.S., may impose new regulatory requirements in the future.

Our business is subject to numerous governmental laws and regulations, including those that may impose significant costs and liability on us for environmental and natural resource damages.

Many aspects of our operations are affected by foreign, federal, state and local governmental laws, rules, regulations and policies that may relate directly or indirectly to the contract drilling industry, including those requiring us to control the discharge of oil and other contaminants into the environment or otherwise relating to environmental protection. Countries where we currently operate have environmental laws and regulations covering the discharge of oil and other contaminants and protection of the environment in connection with operations. Operations and activities in the U.S. and its territorial waters are subject to numerous environmental laws and regulations, including the Clean Water Act, the Oil Pollution Act, the Outer Continental Shelf Lands Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Clean Air Act, the Resource Conservation and Recovery Act and MARPOL. While we do not currently operate in the U.S., many of the countries in which we currently operate have similar requirements. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, the denial or revocation of permits or other authorizations and the issuance of injunctions that may limit or prohibit operations.

Laws and regulations protecting the environment have become more stringent in recent years and may in certain circumstances impose strict liability, rendering us liable for environmental and natural resource damages without regard to negligence or fault on our part. These laws and regulations may expose us to liability for the conduct of, or conditions caused by, others or for acts that were in compliance with all applicable laws at the time the acts were performed. The application of these requirements, the modification of existing laws or regulations or the adoption of new laws or regulations relating to exploratory or development drilling for oil and gas could materially limit future contract drilling opportunities or materially increase our costs. In addition, we may be required to make significant capital expenditures to comply with such laws and regulations.

In addition, some financial institutions are imposing, as a condition to financing, requirements to comply with additional non-governmental environmental and social standards in connection with operations outside the U.S., such as the Equator Principles, a credit risk management framework for determining, assessing and managing environmental and social risk in project finance transactions. Such additional standards could impose significant new costs on us, which may materially and adversely affect us.

Further, certain governments at the international, national, regional and state level are at various stages of considering or implementing treaties and environmental laws that could limit emissions of greenhouse gases, including carbon dioxide, associated with the burning of fossil fuels. Recently, there has been a growing concern and emphasis by governmental agencies regarding the effects of climate change on the environment and the need to make disclosures to investors regarding a company's environmental footprint. For example, on March 6, 2024, the SEC adopted a final rule requiring public companies to include certain climate-related disclosures in their respective registration statements and annual reports filed with the SEC, including climate-related financial statement metrics, greenhouse gas emissions and climate-related targets and goals, and management's role in managing material climate-related risks. A number of state legislators and regulators, including the State of California, as well as non-U.S. governmental agencies (such as the EU), have adopted or are currently considering proposing or adopting other rules, regulations, directives, initiatives and laws requiring ESG-related disclosures or limiting (or affirmatively requiring) certain ESG-related conduct. In the event that we were to become subject to any of the newly adopted climate change and ESG-related disclosure regimes, including in the United States and other non-U.S. jurisdictions, it could require us to, among other things, (i) restrict or limit our operating activities or other conduct, (ii) make material capital improvements and expend material capital resources on such compliance efforts, and (iii) more generally alter our business and operational strategy. It is not possible to predict how new laws to address greenhouse gas emissions would impact our business or that of our customers, but these laws and regulations could impose costs on us or negatively impact the market for offshore drilling services, and consequently, our business.

Changes in laws and regulations of jurisdictions where we operate, including those that may impose significant costs and liability on us for environmental and natural resource damages, may adversely affect our operations. The jurisdictions where we operate have modified or may in the future modify their laws and regulations in a manner that would increase our liability for pollution and other environmental damage.

With the recent change in administration of the U.S. federal government, it is likely that new legislation, regulatory enforcement actions and executive orders, which are specifically aimed at reducing greenhouse gas emissions, or prohibiting, delaying or restricting oil development activities in certain jurisdictions, will be proposed and adopted in the near-term. On January 20, 2021, an executive order was signed directing all executive departments and agencies to immediately commence work to confront the climate crisis, including recommending that the Administrator of the Environmental Protection Agency consider new regulations to establish comprehensive standards of performance and emission guidelines for methane and volatile organic compound emissions from existing operations in the oil and gas sector, including the exploration and production, transmission, processing and storage segments, by September 2021. Moreover, an executive order was signed on January 27, 2021, which, among other things, places the climate crisis at the forefront of the U.S.' foreign policy and national security planning, including submitting the U.S. instrument of acceptance to rejoin the Paris Agreement, affirming the achievement of global reductions of greenhouse gas emissions and net-zero global emissions by 2050 or prior, and reestablishing the U.S. as a leader in addressing climate change. Additionally, the executive order provides that, consistent with applicable law, the acting Secretary of the Department of the Interior shall pause new oil and gas leases on public lands or in offshore waters pending completion of a comprehensive review and reconsideration of U.S. federal oil and gas permitting and leasing practices in light of the Secretary of the Interior's broad stewardship responsibilities over the public lands and in offshore waters, including potential climate and other impacts associated with oil and gas activities on public lands or in offshore waters. In April 2021, a new target for the U.S. to achieve a 50 to 52 percent reduction from 2005 levels in economy-wide net greenhouse gas pollution in 2030 was announced, and in October 2021, as part of the Build Back Better Act, a framework to cut greenhouse gas pollution by over one gigaton in 2030, reduce consumer energy costs and advance environmental justice by investing in a 21st century clean energy economy was also announced.

The execution of the foregoing executive orders and any additional executive orders, as well as the adoption and implementation of any new federal or state legislation or regulations could have a material and adverse impact on our business, financial condition, results of operations and cash flow, including through the creation of increased compliance costs and operating restrictions.

The Economic Substance Act 2018 (as amended) and the Economic Substance Act 2021 (as amended), among other legislation enacted in Bermuda and the Cayman Islands, could materially and adversely affect our operations and financial conditions.

Pursuant to the ES Acts, a registered entity (other than an entity which is resident for tax purposes in certain jurisdictions outside Bermuda or the Cayman Islands) that carries on as a business any one or more of the "relevant activities" referred to in the ES Acts must comply with economic substance requirements. In particular, the ES Acts could require covered entities to maintain an adequate level of qualified employees in Bermuda and/or the Cayman Islands, incur an adequate level of annual expenditure in Bermuda and/or the Cayman Islands, maintain physical offices and premises in Bermuda and/or the Cayman Islands, or perform core income-generating activities in relation to relevant activities in Bermuda and/or the Cayman Islands. The list of "relevant activities" includes carrying on any of the following activities: banking; insurance; fund management; financing; leasing; headquarters; shipping; distribution and service centers; intellectual property; and holding entities. The ES Acts could additionally substantially affect the way we operate our business for the company and any subsidiary organized in Bermuda or the Cayman Islands, which could in turn materially and adversely affect our business, financial condition and results of operations.

Because VDI is incorporated under the laws of the Bermuda, stakeholders may face difficulties in protecting their interests, and their ability to protect their rights through the U.S. federal courts may be limited.

VDI is an exempted company limited by shares incorporated under the laws of Bermuda. In addition, substantially all of our assets are located outside the U.S. As a result, it may be difficult for holders of our securities to effect service of process within the U.S. upon our directors or executive officers, or enforce judgments obtained in the U.S. courts against our directors or executive officers.

Our corporate affairs are governed by our memorandum of association and bye-laws, the Companies Act 1981 (as the same may be supplemented or amended from time to time) of Bermuda, and the common law of Bermuda. The rights of holders of our securities to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors under Bermuda law are, to a large extent, governed by the common law of Bermuda. The common law of Bermuda is derived in part from comparatively limited judicial precedent in Bermuda as well as from English common law, the decisions of whose courts are of persuasive authority, but are not binding on a court in Bermuda. The rights of our shareholders and the fiduciary responsibilities of our directors under Bermuda law are different from those under statutes or judicial precedent in some jurisdictions in the U.S.. In particular, Bermuda has a different body of securities laws which may provide significantly less protection to investors as compared to the U.S., and some states, such as Delaware, which have more fully developed and judicially interpreted bodies of corporate law.

Bermuda courts are also unlikely:

- to recognize or enforce against us judgments of courts of the U.S. based on certain civil liability provisions of U.S. securities laws; and
- to impose liabilities against us, in original actions brought in Bermuda, based on certain civil liability provisions of U.S. securities laws that are penal in nature.

Additionally, Bermuda companies may not have standing to sue before the federal courts of the U.S.. There is no statutory recognition in the Bermuda of judgments obtained in the U.S., although the courts of Bermuda recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without re-examination of the merits of the underlying dispute, provided such judgment:

- is final;
- imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given;
- is not in respect of taxes or other charges of similar nature, or in respect of a fine, or other penalty or multiple damages; and
- is not contrary to public policy in Bermuda, has not been obtained by fraud or in proceedings contrary to natural justice and is not based on an error in Bermuda law.

The Supreme Court of Bermuda may stay proceedings if concurrent proceedings are being brought elsewhere.

Risks Related to Our Financial Condition and Taxes

High rates of global inflation and the occurrence of a recession could have a material and adverse impact on our business, results of operations and financial condition.

Since 2021, the global markets have experienced, and continue to experience, significantly higher rates of inflation as a result of several market factors, including in the form of increased costs pertaining to labor, materials and overhead. As a result of these inflationary pressures, governments in many countries have implemented tighter monetary policies, which has slowed, and could continue to slow, the growth rate of local economies and restrict the availability of credit and financing resources. While we experienced increases in the cost of labor and materials in 2023, we believe that our financial condition and results of operations have thus far not been materially impacted by inflationary pressures. However, to the extent the current rates of inflation and shifts in fiscal and monetary policy result in prolonged and slower growth or a complete or partial recession, it could have a material and adverse effect on the demand for our products and services and, in the process, our business, results of operations and financial condition as a whole, including with respect to our ability to maintain current levels of gross margin and general and administrative expenses as a percentage of total revenue. Moreover, in the event that a full or partial global recession were to occur, it could adversely impact the critical counterparties that we

engage, including in the form of a decrease in the products and services they seek to obtain from us, as well as the ability to such third-parties to satisfy their obligations to us.

Our level of indebtedness could adversely affect our financial health and prevent us from fulfilling our debt obligations.

As of March 14, 2024, we had approximately $200 million aggregate principal amount of debt outstanding under the 9.50% First Lien Notes. Our level of indebtedness could have significant and adverse effects on our business. For example, our level of indebtedness and the terms of our debt agreements could:

- make it more difficult for us to satisfy our financial obligations under our indebtedness and our contractual and commercial commitments and increase the risk that we may default on our debt obligations;
- prevent us from raising the funds necessary to repurchase notes tendered to us if we undergo a change of control;
- require us to use a substantial portion of our cash flow from operations to pay interest and principal on the 9.50% First Lien Notes and other debt, which would reduce the funds available for working capital, capital expenditures and other general corporate purposes;
- limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions and other investments, or general corporate purposes, including with respect to the improvements required pursuant to the terms of our existing contracts, which may limit our ability to execute our business strategy;
- limit our ability to refinance our current or future indebtedness on terms that are commercially reasonable, if at all;
- heighten our vulnerability to downturns in our business, our industry or in the general economy, and restrict us from exploiting business opportunities or making acquisitions;
- place us at a competitive disadvantage compared to those of our competitors that may have proportionately less debt;
- limit management's discretion in operating our business; and
- limit our flexibility in planning for, or reacting to, changes in our business, the industry in which we operate or the general economy.

Each of these factors may have a material and adverse effect on our financial condition and viability. Our ability to satisfy our other debt obligations will depend on our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors affecting our company and industry, many of which are beyond our control.

Our insurance coverage may not be adequate if a catastrophic event occurs.

As a result of the number and significance of catastrophic events in the history of the offshore drilling industry, insurance underwriters have increased insurance premiums and increased restrictions on coverage and have made other coverages unavailable to us on commercially reasonable terms. During the recent industry downturn, in addition to paying lower dayrates, many oil and gas companies have negotiated less favorable terms with respect to risk allocation and indemnity rights in the drilling service contracts to which we are or may become a party.

While we believe we have reasonable policy limits of property, casualty and liability insurance, including coverage for acts of terrorism, with financially sound insurers, we cannot guarantee that our policy limits for property, casualty, liability and business interruption insurance, including coverage for severe weather, terrorist acts, war, civil disturbances, pollution or environmental damage, would be adequate should a catastrophic event occur related to our property, plant or equipment, or that our insurers would have adequate financial resources to sufficiently or fully pay related claims or damages. When any of our coverage expires, or when we seek coverage in the future, we cannot guarantee that adequate coverage will be available, offered at reasonable prices, or offered by insurers with sufficient financial soundness. Additionally, we do not have third-party windstorm insurance and we may not have windstorm insurance for any vessel that we operate in the Gulf of Mexico in the future. The occurrence of an incident or incidents affecting any one or more of our drilling units could have a material adverse effect on our financial position and future results of operations if asset damage and/or our liability were to exceed insurance coverage limits or if an insurer was unable to sufficiently or fully pay related claims or damages.

We may not be able to make principal or interest payments on our existing and future indebtedness, nor refinance such existing and future indebtedness on favorable terms, if at all, and our inability to make such payments on, or refinance, any such indebtedness could materially and adversely affect our liquidity and results of operations.

Our ability to make principal or interest payments on, or to refinance, the 9.50% First Lien Notes or other indebtedness that we incur from time to time depends on our future operational and financial performance, which is subject to financial, business, legislative, regulatory and other factors beyond our control. Our business may not generate sufficient cash flow from operations in the future to

service our indebtedness, operations and business. If we are unable to generate sufficient cash flow, we may be required to adopt one or more strategic alternatives, including selling assets, restructuring debt, obtaining additional debt financing, or issuing additional equity securities, any of which may be on terms that are not favorable to us or, in the case of equity securities, highly dilutive to our equity holders. Our ability to refinance the 9.50% First Lien Notes or any other future indebtedness will depend significantly on, and be subject to, prevailing economic and market conditions, including available capital markets, covenants and restrictions in the agreements governing our indebtedness (including the 9.50% First Lien Indenture) and the general condition of the financial markets and the industries in which we operate. We may not be able to engage in any of these activities or on desirable terms, and our inability to refinance such indebtedness (or to do so upon attractive terms) could materially and adversely affect our business, prospects, results of operations, financial condition and cash flows, any of which could in turn result in us defaulting on our existing and future debt obligations and make us vulnerable to adverse industry and general economic conditions. In addition, our existing and future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt, and would materially and adversely affect our business and financial condition.

Because our common stock is not listed on a national securities exchange, it is less liquid and its price may be negatively impacted by factors that are unrelated to, and independent of, our business operations.

Because our common stock is not listed on a national securities exchange, it is less liquid and its price may be negatively impacted by factors that are unrelated to, and independent of, our business operations, and therefore, beyond our control. Consequently, there is no assurance that a sufficient market will develop in our common stock, if at all, in which case it could be difficult for shareholders to sell their respective shares of common stock. Even if one or more brokers elects to make a market for our common stock on an over-the-counter market and complies with the applicable regulatory requirements, the market price of our common stock could fluctuate substantially in response to various factors and events, many of which are beyond our control, including the following:

- a shortfall in rig utilization, operating revenues, or net income from that expected by securities analysts and investors;
- changes in securities analysts' estimates of the financial performance of us or our competitors or the financial performance of companies in the oil and gas industry generally;
- changes in actual or market expectations with respect to the amounts of exploration and development spending by oil and gas companies;
- general conditions in the economy and in energy-related industries;
- general conditions in the securities markets;
- political disturbances, geopolitical instability and tensions, or terrorist attacks, and associated changes in global trade policies and economic sanctions, including, but not limited to, in connection with Russia's invasion of Ukraine in February 2022 (and the resulting Russo-Ukrainian War) and the ongoing conflict in the Middle East;
- the outcome of pending and future legal proceedings, investigations, tax assessments, and other claims to which we are a party or made a party;
- our completion (or failure to complete) strategic and/or transformational transactions, including acquisitions, dispositions, joint ventures (such as the TE-Vantage JV Transaction) and mergers, as well as the impact of that such transactions may have on our operations and financial condition; and
- fluctuations in the trading volume of our common stock.

There can be no assurances that any public market for our common stock will exist in the future or that we will choose or be able to relist our common stock on a national securities exchange.

We may suffer losses as a result of foreign currency fluctuations or our inability to receive (or repatriate) USD.

A significant portion of the contract revenues of our foreign operations will be paid in USD; however, some payments are made in foreign currencies. As a result, we are exposed to currency fluctuations and exchange rate risks as a result of our foreign operations. To minimize the financial impact of these risks when we are paid in non-U.S. currency, we attempt to match the currency of operating costs with the currency of contract revenue. If we are unable to substantially match the timing and amounts of these payments, any increase in the value of USD in relation to the value of applicable foreign currencies could adversely affect our operating results. In addition, in certain countries in which we operate, such as Egypt, capital controls are in place which limit the availability of USD, as well as prevent the repatriation of USD from such country.

We are exposed to the credit risks of our key customers and other counterparties that we engage.

We are subject to risks of loss resulting from non-payment or non-performance by third-parties. Although we monitor and manage credit risks, some of our customers and other counterparties that we engage may be highly leveraged and subject to their own operating and regulatory risks, as well as other market factors which are not within their direct control. During more challenging market environments, we are subject to an increased risk of our customers and other critical counterparties seeking to, among other things, repudiate or amend their respective contracts and declare force majeure events. The ability of our customers and other critical counterparties to meet their contractual obligations may also be adversely affected by other macroeconomic factors, including constrained credit markets, economic downturns and public health crises. As of December 31, 2023, our allowance for credit losses was $5.4 million. If any of our key customers or other critical counterparties were to default on their contractual obligations owed to us, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

Our current backlog of contract drilling revenue may not be fully realized, which may have a material adverse impact on our consolidated statement of financial position, results of operations or cash flows.

As of December 31, 2023, the Company had total drilling contract backlog of approximately $202.9 million (including approximately $6.1 million for rigs owned by third-parties where we enter into contracts directly with customers and lease the rigs through bareboat charters from the rig owners). The terms of the bareboat charters are consistent with the management agreements, resulting in the same financial impact to us had the rigs remained under the management agreements. This amount was calculated based on certain estimates and assumptions regarding operations and payments to be received under such drilling contracts. Although management believes that such estimates and assumptions are reasonable, actual amounts received under these contracts could materially differ from the projected amount. Material differences between the projected contract backlog amount and the amounts actually received pursuant to such contracts could be caused by a number of factors, including rig downtime or suspension of operations. We may not be able to realize the full amount of our contract backlog due to events beyond our control.

We have experienced, and could continue to experience, a lack of profitable operations in the near- and long-term.

We have recently experienced, and could continue to experience, operational losses, which may negatively impact our ability to achieve our business objectives and profitability. Specifically, we incurred a net loss of $15.3 million and $3.4 million for the years ended December 31, 2023 and 2022, respectively, and we experienced negative cash flow from operations. We can provide no assurance that we can achieve profitability or sustain cash flow positive operations on a quarterly or annual basis in the near- or long-term. Moreover, our business and results of operations have been, and could continue to be, negatively impacted by general economic and other market conditions in the industry in which we operate, many of which are out of our control. Declines in the demand for our contract drilling services and dayrates for the services we provide, and any protracted downturn in the oil and gas industry, could have a material and adverse effect on our ability to achieve profitable operations and exacerbate other risks which impact our financial condition, results of operations and cash flow.

We may from time to time engage in certain strategic or transformational transactions in the future, including acquisitions, dispositions, mergers and joint ventures (such as the TE-Vantage JV), any of which could affect the value or type of our assets and overall financial condition.

From time to time, our management independently evaluates, and separately receives indications of interest in respect of, a variety of strategic and/or transformational transactions in respect of our assets or a particular subset thereof. While the documents governing our indebtedness include certain restrictions on our ability to dispose of our assets or to finance the acquisitions of new assets, such restrictions contain various exceptions and limitations.

To the extent we were to pursue or engage in such transactions, including acquisitions, dispositions and joint venture transactions (such as the TE-Vantage JV Transaction), there is no guarantee that such transactions will be successful or, even if consummated, improve our operating results and financial condition. We may incur costs, breakage fees or other expenses in connection with any such transactions, and any such transactions may ultimately have a material adverse effect on our operating results and on our ability to pay amounts due on our debt.

In addition, such transactions may be transformative and consequently, may result in a change in the type of the assets we hold and may impact our financial condition. Such new assets may be valued differently as compared to our current assets in the event of a liquidation thereof or due to changes in applicable market conditions even absent such a liquidation scenario. Accordingly, there can be no guarantee that any replacement assets will continue to hold comparable value to our current assets. Likewise, in the event we elect to dispose of revenue-generating assets, it could have a material and adverse impact on our financial condition and overall financial performance. Any such changes to our asset mix, whether by acquisition, disposition or otherwise, may also be viewed negatively by the market and could have an adverse effect on the trading price of our securities.

We may be required to repurchase certain of our indebtedness with cash upon a change of control or other triggering events.

Upon the occurrence of specified change of control events or certain losses of our vessels in the agreements governing the 9.50% First Lien Notes, we will be required to offer to repurchase or repay all (or, in the case of events of losses of vessels, an amount up to the amount of proceeds received from such event of loss) of the 9.50% First Lien Notes at the price and upon the terms set forth in the applicable agreement. In addition, in connection with certain asset sales, we will be required to offer to repurchase or repay the 9.50% First Lien Notes as set forth in the agreement governing the 9.50% First Lien Notes. We may not have sufficient funds available to repurchase or repay all of the debt that becomes due and payable pursuant to any such offer, which would constitute an event of default that, in turn, would likely trigger a default under any other then-existing debt agreements. Moreover, the creditors under certain of our debt agreements may limit our ability to repurchase debt. In that event, we would need to refinance the applicable debt, or obtain a waiver under the applicable debt agreement, before making an offer to purchase. We may be unable to refinance such indebtedness or obtain a waiver. See "Risk Factors—*We may not be able to make principal or interest payments on our existing and future indebtedness, nor refinance such existing and future indebtedness on favorable terms, if at all, and our inability to make such payments on, or refinance, any such indebtedness could materially and adversely affect our liquidity and results of operations.*" Any requirement to offer to repurchase or repay any of our existing debt may therefore require us to refinance some or all of our other outstanding debt, which we may not be able to accomplish on commercially reasonable terms, if at all. These repurchase requirements may also delay or make it more difficult for others to obtain control of us.

Changes in tax laws, treaties or regulations, including Bermuda Corporate Income Tax Act of 2023, effective tax rates or adverse outcomes resulting from examination of our tax returns could adversely affect our financial results.

Our future effective tax rates could be adversely affected by changes in tax laws, treaties, and regulations both internationally and domestically. Tax laws, treaties and regulations are highly complex and subject to interpretation. Our income tax expense is based upon the interpretation of the tax laws in effect in various countries at the time that the expense was incurred. A change in these tax laws, treaties or regulations, or in the interpretation thereof, could result in a materially higher tax expense or a higher effective tax rate on our worldwide earnings.

Our consolidated effective income tax rate is impacted by a mix between our domestic and international pretax earnings or losses, as well as the mix of the international tax jurisdictions in which we operate. The extent of the impact cannot be anticipated due to the uncertainty regarding the nature and extent of our business activities in any particular jurisdiction in the future and the tax laws of such jurisdictions. For example, in recent years we observed a global trend, in various jurisdictions, of enacted and proposed laws and regulations which aim to limit deductions, deny treaty benefits and /or impose additional taxes; all of these efforts are aligned with the base erosion and profit shifting framework. Should we operate in any of the locations where this trend is ongoing, our financial position and business operations may be adversely impacted.

On February 12, 2024, VDI, as an exempted company in Bermuda, obtained written assurances from Bermuda's Minister of Finance that the Company will not be subject to income taxes in Bermuda until March 31, 2035, subject to any exceptions under applicable law (the "Tax Assurances"). On December 27, 2023, the Government of Bermuda passed the Corporate Income Tax Act, 2023 (the "**CIT Act**") which will become fully operative with respect to the imposition of corporate income tax on January 1, 2025. Under the CIT Act, 15% corporate income tax will be chargeable in respect of fiscal years beginning on or after January 1, 2025 and will apply only to Bermuda entities that are part of multinational enterprise Groups with €750 million or more in annual revenues in at least two of the four fiscal years immediately preceding the fiscal year in question. While the CIT Act is subject to change and revisions are generally anticipated. The imposition of a Bermuda corporate income tax could, if applicable to the Company (or any Bermuda incorporated subsidiary of the Company), have a material and adverse effect on the Company's financial condition, business and results of operations.

A loss of a tax dispute or a successful tax challenge to our operating structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries could result in a higher tax rate on our worldwide earnings, which could in turn result in a material adverse effect on our financial condition and results of operations.

Income tax returns that we file will be subject to review and examination. We recognize the benefit of income tax positions we believe are more likely than not to be sustained upon challenge by a tax authority. If any tax authority successfully challenges our operational structure, intercompany pricing policies or the taxable presence of our subsidiaries in certain countries, if the terms of certain tax treaties are interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any jurisdiction, our effective tax rate on our worldwide earnings could increase substantially and result in a material adverse effect on our financial condition.

Material and adverse developments impacting the financial services industry at large, including the occurrence of actual (or widespread concerns regarding the potential occurrence of) defaults, illiquidity, operational failures and non-performance by financial institutions and critical counterparties, could have a material and adverse effect on our business, financial condition and results of operations.

The occurrence of actual (or widespread concerns regarding the potential occurrence of) illiquidity, operational failures, defaults, non-performance or other material and adverse developments that impact financial institutions and transactional counterparties, or other entities within the financial services industry at large, have previously caused, and could continue to cause, market-wide liquidity issues, bank-runs and general contagion across the global financial industry. For example, on March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation and the Federal Deposit Insurance Corporation (the "FDIC") was subsequently appointed as a receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each placed into receivership. While the U.S. Federal Reserve Board, the FDIC and the U.S. Department of Treasury collectively agreed to guarantee all deposits, above and beyond the limit on insured deposits of $250,000 at these financial institutions, there can be no assurance that there will not be additional bank failures or issues in the broader financial system. Likewise, there is no guarantee that any of the U.S. Department of Treasury, the FDIC or the Federal Reserve Board will provide access to any additional uninsured funds in the future in the event of the closure or failure of any other banks or financial institutions, or that they would do so promptly or in a timely fashion. Additionally, substantial and rapid increases in interest rates and inflation have led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates. While the U.S. Department of Treasury, Federal Reserve Board and the FDIC have announced a program to provide up to $25 billion of loans to financial institutions secured by certain of such government securities held by financial institutions to mitigate the risk of potential losses on the sale of such instruments, the liquidity needs of financial institutions, including as a result of widespread demands for customer withdrawals, may exceed the capacity of such program.

Furthermore, we and other parties with who we conduct business and engage commercially may be unable to access critical funds in deposit accounts or other accounts held with a closed or failing financial institution or pursuant to lending arrangements with such financial institutions. Accordingly, in such instance, our ability to pay our obligations, and any of our counterparties' ability to pay their respective obligations, or enter into new commercial arrangements requiring additional payments, could be materially and adversely affected.

U.S. Holders will be required to pay U.S. taxes on their share of VDI's income even if they do not receive any cash distributions from VDI.

Because VDI is treated as a partnership for U.S. federal income tax purposes, U.S. Holders will be required to pay U.S. federal income taxes and, in some cases, U.S. state and local income taxes on their share of VDI's taxable income. Given VDI's current structure as a holding entity with no direct operations at the VDI level, we do not currently expect to generate material positive taxable income at VDI in the near term. However, to the extent VDI does generate positive taxable income, U.S. Holders would still be required to pay U.S. taxes on their share of said income regardless of whether or not we make corresponding distributions to our equity holders. In addition, we cannot assure you that our current structure will not change in the future. U.S. Holders may not receive cash distributions from VDI equal to their share of VDI's taxable income or even equal to the actual tax liability that results from their share of VDI's taxable income.

An entity that would otherwise be classified as a partnership for U.S. federal income tax purposes may, unless an exception applies, nonetheless be taxable as a corporation if it is a "publicly traded partnership." An entity that would otherwise be classified as a partnership is a publicly traded partnership if (1) interests in the partnership are traded on an established securities market or (2) interests in the partnership are readily tradable on a secondary market or the substantial equivalent thereof. It is likely that VDI will be treated as a "publicly traded partnership". However, an exception to taxation as a corporation, referred to as the "Qualifying Income Exception," exists if at least 90% of such partnership's gross income for every taxable year consists of "qualifying income" and the partnership is not required to register under the Investment Company Act. Qualifying income includes certain interest income, dividends, real property rents, gains from the sale or other disposition of real property, and any gain from the sale or disposition of a capital asset or other property held for the production of income that otherwise constitutes qualifying income. VDI believes that it currently meets, and expects that it will continue to meet, the Qualifying Income Exception.

Distributions made by VDI may reduce a U.S. Holder's tax basis in the Ordinary Shares, and therefore, U.S. Holders may realize a greater gain on the disposition of their Ordinary Shares than they otherwise may expect, and may have a tax gain even if the price they receive in a disposition of their Ordinary Shares is less than their original tax basis.

If U.S. Holders sell their Ordinary Shares, they will recognize gain or loss for U.S. federal income tax purposes that is equal to the difference between the amount realized and their tax basis in those Ordinary Shares. Prior distributions in excess of the total net taxable income allocated decrease a U.S. Holder's tax basis and will, in effect, become taxable income if Ordinary Shares are sold at a price greater than their tax basis, even if the price received is less than the U.S. Holder's original tax basis. Future cash distributions that exceed the U.S. Holder's tax basis would result in a gain for U.S. federal income tax purposes.

In the case of a disposition of our Ordinary Shares, VDI's debt must be taken into account under the partnership tax accounting rules.

From time to time, VDI may incur debt for a variety of reasons. Under partnership tax accounting principles, VDI's debt will generally be allocable to holders of VDI's Ordinary Shares, and the holders will include their respective allocable shares of the debt in the U.S. federal income tax basis of their Ordinary Shares. A holder's U.S. federal income tax basis in VDI's Ordinary Shares will be adjusted for, among other things, distributions of cash, if any, and allocations of items of VDI's income, gain, loss and deduction. At the time a U.S. Holder of VDI's Ordinary Shares later sells its Ordinary Shares, for U.S. federal income tax purposes, the U.S. Holder's amount realized on the sale will include not only the sales price of the Ordinary Shares but also the U.S. Holder's portion of VDI's indebtedness that is allocable to those Ordinary Shares.

U.S. tax-exempt holders and non-U.S. Holders face unique U.S. tax issues from owning Ordinary Shares that may result in adverse U.S. tax consequences to them.

Organizations exempt from U.S. federal income tax under Section 501(a) of the Code are subject to tax on "unrelated business taxable income" ("UBTI"). UBTI arises primarily as income from an unrelated trade or business regularly carried on or as income from "debt-financed" property. U.S. tax-exempt holders of Ordinary Shares generally would be subject to tax on their allocable shares of UBTI realized by VDI in the same manner as if such UBTI were realized directly by such organizations. Debt-financed property means property held to produce income with respect to which there is "acquisition indebtedness" (i.e., indebtedness incurred in acquiring or holding property). As VDI has incurred "acquisition indebtedness" (such as, for example, the 9.25% First Lien Notes and the 9.50% First Lien Notes), U.S. tax-exempt holders of Ordinary Shares may be subject to the tax on UBTI on their investment (for so long as VDI is treated as a partnership for U.S. federal income tax purposes and has acquisition indebtedness).

VDI expects to conduct its affairs so that it will not be treated as engaged in a trade or business within the U.S. for U.S. federal income tax purposes. As a consequence, VDI expects that (i) non-U.S. Holders will not be subject to U.S. federal tax on a net income basis with respect to the income of VDI, and (ii) VDI will not be required to withhold tax under Section 1446 of the Code with respect to non-U.S. Holders. If, however, VDI were determined to be engaged in a trade or business within the U.S. for U.S. federal income tax purposes, and had income effectively connected therewith, then, in the case of a non-U.S. Holder; (a) the share of VDI's income that is effectively connected with such trade or business that is allocable to such non-U.S. Holder could be subject to U.S. federal income withholding tax at a rate equal to the highest applicable U.S. federal income tax rate and such holder could be required to file a U.S. federal income tax return and pay U.S. federal income tax on its allocable share of VDI's net effectively connected income; (b) all or a portion of the gain on the disposition (including by redemption) of Ordinary Shares by such non-U.S. Holder could be taxed as effectively connected income to the extent such gain is attributable to assets of VDI that generate effectively connected income; (c) if such non-U.S. Holder is a corporation, such income could be subject to an additional branch profits tax of 30% on its allocable share of VDI's effectively connected earnings and profits, adjusted as provided by law (subject to reduction by any applicable tax treaty); and (d) such non-U.S. Holder, whether or not a corporation, could be viewed as being engaged in a trade or business within the U.S. and as maintaining an office or other fixed place of business within the U.S., and certain other income of such non-U.S. Holder could be treated as effectively connected income (for example, a non-U.S. Holder who, pursuant to an applicable tax treaty, is currently not subject to tax with respect to a trade or business within the U.S. because such holder does not have a permanent establishment in the U.S. could lose the benefits of the tax treaty as a result of its ownership of Ordinary Shares).

The sufficiency of our internal controls, including exposure arising from the failure to establish and maintain effective internal control over financial reporting the ability to fully remediate any material weaknesses identified with respect to such internal controls

The Company's internal control over financial reporting has been designed to provide management and the Board of Directors with reasonable assurance regarding the preparation and fair presentation of the Company's consolidated financial statements. However, in 2022 we identified a material weakness in our internal control over financial reporting related to the prevention of unauthorized cash disbursements (see "Risk Factors—Our information technology systems, as well as those of our service and equipment providers and other persons that we engage, are subject to cybersecurity risks and threats."). The internal controls governing the process for updating vendor information were not adequate to safeguard the company's cash assets from unauthorized transfers resulting from the lack of a policy requiring multiple confirmations with respect to changes to vendor information.

In 2023, we implemented enhanced controls to remediate the material weakness and perform testing of these controls to evaluate operating effectiveness. As of December 31, 2023, the enhanced controls were operating effectively and as such management has concluded that the material weakness was remediated.

Item 1B. Reserved.

Item 1C. Cybersecurity.

We have established policies and processes for assessing, identifying, and managing material risk from threatened and actual cybersecurity threats, and have sought to integrate these processes into the Company's overall risk management systems and processes. We assess from time-to-time material risks from cybersecurity threats, including any potential unauthorized occurrence on or conducted through our information systems that may result in adverse effects on the confidentiality, integrity, or availability of our information

systems or any information residing therein. The Audit Committee of the Board of Directors has oversight responsibility related to our cybersecurity risk management programs and periodically reviews reports on cybersecurity and other information technology risks. Currently, we do not carry insurance for losses related to cybersecurity matters. The Audit Committee conducts an annual risk assessment to identify cybersecurity threats, and these risk assessments include identifying reasonably foreseeable potential internal and external risks, the likelihood of occurrence and any potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, controls, and other safeguards in place to manage such risks. As part of our risk management process, we may engage third-party experts to help identify, assess and address risks from any actual or perceived cybersecurity threats. Our risk management process also encompasses cybersecurity risks associated with our use of third-party service providers. Utilizing the information garnered from such assessments, the Audit Committee thereafter seeks to (i) design, implement, and maintain reasonable safeguards to minimize the identified risks; (ii) reasonably address any identified gaps in existing safeguards; (iii) update existing safeguards as necessary; and (iv) monitor the effectiveness of our safeguards. As part of our overall risk management program, we additionally provide periodic required training to employees at all levels of our Company on cybersecurity. The Audit Committee receives regular updates throughout the year on cybersecurity, and each of the Board of Directors and Audit Committee receives an annual report on cybersecurity matters and related risk exposures from our primary businesses. When covered during an Audit Committee meeting, the chair of the Audit Committee reports on its discussion to the full Board of Directors. The Audit Committee also receives regular updates on our cybersecurity posture throughout the year, as appropriate.

Please refer to Item 1A, "Risk Factors," in this Annual Report, including the risk factor entitled "*Our information technology systems, as well as those of our service and equipment providers and other persons that we engage, are subject to cybersecurity risks and threats, and the occurrence of any cybersecurity event could impede the Company's ability to operate its business.*"

Item 2. Properties.

We maintain offices, land bases and other facilities in several worldwide locations, including our principal executive office in Dubai and a regional administrative office in Singapore. We lease these facilities.

The description of our drilling fleet included under "Business" in Part I, Item 1 of this Annual Report is incorporated by reference in its entirety into this Part I, Item 2.

Item 3. Legal Proceedings.

Information regarding the Company's legal proceedings is set forth in "*Note 8. Commitments and Contingencies*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report. The information discussed therein is incorporated by reference in its entirety into this Part I, Item 3.

Item 4. Reserved.

PART II

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

Market Prices and Distributions

Since February 2020, our Ordinary Shares have been quoted on the OTC Pink Open Market under the symbol "VTDRF." Any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not necessarily represent actual transactions. The following chart lists the range of high and low closing bid prices for shares of the Company's common stock for each quarterly period within the last two fiscal years.

	High Bid	Low Bid
Fiscal Year 2022:		
First Quarter	11.02	5.55
Second Quarter	18.00	9.20
Third Quarter	17.50	13.00
Fourth Quarter	18.00	14.20
Fiscal Year 2023:		
First Quarter	16.13	14.00
Second Quarter	20.00	15.65
Third Quarter	27.00	20.00
Fourth Quarter	26.50	23.10

Many of our shareholders hold shares electronically, all of which are owned by a nominee of The Depository Trust Company. As of March 14, 2024, there were approximately 110 holders of record of our Ordinary Shares.

The Board of Directors declared the Special Cash Distribution to shareholders of record as of the close of business on December 10, 2019.

Other than the Special Cash Distribution, we have not made any cash or other distributions in respect of our New Shares to date and do not anticipate paying cash distributions in the immediate future as we contemplate that our cash flows will be used for debt reduction and growth. The payment of future distributions, if any, will be determined by the Board of Directors in light of the conditions then existing, including our earnings, financial condition, capital requirements, restrictions in financing agreements, business conditions and other factors. We are subject to certain restrictive covenants under the terms of the agreements governing our indebtedness, including restrictions on our ability to pay any cash distributions.

Repurchases of Equity Securities

The ability to make share repurchases is subject to, among other things, the discretion of the Board of Directors and the covenants in our credit agreement. There were no share repurchase programs outstanding as of December 31, 2023, nor were any repurchases of our equity securities consummated during the fiscal fourth quarter ended December 31, 2023.

Information regarding the Company's shares available for issuance in connection with equity compensation plans is set forth in "*Note 6. Shareholders' Equity*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report. The information discussed therein is incorporated by reference in its entirety into this Part II, Item 5.

Item 6. Reserved

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

The following discussion is intended to assist you in understanding our financial position and our results of operations for the years ended December 31, 2023, 2022 and 2021. The following discussion should be read in conjunction with the information contained in "*Item 1. Business*," "*Item 1A. Risk Factors*" in Part I of this Annual Report and "*Item 8. Financial Statements and Supplementary Data*" in Part II of this Annual Report. Certain previously reported amounts have been reclassified to conform to the current year presentation.

Overview

We are an international offshore drilling company focused on operating a fleet of modern, high specification drilling units. Our principal business is to contract drilling units, related equipment and work crews, primarily on a dayrate basis to drill oil and gas wells

for our customers. Through our fleet of drilling units, we are a provider of offshore contract drilling services to major, national and independent oil and gas companies, focused on international markets. Additionally, for drilling units owned by others, we provide operational and marketing services for operating and stacked rigs, construction supervision services for rigs that are under construction and preservation management services for rigs that are stacked.

The following table sets forth certain information concerning our owned, managed and supported offshore drilling fleet as of March 14, 2024:

Name	Year Built	Water Depth Rating (feet)	Drilling Depth Capacity (feet)	Location	Status
Owned Rigs:					
Jackups					
Topaz Driller	2009	375	30,000	Ivory Coast	Operating
Soehanah	2007	375	30,000	Indonesia	Operating
Drillships (1)					
Platinum Explorer	2010	12,000	40,000	India	Demobilizing
Tungsten Explorer	2013	12,000	40,000	Namibia	Operating
Third-Party Owned Rigs:					
Drillships					
Capella	2008	10,000	37,500	Indonesia	Operating
Jackups					
Emerald Driller	2008	375	30,000	Qatar	Operating
Sapphire Driller	2009	375	30,000	Qatar	Operating
Aquamarine Driller	2009	375	30,000	Qatar	Operating

(1) The drillships are designed to drill in up to 12,000 feet of water. The *Platinum Explorer* is currently equipped to drill in 10,000 feet of water and the *Tungsten Explorer* is currently equipped to drill in 11,000 feet of water.

Backlog

The following table reflects a summary of our contract drilling backlog coverage of days contracted and related revenue as of December 31, 2023 based on information made available as of that date.

	Percentage of Days Contracted			Revenues Contracted (in thousands)		
	2024	2025	Beyond	2024	2025	Beyond
Backlog						
Jackups	58%	41%	0%	$ 60,613	$ 35,730	$ —
Drillships	49%	0%	0%	93,481	—	—
Third-party owned rigs (1)	64%	24%	0%	12,853	219	—

(1) The amounts consist of (i) a fixed management fee paid to us pursuant to the applicable management agreement; (ii) a marketing fee paid to us pursuant to the applicable marketing agreement; (iii) a fixed management fee paid to us pursuant to the applicable EDC Support Services Agreements; or (iv) contract backlog attributable to rigs owned by third-parties where we enter into contracts directly with customers and lease the rigs through bareboat charters from the rig owners. These amounts exclude any variable fee payable to us pursuant to the applicable management agreement. The terms of the bareboat charters are consistent with the management agreements, resulting in the same financial impact to us had the rigs remained under the management agreements.

Results of Operations

Operating results for our contract drilling services are dependent on three primary metrics: available days; rig utilization; and dayrates. The following table sets forth this selected operational information for the periods indicated:

	Year Ended December 31,		
	2023 [5]	2022 [5]	2021 [5]
Jackups			
Rigs available	2	2	2
Available days [1]	518	638	730
Utilization [2]	79.0%	72.7%	68.9%
Average daily revenues [3]	$ 121,464	$ 66,198	$ 106,732
Deepwater			
Rigs available	2	2	2
Available days [1]	730	730	730
Utilization [2]	81.8%	94.2%	38.4%
Average daily revenues [3]	$ 217,586	$ 155,283	$ 109,043
Sold Rigs/Held for Sale [4]			
Rigs available	—	3	3
Available days [1]	—	438	1,095
Utilization [2]	N/A	43.6%	64.4%
Average daily revenues [3]	N/A	$ 73,142	$ 67,229

(1) Available days are the total number of rig calendar days in the period and excludes rigs under bareboat charter contracts to third-parties.

(2) Utilization is calculated as a percentage of the actual number of revenue-earning days divided by the available days in the period. A revenue earning day is defined as a day for which a rig earns dayrate after commencement of operations.

(3) Average daily revenues are based on contract drilling revenues divided by revenue-earning days. Average daily revenue will differ from average contract dayrate due to billing adjustments for any non-productive time, mobilization fees and demobilization fees.

(4) Each of these rigs were classified as held for sale on our Consolidated Balance Sheets as of December 31, 2022, up to the date of the EDC Sale.

(5) Excludes third-party owned rigs operated by the Company.

Years Ended December 31, 2023 and 2022

Net loss attributable to shareholders for the Current Year was $15.4 million, or $1.16 per basic share, on operating revenues of $383.1 million, compared to net loss attributable to shareholders for the Prior Year of $3.4 million, or $0.26 per basic share, on operating revenues of $278.7 million.

The following table is an analysis of our operating results for the years ended December 31, 2023 and 2022:

(in thousands)	Year Ended December 31, 2023	Year Ended December 31, 2022	Change $	Change %
Consolidated:				
Revenues				
Contract drilling services	$ 260,611	$ 154,116	$ 106,495	69%
Management fees	19,486	10,834	8,652	80%
Reimbursables and other	103,039	113,766	(10,727)	-9%
Total revenues	383,136	278,716	104,420	37%
Operating costs and expenses:				
Operating costs	290,125	234,832	55,293	24%
General and administrative	21,730	23,009	(1,279)	-6%
Depreciation	44,458	44,428	30	0%
Gain on EDC Sale	3	(61,409)	61,412	-100%
Total operating costs and expenses	356,316	240,860	115,456	48%
Income from operations	26,820	37,856	(11,036)	-29%
Other (expense) income				
Interest income	750	1,108	(358)	-32%
Interest expense and financing charges	(21,591)	(34,351)	12,760	-37%
Other, net	(405)	(3,668)	3,263	-89%
Total other expense	(21,246)	(36,911)	15,665	-42%
Income before income taxes	5,574	945	4,629	490%
Income tax provision	21,479	4,313	17,166	398%
Net loss	(15,905)	(3,368)	(12,537)	372%
Net loss attributable to non-controlling interests	(529)	(13)	(516)	n/m
Net loss attributable to shareholders	$ (15,376)	$ (3,355)	$ (12,021)	358%
Drilling Services:				
Revenue				
Contract drilling services	$ 179,590	$ 151,509	$ 28,081	19%
Management fees	—	—	—	**
Reimbursables and other	22,728	27,685	(4,957)	-18%
Total revenue	202,318	179,194	23,124	13%
Operating costs and expenses:				
Operating costs	140,237	142,935	(2,698)	-2%
General and administrative	—	—	—	**
Depreciation	42,713	42,813	(100)	0%
Gain on EDC sale	—	—	—	**
Total operating costs and expenses	182,950	185,748	(2,798)	-2%
Income (loss) from operations	19,368	(6,554)	25,922	-396%
Managed Services:				
Revenue				
Contract drilling services	$ 81,021	$ 2,607	$ 78,414	n/m
Management fees	19,486	10,834	8,652	80%
Reimbursables and other	80,311	86,081	(5,770)	-7%
Total revenue	180,818	99,522	81,296	82%
Operating costs and expenses:				
Operating costs	149,888	91,896	57,992	63%
General and administrative	—	—	—	**
Depreciation	—	—	—	**
Gain on EDC sale	—	—	—	**
Total operating costs and expenses	149,888	91,896	57,992	63%
Income from operations	30,930	7,626	23,304	306%

n/m = not meaningful

Consolidated Revenue: Total revenue increased $104.4 million due primarily to an increase in operating activities in the Current Year as discussed below.

Drilling Services Revenue: Contract drilling revenue increased $28.1 million primarily as the result of the *Tungsten Explorer* and the *Soehanah* on contracts at higher day rates in the Current Year as compared to the Prior Year, as well as higher mobilization revenue on the *Topaz Driller* in the Current Year versus the Prior Year. These increases were partially offset by lower contract drilling revenue during the same period as we operated three fewer jackup rigs (each of which were included in the EDC Sale). Reimbursables and other revenue decreased $5.0 million in the Current Year as compared to the Prior Year, primarily as a result of the changes in drilling contracts (as discussed above), as well as the *Tungsten Explorer* operating fewer days in the Current Year as compared to the Prior Year. These decreases were offset by higher reimbursables costs and bareboat charter fees earned on the *Topaz Driller.*

Managed Services Revenue: Contract drilling revenue increased $78.4 million due to the *Polaris*, which is currently operated by the Company. Management fees increased $8.7 million in the Current Year as compared to the Prior Year primarily due to the Company's management of the rigs included in the EDC Sale as well as the deepwater floater owned by Seadrill. Reimbursables and other revenue decreased $5.8 million in the Current Year as compared to the Prior Year primarily as a result of reactivation activities on the *Polaris* in the Prior Year, offset by higher reimbursables on the *Capella* in the Current Year.

Consolidated Operating Costs: Total operating costs increased 24% due primarily to an increase in operating activities in the Current Year as discussed below.

Drilling Services Operating Costs: Drilling Services Operating costs for the Current Year decreased 2% as compared to the Prior Year primarily as a result of (i) the Company operating three fewer jackup rigs (each of which were included in the EDC Sale), (ii) lower repairs and maintenance, and labor and taxes and license costs related to fees incurred on the *Topaz Driller* in the Current Year as compared to the Prior Year, and (iii) lower reimbursable cost on the *Tungsten Explorer.* These amounts were offset by higher: (i) labor and repairs and maintenance costs on the *Platinum* in the Current Year as compared to the Prior Year and (ii) labor, repairs and maintenance, fuel and amortization of mob costs on the *Tungsten Explorer* in the Current Year as compared to the Prior Years.

Managed Services Operating Costs: The increase in Managed Services operating costs in the Current Year as compared to the Prior Year is the result of our management of certain deepwater floaters (as discussed in "Managed Services Revenue" above).

General and Administrative Expenses: Decreases in general and administrative expenses for the Current Year as compared to the Prior Year were primarily due to (i) lower compensation expense as a result of bonuses paid in the Prior Year that did not reoccur in the Current Year, and (ii) lower insurance and office rent. These decreases were partially offset by higher costs arising from the transition from our Houston office to our Dubai office, and travel and entertainment. General and administrative expenses for the Current Year included approximately $0.4 million for non-cash share-based compensation expense compared to the Prior Year which was immaterial.

Depreciation Expense: Depreciation expense is primarily related to rigs owned by us included in our Drilling Services segment. The Managed Services segment does not currently own depreciable assets. Depreciation expense for the Current Year is generally consistent with the Prior Year.

Gain on EDC Sale: During the Prior Year, we recorded a net gain of approximately $61.4 million related to the EDC Sale.

Interest Income: The decrease in interest income for the Current Year as compared to the Prior Year was due primarily to lower cash balances in investment accounts during the Current Year.

Interest Expense and Financing Charges: Decreases in interest expense and financing charges in the Current Year as compared to the Prior Year were primarily due to lower outstanding debt as a result of the pay down of the 9.25% First Lien Notes in the quarter ended December 31, 2022, offset by higher interest rates due to the refinancing of the remaining balance with the 9.50% First Lien Notes during the quarter ended March 31, 2023. Non-cash deferred financing costs included in "Interest expense and financing charges" was approximately $2.8 million for the Current Year, which included a $0.7 million write-off of deferred financing costs as a result of the redemption of the remaining 9.25% First Lien Notes, and $2.4 million for the Prior Year, which included a $0.7 million write-off of deferred financing costs as a result of the partial redemption of the 9.25% First Lien Notes as described in "*Note 5. Debt*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report.

Other, Net: Our functional currency is USD; however, a portion of the revenues earned, and expenses incurred by certain of our subsidiaries are denominated in currencies other than USD. These transactions are re-measured in USD based on a combination of both current and historical exchange rates. A net foreign currency exchange loss of $0.4 million and $3.7 million, primarily due to devaluation of local currency were included in "Other, net," for the Current Year and the Prior Year, respectively.

Income Tax Provision: Income tax expense increased in the Current Year as compared to the Prior Year, mainly due to increased revenue and change in jurisdictions in which we operate, combined with the effects of credits in the Prior Year. Our income taxes are generally dependent upon the results of our operations and the local income tax regimes in the jurisdictions in which we operate. In some jurisdictions, we do not pay taxes or receive benefits for certain income and expense items, including interest expense and disposal gains or losses. In other jurisdictions, we are subject to income taxes on a net income basis or a deemed profit basis.

Years Ended December 31, 2022 and 2021

For a comparison of our results of operations for the fiscal years ended December 31, 2022 and 2021, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of the 2022 Annual Report.

Liquidity and Capital Resources

Sources and Uses of Liquidity

Our anticipated cash flow needs, both in the short- and long-term, may include, among others: (i) normal recurring operating expenses; (ii) planned, discretionary or contractually required capital expenditures; (iii) repayments of interest; and (iv) certain contractual cash obligations and commitments. We may, from time to time, redeem, repurchase or otherwise acquire outstanding 9.50% First Lien Notes through open market purchases, tender offers or pursuant to the terms of such securities.

We currently expect to fund our cash flow needs with cash generated by our operations, cash on hand or proceeds from sales of assets and project financing. As of December 31, 2023, we believe we maintain adequate cash reserves and are continuously managing our actual cash flow and cash forecasts. Accordingly, management believes that we have adequate liquidity to fund our operations for the twelve months following the date our Consolidated Financial Statements are issued and therefore, our Consolidated Financial Statements have been prepared under the going concern assumption.

As of December 31, 2023, we had working capital of approximately $119.1 million, including approximately $73.2 million of cash available for general corporate purposes. Scheduled debt service requirements consist of interest payments of approximately $19.0 million related to the 9.50% First Lien Notes through December 31, 2024. In addition, the Company may be required to redeem a portion of the outstanding 9.50% First Lien Notes, at par value, in the first half of each year as a result of mandatory excess cash flow provisions included in the 9.50% First Lien Notes Indenture. Any such redemption, if and when consummated, could materially and adversely impact the Company’s overall cash flows. For the year ended December 31, 2023, we did not generate excess cash flows as contemplated under 9.5% First Lien Notes Indenture and therefore are not required to redeem a portion of the outstanding 9.5% First Lien Notes.

We anticipate that our capital expenditures through December 31, 2024 will be between approximately $28.8 million and approximately $35.2 million. As our rigs obtain new contracts, we could incur reactivation and mobilization costs for these rigs, as well as customer requested equipment upgrades, some (or all) of which could be significant and may not be fully recoverable from the customer. Based on our levels of activity anticipated, as of the date of this Annual Report, incremental expenditures through December 31, 2024 for special periodic surveys, major repair and maintenance expenditures and equipment re-certifications are anticipated to be between approximately $44.5 million and approximately $54.4 million. As of December 31, 2023, we maintained letters of credit and bank guarantees in the aggregate amount of $8.4 million.

On February 6, 2024, the Company entered into the TE-Vantage MOU (as defined below), which may materially impact our liquidity in 2024 and beyond. See “*Note 1. Organization and Recent Events*” of the “Notes to Consolidated Financial Statements” in Part II, Item 8 of this Annual Report for further information regarding TE-Vantage MOU and the related TE-Vantage JV Transaction.

The table below includes a summary of our cash flow information as follows:

	Year Ended December 31,		
	2023	2022	2021
(in thousands)			
Cash flows (used in) provided by:			
Operating activities	$ 2,199	$ (18,874)	$ (70,391)
Investing activities	(14,094)	191,523	6,512
Financing activities	2,613	(170,000)	—

Cash Provided by or Used in Operating Activities

Net cash used in operating activities for the Current Year decreased $21.0 million from the Prior Year. This decrease was due primarily to changes in net (loss) income (see discussion of changes in net (loss) income above in “Results of Operations” in this Part II, Item 7).

Cash Provided by or Used in Investing Activities

Net cash provided by investing activities for the Current Year decreased $205.6 million from the Prior Year. This decrease was due primarily to (i) net proceeds of $198.7 million that were derived from the EDC Sale, (ii) net proceeds of $3.1 million derived from the sale of various assets in the Prior Year and (iii) an increase of $3.8 million with respect to the purchase of property and equipment.

Cash Provided by or Used in Financing Activities

Net cash used in financing activities for the Current Year decreased $172.6 million from the Prior Year. This decrease was due primarily to (i) net proceeds of $188.4 million that were derived from the issuance of the 9.50% First Lien Notes (as described in "*Note 5. Debt*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report), (ii) the redemption of the principal balance of the 9.25% First Lien Notes for $180.0 million (as described in "*Note 5. Debt*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report) and (iii) the $5.3 million payment of dividend equivalents (as described in "*Note 6. Shareholders' Equity*" in Part II, Item 8 of this Annual Report), offset by the redemption of $170.0 million of the 9.25% First Lien Notes in the Prior Year.

For a comparison of our Cash Flows for the fiscal years ended December 31, 2022 and 2021, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of the 2022 Annual Report.

The significant elements of the 9.50% First Lien Notes are described in "*Note 5. Debt*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report. The information discussed therein is incorporated by reference in its entirety into this Part II, Item 7.

We enter into operating leases in the normal course of business for office space, housing, vehicles and specified operating equipment. Some of these leases contain options that would cause our future cash payments to change if we exercised those options.

Contractual Obligations

A description of our material contractual obligations as of December 31, 2023 is set forth immediately below. Some of the figures discussed therein are based on our estimates and assumptions about these obligations, including their duration and other factors. The contractual obligations we may actually pay in future periods may vary from those reflected in the table because the estimates and assumptions are subjective.

- Principal payments on the 9.50% First Lien Notes as discussed in "*Note 5. Debt*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report (the information discussed therein is incorporated by reference in its entirety into this Part II, Item 7).
- Interest on the 9.50% First Lien Notes is payable at 9.50% in February and August for each year until the maturity date of the 9.50% First Lien Notes on February 15, 2028. See additional information regarding scheduled payments through December 31, 2024 above in "*Liquidity and Capital Resources*" in this Part II, Item 7, which is incorporated by reference in its entirety into this Part II, Item 7.
- Operating lease payments as discussed in "*Note 4. Leases*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report (the information discussed therein is incorporated by reference in its entirety into this Part II, Item 7).
- Our purchase obligations as discussed in "*Note 8. Commitments and Contingencies*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report (the information discussed therein is incorporated by reference in its entirety into this Part II, Item 7).

Commitments and Contingencies

We are subject to litigation, claims and disputes in the ordinary course of business, some of which may not be covered by insurance. Information regarding our legal proceedings is set forth in "*Note 8. Commitments and Contingencies*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report. The information discussed therein is incorporated by reference in its entirety into this Part II, Item 7.

There is an inherent risk in any litigation or dispute and no assurance can be given as to the outcome of any claims. We do not believe the ultimate resolution of any existing litigation, claims or disputes will have a material adverse effect on our financial position, results of operations or cash flows.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Our significant accounting policies are included in "*Note 2. Basis of Presentation and Significant Accounting Policies*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report. While management believes current estimates are appropriate and reasonable, actual results could materially differ from those estimates. We have identified the policies below as critical to our business operations and the understanding of our financial operations. We have discussed the development, selection and disclosure of such policies and estimates with the Audit Committee.

Property and Equipment: Our long-lived assets, primarily consisting of the values of our drilling rigs included in the Drilling Services segment, are the most significant amount of our total assets. Maintenance and routine repairs are charged to income while replacements and betterments that upgrade or increase the functionality of our existing equipment and that significantly extend the useful life of an existing asset are capitalized. Significant judgments, assumptions and estimates may be required in determining whether or not such replacements and betterments meet the criteria for capitalization and in determining useful lives and salvage values of such assets. Changes in these judgments, assumptions and estimates could produce results that differ from those reported.

We evaluate the realization of property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss on our property and equipment exists when estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any impairment loss recognized would be computed as the excess of the asset's carrying value over the estimated fair value. Estimates of future cash flows require us to make long-term forecasts of our future revenues and operating costs with regard to the assets subject to review. Our business, including the utilization rates and dayrates we receive for our drilling rigs, depends on the level of our customers' expenditures for oil and gas exploration, development and production expenditures. Oil and gas prices and customers' expectations of potential changes in these prices, the general outlook for worldwide economic growth, political and social stability in the major oil and gas producing basins of the world, availability of credit and changes in governmental laws and regulations, among many other factors, significantly affect our customers' levels of expenditures. Sustained declines in or persistent depressed levels of oil and gas prices, worldwide rig counts and utilization, reduced access to credit markets, reduced or depressed sale prices of comparably equipped jackups and drillships and any other significant adverse economic news could require us to evaluate the realization of our drilling rigs. Management's assumptions are necessarily subjective and are an inherent part of our asset impairment evaluation, and the use of different assumptions could produce results that differ from those reported. Our methodology generally involves the use of significant unobservable inputs, representative of a Level 3 fair value measurement. The Company performed a recoverability analysis for the years ended December 31, 2023 and 2022, and no impairment loss was recorded.

Income Taxes: During the year ended December 31, 2023, VDI was a Cayman Islands company. The Cayman Islands do not impose corporate income taxes. Consequently, we have calculated income taxes based on the laws and tax rates in effect in the countries in which our operations are conducted, or in which we and our subsidiaries are considered resident for income tax purposes. We operate in multiple countries under different legal forms. As a result, we are subject to the jurisdiction of numerous domestic and foreign tax authorities, as well as to tax agreements and treaties among these governments. Tax rates vary between jurisdictions, as does the tax base to which the rates are applied. Taxes may be levied based on net profit before taxes or gross revenues or as withholding taxes on revenue. Determination of income tax expense in any jurisdiction requires the interpretation of the related tax laws and regulations and the use of estimates and assumptions regarding significant future events, such as the amount, timing and character of deductions, permissible revenue recognition methods under the tax law and the sources and character of income and tax credits. We recognize interest and penalties related to income taxes as a component of income tax expense.

Our income tax expense may vary substantially from one period to another as a result of changes in the tax laws, regulations, agreements and treaties, foreign currency exchange restrictions and fluctuations, rig movements or our level of operations or profitability in each tax jurisdiction. Furthermore, our income taxes are generally dependent upon the results of our operations and when we generate significant revenues in jurisdictions where the income tax liability is based on gross revenues or asset values, there is no correlation to the net operating results and the income tax expense.

Furthermore, in some jurisdictions we do not pay taxes or pay taxes at low rates or receive benefits for certain income and expense items, including interest expense, loss on extinguishment of debt, gains or losses on disposal or transfer of assets, reorganization expenses and write-off of development costs. In certain jurisdictions we are taxed under preferential tax regimes, which may require our compliance with specified requirements to sustain the tax benefits. We believe we are in compliance with the specified requirements and will continue to make all reasonable efforts to comply; however, our ability to meet the requirements of the preferential tax regimes may be affected by changes in laws or administrative practices, our business operations and other factors affecting the Company and industry, many of which are beyond our control.

We do not establish deferred tax liabilities for certain of our foreign earnings that we intend to indefinitely reinvest to finance foreign activities. Should a future distribution be made from any unremitted earnings of our foreign subsidiaries, we may be required to record additional taxes in certain jurisdictions. However, it is not practical at this time to estimate the unremitted earnings or the potential tax liability due to the complexity of the hypothetical calculations.

Deferred income tax assets and liabilities are recorded for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. We provide for deferred taxes on temporary differences between the financial statements and tax bases of assets and liabilities using the enacted tax rates which are expected to apply to taxable income when the temporary differences are expected to reverse. Deferred tax assets are also provided for certain tax losses and tax credit carryforwards.

A valuation allowance is established to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Recent Accounting Standards: See "*Note 2. Basis of Presentation and Significant Accounting Policies*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report for further information. The information discussed therein is incorporated by reference in its entirety into this Part II, Item 7.

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

Our rigs operate in various international locations and thus are sometimes subject to foreign exchange risk. We may from time to time also be exposed to certain commodity price risk, equity price risk and risks related to other market driven rates or prices. We do not enter into derivatives or other financial instruments for trading or speculative purposes. The significant decline in worldwide exploration and production spending as a result of reduced oil prices since 2014 has negatively impacted the offshore contract drilling business as discussed in "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

Interest Rate Risk: As of December 31, 2023, we had no variable rate debt outstanding.

Foreign Currency Exchange Rate Risk: Our functional currency is USD, which is consistent with the oil and gas industry. However, outside the U.S., a portion of our expenses are incurred in local currencies. Therefore, when USD weakens (strengthens) in relation to the currencies of the countries in which we operate, our expenses reported in USD will increase (decrease). A substantial majority of our revenues are received in USD, our functional currency; however, in certain countries in which we operate, local laws or contracts may require us to receive some payment in the local currency. We are exposed to foreign currency exchange risk to the extent the amount of our monetary assets denominated in the foreign currency differs from our obligations in that foreign currency. In order to mitigate the effect of exchange rate risk, we attempt to limit foreign currency holdings to the extent they are needed to pay liabilities in the local currency. To further manage our exposure to fluctuations in currency exchange rates, foreign exchange derivative instruments, specifically foreign exchange forward contracts, or spot purchases, may be used. A foreign exchange forward contract obligates us to exchange predetermined amounts of specified foreign currencies at specified exchange rates on specified dates or to make an equivalent USD payment equal to the value of such exchange. We do not enter into derivative transactions for speculative purposes. As of December 31, 2023, we did not have any open foreign exchange derivative contracts or material foreign currency exposure risk.

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Independent Auditor's Report

To the Shareholders and Board of Directors
Vantage Drilling International Ltd.
Dubai, United Arab Emirates

Opinion

We have audited the consolidated financial statements of Vantage Drilling International Ltd. Company (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

March 28, 2024

Vantage Drilling International Ltd.
Consolidated Balance Sheets
(In thousands, except share data)

	December 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 73,206	$ 74,026
Restricted cash	1,828	16,450
Trade receivables, net of allowance for credit losses of $5,434 and $4,962, respectively	74,113	62,776
Materials and supplies	46,704	41,250
Prepaid expenses and other current assets	37,423	25,621
Total current assets	233,274	220,123
Property and equipment		
Property and equipment	660,449	647,909
Accumulated depreciation	(352,357)	(309,453)
Property and equipment, net	308,092	338,456
Operating lease ROU assets	1,084	1,648
Other assets	19,283	18,334
Total assets	$ 561,733	$ 578,561
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 62,245	$ 57,775
Other current liabilities	51,946	66,179
Total current liabilities	114,191	123,954
Long–term debt, net of discount and financing costs of $9,893 and $733, respectively	190,107	179,227
Other long-term liabilities	10,741	12,881
Commitments and contingencies (see Note 8)		
Shareholders' equity		
Ordinary shares, $0.001 par value, 50 million shares authorized; 13,229,280 and 13,115,026 shares issued and outstanding each period	13	13
Additional paid-in capital	633,963	633,863
Accumulated deficit	(388,523)	(373,147)
Controlling interest shareholders' equity	245,453	260,729
Non-controlling interests	1,241	1,770
Total equity	246,694	262,499
Total liabilities and shareholders’ equity	$ 561,733	$ 578,561

The accompanying notes are an integral part of these consolidated financial statements.

Vantage Drilling International Ltd.
Consolidated Statement of Operations
(In thousands, except per share data)

	Year Ended December 31,		
	2023	2022	2021
Revenue			
Contract drilling services	$ 260,611	$ 154,116	$ 131,703
Management fees	19,486	10,834	2,351
Reimbursables and other	103,039	113,766	24,366
Total revenue	383,136	278,716	158,420
Operating costs and expenses			
Operating costs	290,125	234,832	150,668
General and administrative	21,730	23,009	20,539
Depreciation	44,458	44,428	56,242
Loss (gain) on EDC Sale	3	(61,409)	—
Total operating costs and expenses	356,316	240,860	227,449
Income (loss) from operations	26,820	37,856	(69,029)
Other income (expense)			
Interest income	750	1,108	124
Interest expense and other financing charges	(21,591)	(34,351)	(34,034)
Other, net	(405)	(3,668)	(2,171)
Total other expense	(21,246)	(36,911)	(36,081)
Income (loss) before income taxes	5,574	945	(105,110)
Income tax provision	21,479	4,313	5,141
Net loss	(15,905)	(3,368)	(110,251)
Net loss attributable to non-controlling interests	(529)	(13)	(114)
Net loss attributable to shareholders	$ (15,376)	$ (3,355)	$ (110,137)
Loss per share			
Basic and Diluted	$ (1.16)	$ (0.26)	$ (8.40)

The accompanying notes are an integral part of these consolidated financial statements.

Vantage Drilling International Ltd.
Consolidated Statement of Shareholders' Equity
(In thousands)

	Ordinary Shares					
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Non-Controlling Interests	Total Equity (Deficit)
Balances as of December 31, 2020	13,115	$ 13	$ 634,181	$ (259,655)	$ 1,206	$ 375,745
Share-based compensation	—	—	395	—	—	395
Share-based compensation - dividend equivalents (see Note 6)	—	—	(729)	—	—	(729)
Contributions from holders of non-controlling interests (see Note 9)	—	—	—	—	691	691
Net loss	—	—	—	(110,137)	(114)	(110,251)
Balances as of December 31, 2021	13,115	$ 13	$ 633,847	$ (369,792)	$ 1,783	$ 265,851
Share-based compensation	—	—	79	—	—	79
Share-based compensation - dividend equivalents (see Note 6)	—	—	(63)	—	—	(63)
Net loss	—	—	—	(3,355)	(13)	(3,368)
Balances as of December 31, 2022	13,115	$ 13	$ 633,863	$ (373,147)	$ 1,770	$ 262,499
Share-based compensation issuance of shares	114	—	—	—	—	—
Shares repurchased to settle withholding taxes	—	—	(246)	—	—	(246)
Share-based compensation	—	—	383	—	—	383
Share-based compensation - dividend equivalents (see Note 6)	—	—	(37)	—	—	(37)
Net loss	—	—	—	(15,376)	(529)	(15,905)
Balances as of December 31, 2023	13,229	$ 13	$ 633,963	$ (388,523)	$ 1,241	$ 246,694

The accompanying notes are an integral part of these consolidated financial statements.

Vantage Drilling International Ltd.
Consolidated Statement of Cash Flows
(In thousands)

	Year Ended December 31,		
	2023	**2022**	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (15,905)	$ (3,368)	$ (110,251)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities			
Depreciation expense	44,458	44,428	56,242
Amortization of debt financing costs	2,048	1,639	1,639
Share-based compensation expense	383	79	395
Loss on debt extinguishment	703	730	—
Deferred income tax expense	624	708	369
Gain on disposal of assets	—	(1,600)	(2,640)
Loss (gain) on EDC Sale	3	(61,409)	—
Changes in operating assets and liabilities:			
Trade receivables, net	(11,337)	(42,241)	(20,116)
Materials and supplies	(5,453)	(4,155)	(1,624)
Prepaid expenses and other current assets	(11,803)	(9,878)	(3,306)
Other assets	4,421	(22,461)	(12,312)
Accounts payable	4,470	44,469	10,094
Other current liabilities and other long-term liabilities	(10,413)	34,185	11,119
Net cash provided by (used in) operating activities	2,199	(18,874)	(70,391)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	(14,094)	(10,277)	(7,045)
Net proceeds from EDC Sale	—	198,700	—
Net proceeds from sale of assets	—	3,100	—
Net proceeds from sale of *Titanium Explorer*	—	—	13,557
Net cash (used in) provided by investing activities	(14,094)	191,523	6,512
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from 9.50% First Lien Notes	194,000	—	—
Repayment of long-term debt	(180,000)	(170,000)	—
Shares repurchased for tax withholdings on settlement of RSUs	(246)	—	—
Payments of dividend equivalents	(5,278)	—	—
Debt issuance costs	(5,863)	—	—
Net cash provided by (used in) financing activities	2,613	(170,000)	—
Net (decrease) increase in unrestricted and restricted cash and cash equivalents	(9,282)	2,649	(63,879)
Unrestricted and restricted cash and cash equivalents—beginning of period	93,257	90,608	154,487
Unrestricted and restricted cash and cash equivalents—end of period	$ 83,975	$ 93,257	$ 90,608
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for:			
Interest	$ 13,837	$ 34,101	$ 32,390
Income taxes (net of refunds)	19,877	6,609	3,393
Non-cash investing and financing transactions:			
Accrued debt issuance costs	8	—	—
Conversion of ADES Shareholder loan to Additional paid-in-capital	—	—	691

The accompanying notes are an integral part of these consolidated financial statements.

VANTAGE DRILLING INTERNATIONAL LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Recent Events

Vantage Drilling International Ltd., a Bermuda exempted company, together with its consolidated subsidiaries (collectively the "Company"), is an international offshore drilling company focused on operating a fleet of modern, high specification drilling units. Our principal business is to contract drilling units, related equipment and work crews, primarily on a dayrate basis to drill oil and gas wells for our customers. Through our fleet of drilling units, we are a provider of offshore contract drilling services to major, national and independent oil and gas companies, focused on international markets. Additionally, for third-party owned drilling units, we provide operational and marketing services for operating and stacked rigs, construction supervision services for rigs that are under construction, and preservation management services for rigs that are stacked.

Bermuda Continuation and Statutory Merger

As part of a corporate reorganization, VDI held an extraordinary general meeting on January 23, 2024 whereby the shareholders approved (i) the re-domiciliation of VDI from the Cayman Islands to Bermuda and (ii) a proposal to merge VDI with a newly-formed Bermuda entity, VDI Bermuda Ltd., a wholly-owned subsidiary of the Company, pursuant to a statutory merger (the "Statutory Merger"). On February 12, 2024, VDI deregistered by way of discontinuation in the Cayman Islands and continued into Bermuda as a Bermuda exempted company limited by shares (and in the process renamed itself "Vantage Drilling International Ltd."). VDI held a special general meeting on March 19, 2024 whereby the shareholders approved the Company's entry into the statutory merger agreement, including the consummation of the Statutory Merger and other related transactions thereto. VDI and VDI Bermuda Ltd. are expected to consummate the Statutory Merger in the beginning of the second quarter 2024 with VDI Bermuda Ltd. being the surviving company and subsequently adopting the name "Vantage Drilling International Ltd."

TotalEnergies and Vantage Joint Venture

On February 6, 2024, VHI entered into a binding Memorandum of Understanding ("TE-Vantage MOU") with TotalEnergies to create a joint venture (the "TE-Vantage JV") that will acquire the Tungsten Explorer from Vantage (the "TE-Vantage JV Transaction"). Under the terms of the TE-Vantage MOU, subject to certain customary conditions precedent, including, without limitation, rig acceptance, TotalEnergies will pay approximately $199.0 million in cash for a 75% interest in the TE-Vantage JV that will own the *Tungsten Explorer*, with Vantage owning the remaining 25% interest. Furthermore, as anticipated, the TE-Vantage JV will contract with Vantage to operate the *Tungsten Explorer* for 10 years pursuant to a management agreement to be executed in connection with the TE-Vantage JV Transaction. Pursuant to the TE-Vantage MOU, the parties intend to negotiate and execute definitive agreements in respect of the aforementioned transactions, including the TE-Vantage JV Transaction.

Deregistration Under the Exchange Act

On September 29, 2023, the Company filed a Form 15 with the SEC to suspend its public reporting filing responsibilities under the Exchange Act. As a result, the Company ceased filing its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC. The Company will continue making available on its website copies of its annual reports, quarterly reports, and current reports as required pursuant to the Company's indebtedness documents and shareholders agreement.

9.50% First Lien Notes Offering

On February 14, 2023, the Company priced an offering of $200.0 million in aggregate principal amount of the 9.50% First Lien Notes and entered into a purchase agreement with several investors pursuant to which the Company agreed to sell the 9.50% First Lien Notes (the "9.50% First Lien Notes Offering") to the purchasers in reliance on an exemption from registration provided by Section 4(a)(2), Rule 144A and/or Regulation S of the Securities Act. On March 1, 2023, the Company closed on the sale of the 9.50% First Lien Notes Offering. See "*Note 5. Debt*" of these "Notes to Consolidated Financial Statements" for further information regarding the 9.50% First Lien Notes Offering.

Redemption of the 9.25% First Lien Notes

On February 3, 2023, the Company issued a notice of full conditional redemption to the then existing recordholders (the "Notice of Full Conditional Redemption") of the remaining portion of the 9.25% First Lien Notes then outstanding after the partial redemption consummated in December 2022. The balance of the 9.25% First Lien Notes were redeemed in full on March 6, 2023 with proceeds derived from the issuance of the 9.50% First Lien Notes (as discussed immediately above). See "*Note 5. Debt*" of these "Notes to Consolidated Financial Statements" for further information regarding the Notice of Partial Redemption and Notice of Full Conditional Redemption.

The Aquadrill Merger and the Termination of Certain Agreements

VHI previously entered into a framework agreement with Aquadrill LLC ("Aquadrill") on February 9, 2021 (the "Framework Agreement"), and, certain subsidiaries of VHI (the "VHI Entities") subsequently entered into a series of related management and marketing agreements (collectively, the "Marketing and Management Agreements" and together with the Framework Agreement, the "Framework, Management and Marketing Agreements") with certain subsidiaries of Aquadrill (collectively, the "Aquadrill Entities"). Pursuant to the Framework, Management and Marketing Agreements, the VHI Entities agreed to provide certain marketing and operational management services with respect to the *Capella*, *Polaris* and *Aquarius* floaters. Pursuant to the terms of the Framework, Management and Marketing Agreements, the Company is eligible to receive the following fees associated with the management and marketing of the Aquadrill rigs: (i) the Company is to be paid a fixed management fee of $2,000, $4,000, $6,000 and $10,000 per day to manage a cold stacked rig, warm stacked rig, reactivating rig and operating rig, respectively (provided, that, certain discounts are to be provided on the management fee associated with cold stacked rigs to the extent there are more than one such rigs managed by the Company for Aquadrill); (ii) there are certain bonus and malus amounts that are applied to the fixed management fee that are contingent on whether the actual expenditures for a particular rig that is stacked, mobilizing, being reactivated or preparing for a contract exceed or fall below budget; (iii) the Company is eligible to receive a marketing fee of 1.5% of the effective day rate of a drilling contract secured for the benefit of Aquadrill; (iv) the Company is eligible to earn a variable fee equal to 13% of the gross margin associated with managing an operating rig for Aquadrill; and (v) all costs incurred by the Company are reimbursed by Aquadrill (other than incremental overhead costs incurred by Vantage). In accordance with the terms of the Framework, Management and Marketing Agreements, Aquadrill may also terminate such agreements at any time upon 90 days' notice (the "Notice Termination Period"), subject to certain conditions set forth in such agreements.

On December 23, 2022, Seadrill Ltd., the predecessor of Seadrill announced that it had entered into a merger agreement with Aquadrill, pursuant to which Aquadrill would become a wholly owned subsidiary of Seadrill (the "Aquadrill Merger"), and on April 3, 2023, Seadrill announced that it had closed the Aquadrill Merger. After the Aquadrill Merger, Aquadrill was subsequently renamed "Seadrill LLC" ("Seadrill"). On April 10, 2023, we received a notice of termination of the management agreement (the "*Aquarius* Management Agreement") and marketing agreement with respect to the *Aquarius* (the "*Aquarius* Marketing Agreement," and together with the *Aquarius* Management Agreement, the "*Aquarius* Agreements"), and the marketing agreements with respect to the *Capella* (the "*Capella* Marketing Agreement") and *Polaris* (the "*Polaris* Marketing Agreements"), in each case as a result of the Aquadrill Merger. Given that the Notice Termination Period had lapsed, we are no longer managing or marketing the *Aquarius* nor eligible to earn management fees under the *Aquarius* Management Agreement as of July 9, 2023. On November 16, 2023, we received a notice of termination of the management agreement (the "*Polaris* Management Agreement," and together with the *Polaris* Marketing Agreement, the "*Polaris* Agreements"). Notwithstanding the termination of the *Aquarius* Agreements, the *Capella* Marketing Agreement and the *Polaris* Agreements, certain provisions under the *Capella* Marketing Agreement survived such termination and therefore, to the extent that a drilling contract(s) is secured and executed in respect of outstanding bids or tenders for the *Capella*, we will still be eligible to earn the marketing fee in respect of such secured and executed contracts, as well as in respect of existing drilling contracts. Moreover, as the *Capella* management agreement remains in effect as of the date hereof, we (i) continue to manage and operate the *Capella* for Seadrill (and for the oil and gas clients under its drilling contract) and (ii) remain eligible to receive the management and variable fees described immediately above.

As of March 14, 2024, the *Capella* was performing drilling services for a client under its drilling contract, the *Polaris* concluded its drilling campaign and returned to Seadrill at the end of January 2024 and is therefore, no longer under the Company's management and the *Aquarius* returned to Seadrill in 2023 and is likewise, no longer under the Company's management.

2. Basis of Presentation and Significant Accounting Policies

Basis of Consolidation: The accompanying consolidated financial information as of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021, have been prepared in accordance with U.S. GAAP, and include our accounts and those of our majority owned subsidiaries and VIEs discussed below. All significant intercompany transactions and accounts have been eliminated.

In addition to the consolidation of our majority owned subsidiaries, we also consolidate VIE(s) when we are determined to be the primary beneficiary of a VIE. Determination of the primary beneficiary of a VIE is based on whether an entity has (1) the power to direct activities that most significantly impact the economic performance of the VIE and (2) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Our determination of the primary beneficiary of a VIE considers all relationships between us and the VIE.

ADVantage is a joint venture company formed to operate deepwater drilling rigs in Egypt. We determined that ADVantage met the criteria of a VIE for accounting purposes because its equity at risk was insufficient to permit it to carry on its activities without additional subordinated financial support from us. We also determined that we are the primary beneficiary for accounting purposes since we are entitled to use ADVantage for deepwater drilling contract opportunities rejected by ADES, and have the (a) power to direct the operating activities associated with the deepwater drilling rigs, which are the activities that most significantly impact the entity's

economic performance, and (b) obligation to absorb losses or the right to receive a majority of the benefits that could be potentially significant to the VIE. As a result, we consolidate ADVantage in our consolidated financial statements, we eliminate intercompany transactions, and we present the interests that are not owned by us as “Non-controlling interests” in the Consolidated Balance Sheets. The carrying amount associated with ADVantage was as follows:

(unaudited, in thousands)	December 31, 2023	December 31, 2022
Current assets	$ 2,708	$ 11,383
Non-current assets	552	1,590
Current liabilities	415	4,749
Non-current liabilities	337	4,637
Net carrying amount	$ 2,508	$ 3,587

As ADVantage is a majority owned subsidiary of the Company, it serves as a guarantor under the 9.50% First Lien Indenture with respect to the 9.50% First Lien Notes. The 9.50% First Lien Notes are secured by a first priority lien on all of the assets of ADVantage, subject to certain exceptions. Creditors’ recourse against ADVantage for liabilities of ADVantage is limited to the assets of ADVantage.

Use of Estimates: The preparation of financial statements in accordance with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to property and equipment, income taxes, insurance, employee benefits and contingent liabilities. Actual results could differ from these estimates.

Cash and Cash Equivalents: Includes deposits with financial institutions as well as short-term money market instruments with maturities of three months or less when purchased.

Materials and Supplies: Consists of materials, spare parts, consumables and related supplies for our drilling rigs. We record these materials and supplies at their average cost.

Property and Equipment: Consists of our drilling rigs, furniture and fixtures, computer equipment and capitalized costs for computer software. Drilling rigs are depreciated on a component basis over estimated useful lives ranging from five to 35 years on a straight-line basis as of the date placed in service. Other assets are depreciated upon placement in service over estimated useful lives ranging from three to seven years on a straight-line basis. When assets are sold, retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the balance sheet and the resulting gain or loss is included in “Operating costs” or “General and administrative” expenses on the Consolidated Statement of Operations, depending on the nature of the asset. We recognized net gain of approximately $1.6 million and $2.6 million, for the years ended December 31, 2022 and 2021, respectively, related to the sale or retirement of assets. The gain/loss related to the sale or retirement of assets for the year ended December 31, 2023 was immaterial. Property and equipment held-for-sale is recorded at the lower of net book value or fair value less cost to sell.

We evaluate the realization of property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss on our property and equipment exists when estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any impairment loss recognized would be computed as the excess of the asset’s carrying value over the estimated fair value. Estimates of future cash flows require us to make long-term forecasts of our future revenues and operating costs with regard to the assets subject to review. Our business, including the utilization rates and dayrates we receive for our drilling rigs, depends on the level of our customers’ expenditures for oil and gas exploration, development and production expenditures. Oil and gas prices and customers’ expectations of potential changes in these prices, the general outlook for worldwide economic growth, political and social stability in the major oil and gas producing basins of the world, availability of credit and changes in governmental laws and regulations, among many other factors, significantly affect our customers’ levels of expenditures. Sustained declines in or persistent depressed levels of oil and gas prices, worldwide rig counts and utilization, reduced access to credit markets, reduced or depressed sale prices of comparably equipped jackups and drillships and any other significant adverse economic news could require us to evaluate the realization of our drilling rigs. The Company performed a recoverability analysis for the years ended December 31, 2022 and 2021, and no impairment loss was recorded.

As a result of the TE-Vantage JV Transaction discussed in “*Note 1. Organization and Recent Events*” of these “Notes to Consolidated Financial Statements”, we performed a recoverability test for the entire fleet. We evaluated the estimated undiscounted cash flows generated from the fleet and those cash flows were in excess of the carrying value as of December 31, 2023 and therefore, we concluded that there is no impairment.

Interest costs and the amortization of debt financing costs related to the financings of our drilling rigs are capitalized as part of the cost while they are under construction and prior to the commencement of each vessel’s first contract. We did not capitalize any interest for the reported periods.

Debt Financing Costs: Costs incurred with debt financings are deferred and amortized over the term of the related financing facility on a straight-line basis which approximates the interest method. Debt issuance costs related to a recognized debt liability are presented in the Consolidated Balance Sheets as a direct deduction from the carrying amount of that debt liability.

Rig and Equipment Certifications: We are required to obtain regulatory certifications to operate our drilling rigs and certain specified equipment and must maintain such certifications through periodic inspections and surveys. These certifications are typically valid for approximately 2.5 to 5 years. The costs associated with these certifications, including drydock costs, are deferred and amortized over the corresponding certification periods.

Revenue Recognition: See "*Note 3. Revenue from Contracts with Customers*" of these "Notes to Consolidated Financial Statements" for further information.

Income Taxes: Income taxes are provided for based upon the tax laws and rates in effect in the countries in which our operations are conducted and income is earned. Deferred income tax assets and liabilities are computed for differences between the financial statement basis and tax basis of assets and liabilities that will result in future taxable or tax-deductible amounts and are based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. We do not establish deferred tax liabilities for certain of our foreign earnings that we intend to indefinitely reinvest to finance foreign activities. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized. We recognize interest and penalties related to income taxes as a component of income tax expense.

Concentrations of Credit Risk: Financial instruments that potentially subject us to a significant concentration of credit risk consist primarily of cash and cash equivalents, restricted cash and accounts receivable. We maintain deposits in federally insured financial institutions in excess of federally insured limits. We monitor the credit ratings and our concentration of risk with these financial institutions on a continuing basis to safeguard our cash deposits. We have a limited number of key customers, who are primarily large international oil and gas operators, national oil companies and other international oil and gas companies. Our contracts provide for monthly billings as services are performed and we monitor compliance with contract payment terms on an ongoing basis. Payment terms on customer invoices typically range from 30 to 45 days. Outstanding receivables beyond payment terms are promptly investigated and discussed with the specific customer.

Five customers accounted for approximately 31%, 25%, 12%, 12% and 11% of our consolidated trade receivables, net for the year ended December 31, 2023, and four customers accounted for approximately 30%, 25%, 17% and 14% of our consolidated trade receivables, net for the year ended December 31, 2022.

Credit Losses – Accounts Receivable: The allowance for credit losses is based on the Company's assessment of the collectability of customer accounts. Current estimates of expected credit losses consider factors such as the historical experience and credit quality of our customers. The Company considers historical loss information as the most reasonable basis on which to determine expected credit losses unless current or forecasted future conditions for customers or customer groups indicate that risk characteristics have changed. We also considered the impact of oil price and market share volatility, as well as other applicable macroeconomic considerations, on our allowance for credit losses.

The following is a summary of the allowance for credit losses as follows:

	December 31,	
(in thousands)	2023	2022
Beginning balance	$ 4,962	$ 4,962
Additions charged to expenses	2,526	—
Write-offs	(2,054)	—
Ending balance	$ 5,434	$ 4,962

The allowance for credit losses includes an amount that represents a customer's decision not to pay us for days impacted by what we believe were force majeure and other similar events for which we would still be entitled to receive payment under the applicable contracts. The write-offs in the period represent items where the Company has used reasonable collection efforts and are deemed as uncollectible receivables.

Earnings (loss) per Share: We compute basic and diluted EPS in accordance with the two-class method. We include restricted stock units granted to employees that contain non-forfeitable rights to dividends as such grants are considered participating securities. Basic earnings (loss) per share are based on the weighted average number of Ordinary Shares outstanding during the applicable period. Diluted EPS are computed based on the weighted average number of Ordinary Shares and Ordinary Share-equivalents outstanding in the applicable period, as if all potentially dilutive securities were converted into Ordinary Shares (using the treasury stock method).

The following is a reconciliation of the number of shares used for the basic and diluted EPS computations as follows:

	Year Ended December 31,		
	2023	2022	2021
		(In thousands)	
Weighted average Ordinary Shares outstanding for basic EPS	13,217	13,115	13,115
Restricted share equity awards	—	—	—
Adjusted weighted average Ordinary Shares outstanding for diluted EPS	13,217	13,115	13,115

The following sets forth the number of shares excluded from diluted EPS computations as follows:

	Year Ended December 31,		
	2023	2022	2021
		(In thousands)	
Weighted average restricted share equity awards	116	221	218
Future potentially dilutive Ordinary Shares excluded from diluted EPS	116	221	218

Functional Currency: We consider USD to be the functional currency for all of our operations since the majority of our revenues and expenditures are denominated in USD, which limits our exposure to currency exchange rate fluctuations. We recognize currency exchange rate gains and losses in "Other, net" in our Consolidated Statement of Operations. For the years ended December 31, 2023, 2022 and 2021, we recognized a net loss of $0.4 million, $3.7 million and $2.2 million, respectively, related to currency exchange rates.

Fair Value of Financial Instruments: The financial instruments of the Company consist primarily of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable. These items are considered Level 1 due to their short-term nature and their market interest rates and are therefore considered a reasonable estimate of fair value. The Company classifies short-term investments within Level 1 in the fair value hierarchy, because quoted prices for identical assets in active markets are used to determine fair value. At December 31, 2023, the fair value of the 9.50% First Lien Notes was approximately $197.9 million based on quoted market prices in a less active market, a Level 2 measurement. See "*Note 5. Debt*" of these "Notes to Consolidated Financial Statements" for additional information on the 9.25% First Lien Notes.

Share-based Compensation: Share-based compensation awards may contain a combination of time based, performance based and/or market based vesting conditions. Share-based compensation is recognized in the consolidated statements of operations based on the grant date fair value and the estimated number of Restricted Stock Units ("RSUs") that are ultimately expected to vest.

The fair value of granted service-based RSUs is measured using the market price of our shares on the grant date. Grant date fair values of RSUs with market based vesting conditions is measured using the Monte-Carlo valuation technique, using inputs and assumptions, including the market price of the shares on the date of grant, the risk-free interest rate, expected volatility and expected dividend yield over a period commensurate with the remaining term prior to vesting. For awards with a market condition, compensation cost is recognized over the service period regardless of whether the market conditions are ultimately achieved. For awards which vest only after a specific event such as an IPO, compensation expense is recognized upon the occurrence of the specified event and the remaining period of time-vesting conditions.

Under the provisions of ASC 718 *Compensation – Stock Compensation* share-based compensation expense is recognized on a straight-line basis over the service period through the date the employee or non-employee director is no longer required to provide service to earn the award. See "*Note 6. Shareholders' Equity*" of these "Notes to Consolidated Financial Statements" for additional information on share-based compensation. Forfeitures of all equity-based awards are recognized as they occur.

Non-controlling Interest: Non-controlling interests represent the equity investments of the minority owner in ADVantage, a joint venture with ADES that we consolidate in our financial statements.

Subsequent Events: The Company evaluates events and transactions occurring after the balance sheet date but before the financial statements are available to be issued. The Company evaluated such events and transactions through March 28, 2024, the date the financial statements were available for issuance."

Recently Adopted Accounting Standards:

No new accounting standards were adopted during the year ended December 31, 2023.

Recently Issued Accounting Standards:

In December 2023, the FASB issued ASU No. 2023-09, Income taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). The changes implemented by ASU 2023-09 include greater disaggregation of income tax disclosures related to the

income tax rate reconciliation and income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 for public entities and December 15, 2025 for all other entities. The Company does not anticipate that this update, once adopted, will have a material effect on the consolidated financial statements.

3. Revenue from Contracts with Customers

The activities that primarily drive the revenue earned in our drilling contracts with customers include (i) providing our 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 site, and (iii) performing pre-operating activities, including rig preparation activities and/or equipment modifications required for the contract.

The integrated drilling services that we perform under each drilling contract represent a single performance obligation satisfied over time and comprised of a series of distinct time increments, or service periods. We have elected to exclude from the transaction price measurement all taxes assessed by a governmental authority.

Dayrate Drilling Revenue. Our drilling contracts generally provide for payment on a dayrate basis, with higher rates for periods when the drilling unit is operating and lower rates or zero rates for periods when drilling operations are interrupted or restricted. The dayrate billed to the customer is determined based on varying rates applicable to the specific activities performed on an hourly basis. Such dayrate consideration is allocated to the distinct hourly increment it relates to within the contract term and therefore, recognized as we perform the daily drilling services.

For rigs owned by a third-party that we manage or support, the contracts generally provide for a fixed fee based on various factors, including the status of the rig or a specific duration. In addition, we may earn a marketing fee based on a percentage of the effective dayrate of a drilling contract secured on behalf of the third-party and a variable management fee of the gross margin associated with managing an operating rig. For certain contractual arrangements we are considered the principal or agent in such transactions; therefore, we record the associated revenue at the gross or net amounts billed to the customers, respectively.

Amortizable Revenue. In connection with certain contracts, we receive lump-sum fees or similar compensation for (i) the mobilization of equipment and personnel prior to the commencement of drilling services, (ii) the demobilization of equipment and personnel upon contract completion or (iii) postponement fees in consideration for the postponement of a contract until a later date. These activities are not considered to be distinct within the context of the contract and therefore, the associated revenue is allocated to the overall single performance obligation.

Mobilization fees received prior to commencement of drilling operations are recorded as a contract liability and amortized on a straight-line basis over the initial contract period. Demobilization fees expected to be received upon contract completion are estimated at contract inception and recognized on a straight-line basis over the initial contract term, with an offset to an accretive contract asset. In many contracts, demobilization fees are contingent upon the occurrence or non-occurrence of a future event and the estimate for such revenue may therefore be constrained. In such cases, this may result in cumulative-effect adjustments to demobilization revenues upon changes in our estimates of future events during the contract term. Postponement fees received that are contingent upon the occurrence or non-occurrence of a future event are recognized on a straight-line basis over the contract term. Fees received for the mobilization or demobilization of equipment and personnel are included in “Contract drilling services” in our Consolidated Statement of Operations.

Capital Upgrade/Contract Preparation Revenue. In connection with certain contracts, we receive lump-sum fees or similar compensation for requested capital upgrades to our drilling rigs or for other contract preparation work. These activities are not considered to be distinct within the context of the contract and therefore, fees received are recorded as a contract liability and amortized to contract drilling revenues on a straight-line basis over the initial contract term.

Charter Lease Revenue. In relation to certain bareboat charter agreements where we lease our owned rigs to third-parties, we receive a fixed fee based on days the rig is drilling and in certain bareboat charter agreements we receive a variable fee based on a percentage of gross margin generated on a monthly basis.

Revenues Related to Reimbursable Expenses. We generally receive reimbursements from our customers for the purchase of supplies, equipment, personnel services and other services provided at their request in accordance with a drilling contract or other agreement. We may be considered a principal or an agent in such transactions and therefore, we recognize reimbursable revenues and the corresponding costs either on a gross or net basis, as applicable, as we provide the customer-requested goods and services.

Disaggregation of Revenue

The following tables present our revenue disaggregated by revenue source as follows:

	Year ended December 31, 2023			
	Jackups	Deepwater	Managed	Consolidated
(in thousands)				
Dayrate revenue	$ 36,010	$ 111,639	$ 96,756	$ 244,405
Amortized revenue	13,713	18,228	3,751	35,692
Charter lease revenue	5,588	—	—	5,588
Reimbursable revenue	11,400	5,740	80,311	97,451
Total revenue	$ 66,711	$ 135,607	$ 180,818	$ 383,136

	Year ended December 31, 2022			
	Jackups	Deepwater	Managed	Consolidated
(in thousands)				
Dayrate revenue	$ 42,375	$ 101,351	$ 13,176	$ 156,902
Amortized revenue	2,321	5,462	$ 265	8,048
Charter lease revenue	2,707	—	—	2,707
Reimbursable revenue	9,117	15,861	86,081	111,059
Total revenue	$ 56,520	$ 122,674	$ 99,522	$ 278,716

	Year ended December 31, 2021			
	Jackups	Deepwater	Managed	Consolidated
(in thousands)				
Dayrate revenue	$ 90,614	$ 30,076	$ 2,351	$ 123,041
Amortized revenue	10,491	522	—	11,013
Reimbursable revenue	14,110	1,004	9,252	24,366
Total revenue	$ 115,215	$ 31,602	$ 11,603	$ 158,420

Dayrate revenue and amortized revenue for "Jackups" and "Deepwater" are included within "Contract drilling services" in our Consolidated Statement of Operations. Dayrate revenue for "Managed" is included within "Contract drilling services" and "Management fees" within our Consolidated Statement of Operations. All other revenue is included within "Reimbursables and other" in our Consolidated Statement of Operations.

Accounts Receivable, Contract Liabilities and Contract Costs

Accounts receivable are recognized when the right to consideration becomes unconditional based upon contractual billing schedules. Payment terms on customer invoices typically range from 30 to 45 days.

We recognize contract liabilities, recorded in other "Other current liabilities" and "Other long-term liabilities" on our Consolidated Balance Sheets, for prepayments received from customers and for deferred revenue received for mobilization, contract preparation and capital upgrades.

Certain direct and incremental costs incurred for contract preparation, initial mobilization and modifications of contracted rigs represent contract fulfillment costs as they relate directly to a contract, enhance resources that will be used to satisfy our performance obligations in the future and are expected to be recovered. These costs are deferred as a current or noncurrent asset depending on the length of the initial contract term and are amortized on a straight-line basis to operating costs as services are rendered over the initial term of the related drilling contract. Costs incurred for capital upgrades are capitalized and depreciated over the useful life of the asset.

Costs incurred for the demobilization of rigs at contract completion are recognized as incurred during the demobilization process. Costs incurred to mobilize a rig without a contract are expensed as incurred.

The following table provides information about contract cost assets and contract revenue liabilities from contracts with customers as follows:

(in thousands)	Classification in the Consolidated Balance Sheets	December 31, 2023	December 31, 2022
Current contract cost assets	Prepaid expenses and other current assets	$ 3,427	$ 7,324
Noncurrent contract cost assets	Other assets	890	—
Current contract revenue liabilities	Other current liabilities	15,994	35,085

Significant changes in contract cost assets and contract revenue liabilities during the year ended December 31, 2023 are as follows:

(in thousands)	Contract Cost Assets	Contract Revenue Liabilities
Balance as of December 31, 2022	$ 7,324	$ 35,085
Increase due to contractual additions	20,133	103,724
Decrease due to recognition	(23,140)	(122,815)
Balance as of December 31, 2023 [1]	$ 4,317	$ 15,994

(1) We expect to recognize contract revenues of approximately $15.4 million in 2024 and $0.6 million thereafter related to unsatisfied performance obligations existing as of December 31, 2023, which includes $11.5 million related to customer prefunding of reimbursables.

We have elected to utilize an optional exemption that permits us to exclude disclosure of the estimated transaction price related to the variable portion of unsatisfied performance obligations at the end of the reporting period, as our transaction price is based on a single performance obligation consisting of a series of distinct hourly increments, the variability of which will be resolved at the time the future services are rendered.

4. Leases

We have operating leases expiring at various dates, principally for office space, onshore storage yards and certain operating equipment. Additionally, we sublease certain office space to third-parties. We determine if an arrangement is a lease at inception. Operating leases with an initial term greater than 12 months are included in "Operating lease ROU assets", "Other current liabilities", and "Other long-term liabilities" on our Consolidated Balance Sheets. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at commencement date. 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 future payments. The operating lease ROU asset also includes any lease payments made prior to or at the commencement date and is reduced by lease incentives received and initial direct costs incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense is recognized on a straight-line basis over the lease term. We have lease agreements with lease and non-lease components, which are generally not accounted for separately. Certain of our leases include provisions for variable payments. These variable payments are not included in the calculation of lease liability and ROU assets.

The components of lease expense were as follows:

		Year ended December 31,		
(in thousands)	Classification in the Consolidated Statement of Operations	2023	2022	2021
Operating lease cost[1]	Operating costs	$ 951	$ 1,039	$ 2,405
Operating lease cost[1]	General and administrative	865	1,136	607
Sublease income	Operating costs	—	—	(485)
Sublease income	General and administrative	(631)	(863)	(247)
Total operating lease cost		$ 1,185	$ 1,312	$ 2,280

(1) Short-term lease costs were approximately $34.3 million, which includes bareboat charter expense for a third-party owned rig operated by the Company for the year ended December 31, 2023, and $0.4 million for each of the years ended December 31, 2022 and 2021. Operating cash flows used for operating leases approximates lease expense.

(in thousands)	Classification in the Consolidated Balance Sheets	December 31, 2023	December 31, 2022
Assets:			
Operating lease assets	Operating lease ROU assets	$ 1,084	$ 1,648
Total leased assets		$ 1,084	$ 1,648
Liabilities:			
Current operating	Other current liabilities	$ 608	$ 1,520
Noncurrent operating	Other long-term liabilities	451	222
Total lease liabilities		$ 1,059	$ 1,742

As of December 31, 2023, maturities of lease liabilities were as follows:

(in thousands)	Operating Leases
2024	$ 679
2025	466
Total future lease payments	$ 1,145
Less imputed interest	(86)
Present value of lease obligations	$ 1,059

The weighted average discount rate for operating leases was 9.45% and 9.25% as of the years ended December 31, 2023 and 2022, respectively. The weighted average remaining lease term for operating leases was 1.72 years and 1.19 years as of December 31, 2023 and 2022, respectively.

5. Debt

Our debt was composed of the following:

	December 31,	
(in thousands)	2023	2022
9.25% First Lien Notes, net of financing costs of $0 and $773, respectively	$ —	$ 179,227
9.50% First Lien Notes, net of financing costs of $9,893 and $0, respectively	190,107	—
Less current maturities of long-term debt	—	—
Long-term debt, net	$ 190,107	$ 179,227

Aggregate scheduled principal maturities of our debt for the next five years and thereafter are as follows (in thousands):

2024	$ —
2025	—
2026	—
2027	—
2028	200,000
Total debt	200,000
Less:	
Current maturities of long-term debt	—
Future amortization of financing costs	(9,893)
Long-term debt	$ 190,107

9.25% First Lien Notes. On November 30, 2018, the Company issued $350.0 million in aggregate principal amount of 9.25% First Lien Notes in a private placement. The 9.25% First Lien Notes were issued at par and were fully guaranteed on senior secured basis, by the Company's direct and indirect subsidiaries and are secured by a first priority lien on substantially all of the assets of the Company and its subsidiaries, in each case subject to certain exceptions. The 9.25% First Lien Notes were subject to first payment priority in favor of holders of up to $50.0 million of future super-priority debt and were subject to both mandatory and optional redemption provisions.

The 9.25% First Lien Notes were scheduled to mature on November 15, 2023 and bore interest from the date of their issuance at the rate of 9.25% per year. Interest was computed on the basis of a 360-day year comprised of twelve 30-day months and was payable semi-annually in arrears, commencing on May 15, 2019.

On November 22, 2022, the Company issued a notice of partial redemption (the "Notice of Partial Redemption") of the 9.25% First Lien Notes. Pursuant to the Notice of Partial Redemption, the Company gave the existing recordholders of the 9.25% First Lien

Notes notice that it intended to redeem $170.0 million of the outstanding 9.25% First Lien Notes on December 22, 2022 (the "Redemption Date"), at a redemption price equal to 100.0% of the aggregate principal amount of the 9.25% First Lien Notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, but not including, the date fixed for the redemption of the 9.25% First Lien Notes. On the Redemption Date, the Company made a payment of approximately $171.6 million, an amount which included principal and interest.

On February 3, 2023, the Company issued a notice of full conditional redemption (the "Notice of Full Conditional Redemption") pursuant to the First Lien Indenture. Pursuant to the Notice of Full Conditional Redemption, the Company gave existing recordholders of the 9.25% First Lien Notes notice that, upon the satisfaction of the Condition Precedent (as defined below), it intended to redeem all $180.0 million of its outstanding 9.25% First Lien Notes at a redemption price equal to 100.0% of the aggregate principal amount of the 9.25% First Lien Notes to be redeemed, plus accrued and unpaid interest and Additional Amounts (as defined in the First Lien Indenture), if any, to, but not including, the date of redemption. The redemption of the 9.25% First Lien Notes was conditioned upon the receipt by the Company of proceeds from a completed debt financing in an amount sufficient, in the Company's opinion, to fund the Redemption Price on the date of redemption pursuant to the terms of the Indenture (the "Condition Precedent"). The 9.25% First Lien Notes were redeemed in full on March 6, 2023, using proceeds derived from the issuance of the 9.50% First Lien Notes (as discussed below). Due to the Company's intent and ability to replace the 9.25% First Lien Notes with the 9.50% First Lien Notes, which mature in 2028, the 9.25% First Lien Notes have been presented as long-term on the Consolidated Balance Sheets as of December 31, 2022.

9.50% First Lien Notes. On February 14, 2023, the Company priced an offering of $200.0 million in aggregate principal amount of 9.50% First Lien Notes at an issue price of 97% (which included applicable discounts) and entered into a purchase agreement with several investors pursuant to which the Company agreed to sell the 9.50% First Lien Notes (the "9.50% First Lien Notes Offering") to the purchasers in reliance on an exemption from registration provided by Section 4(a)(2), Rule 144A and/or Regulation S of the Securities Act. On March 1, 2023, the Company closed on the sale of the 9.50% First Lien Notes. The proceeds derived from the 9.50% First Lien Notes Offering were used (i) to redeem all outstanding 9.25% First Lien Notes (as discussed above), (ii) to pay fees and expenses related to the 9.50% First Lien Notes Offering and (iii) for general corporate purposes.

The 9.50% First Lien Notes will mature on February 15, 2028. The Company will pay interest on the 9.50% First Lien Notes on February 15 and August 15 of each year, which commenced on August 15, 2023. Interest on the 9.50% First Lien Notes will accrue from March 1, 2023, at a rate of 9.50% per annum, and be payable in cash. The 9.50% First Lien Notes are guaranteed on a joint and several basis by the Company's current and future direct and indirect subsidiaries, subject to certain exceptions (including Vantage Financial Management Co.), and are secured by a first priority lien on substantially all of the assets of the Company and such subsidiaries, in each case subject to certain exceptions. In connection with the issuance of the 9.50% First Lien Notes, we are permitted to have up to $25.0 million in letters of credit outstanding to support our operations.

The 9.50% First Lien Notes are subject to a mandatory redemption upon the occurrence of certain events, including (i) an annual excess cash flow sweep of 50% of excess cash flow and (ii) upon the receipt of net proceeds from specified asset sales, in each case as further described in the 9.50% First Lien Indenture.

The 9.50% First Lien Notes are subject to redemption at the option of the Company, including upon certain change of control events occurring on or after February 15, 2025, and in certain cases upon the occurrence of certain events, as further described in the 9.50% First Lien Indenture. The 9.50% First Lien Indenture contains customary covenants that will limit the Company's and, in certain instances, the ability of the Company's subsidiaries, to borrow money, create liens on assets, make distributions and pay dividends on or redeem or repurchase stock, make certain types of investments, enter into agreements that restrict dividends or other payments from subsidiaries, enter into transactions with affiliates, issue guarantees of debt, and sell assets or merge with other companies. These limitations are subject to several important exceptions and qualifications set forth in the 9.50% First Lien Indenture.

Events of default under the 9.50% First Lien Indenture include, among other events, the following with respect to the 9.50% First Lien Notes: default for 30 days in the payment when due of interest on the 9.50% First Lien Notes; default in payment when due of the principal of, or premium, if any, on the 9.50% First Lien Notes; failure to comply with certain covenants in the 9.50% First Lien Indenture for 30 days (or 60 days in respect of the reporting covenant contained therein) after the receipt of notice from the trustee or holders of 25.0% in aggregate principal amount of the 9.50% First Lien Notes; acceleration or payment default of debt of the Company or a restricted subsidiary in excess of $30.0 million (subject to a cure right within 60 days); certain judgments in excess of $50.0 million subject to certain exceptions; and certain events of bankruptcy or insolvency. In the case of an event of default arising from certain events of bankruptcy or insolvency, all 9.50% First Lien Notes then outstanding will become due and payable immediately without further action or notice. If any other event of default occurs with respect to the 9.50% First Lien Notes, the trustee or holders of 25.0% in aggregate principal amount of the 9.50% First Lien Notes may declare all the 9.50% First Lien Notes to be due and payable immediately.

Letters of credit and bank guarantees for performance obligations are provided by reputable financial institutions. As of December 31, 2023, we maintained letters of credit and bank guarantees in the aggregate amount of $8.4 million.

6. Shareholders' Equity

Stock Issuance

VDI has 50,000,000 authorized Ordinary Shares. As of December 31, 2023, 13,229,280 Ordinary Shares were issued and outstanding.

Share-based Compensation

On August 9, 2016, the Company adopted the Amended 2016 MIP to align the interests of participants with those of the Company's shareholders by providing incentive compensation opportunities tied to the performance of the Company's equity securities. Pursuant to the 2016 Amended MIP, the Compensation Committee may grant to employees, directors and consultants stock options, restricted stock, restricted stock units or other awards. As of December 31, 2023, there were 91,365 shares available for future grant under the Amended 2016 MIP.

RSUs with Time or Performance Conditions

TBGs granted under the 2016 Amended MIP vest annually, ratably over four years; however, accelerated vesting is provided for in the event set forth in each individual award letter. Otherwise, the settlement of any vested TBGs occurs upon the earlier of the set anniversary of the effective date or a QLE as set forth in each individual award letter.

PBGs granted under the 2016 Amended MIP contained vesting eligibility provisions tied to the earlier of a QLE or seven years from the effective date (as set forth in each individual award letter). Upon the occurrence of a vesting eligibility event, the number of PBGs that actually vest was dependent on the achievement of pre-determined TEV targets specified in the grants. It was determined that the PBGs did not meet the TEV performance condition as of the seventh anniversary of the Effective Date and therefore all PBGs granted were forfeited and cancelled.

A summary of the status of non-vested TBGs and PBGs at (and changes occurring within) the year ended for the periods indicated is as follows:

	TBGs Outstanding	Weighted Average Award Date Unit Price	PBGs Outstanding	Weighted Average Award Date Unit Price
Nonvested restricted units at December 31, 2021	2,483	$ 66.26	386,188	$ 66.26
Awarded	—	—	—	—
Vested	(1,564)	66.26	—	—
Forfeited	—	—	—	—
Nonvested restricted units at December 31, 2022	919	$ 66.26	386,188	$ 66.26
Awarded	15,311	16.76	—	—
Vested	(919)	66.26	—	—
Forfeited	—	—	(386,188)	66.26
Nonvested restricted units at December 31, 2023	15,311	$ 16.76	—	$ —

Both the TBGs and PBGs are classified as equity awards. For the years ended December 31, 2023, 2022 and 2021, we recognized share-based compensation related to the TBGs of approximately $0.1 million, $0.1 million and $0.4 million, respectively. As of December 31, 2023, there was approximately $0.2 million of total unrecognized share-based compensation expense related to TBGs, which is expected to be recognized over the remaining weighted average vesting period of approximately 3.16 years.

RSUs with Time and IPO or Time and Performance Conditions

PSUs granted in October 2023 under the 2016 Amended MIP contain vesting eligibility events as follows:

- PSU TBGs have a time and performance condition for vesting eligibility provision in which the occurrence of an IPO prior to the seventh anniversary of the effective date set forth in each individual award letter and a QLE, and a requisite service period from the grant date of four years are met.
- PSU PBGs have a time and market condition for vesting eligibility that are dependent on the earlier of (i) a QLE, (ii) achievement of share price hurdle specified in the grants, or (iii) the seventh anniversary of the effective date set forth in each individual award letter, and a requisite service period from the grant date.

A summary of the status of non-vested PSUs and changes occurring within the year ended for the periods indicated is as follows:

	PSU TBGs Outstanding	Weighted Average Award Date Unit Price	PSU PBGs Outstanding	Weighted Average Award Date Unit Price
Nonvested restricted units at December 31, 2022	—	$ —	—	$ —
Awarded	318,000	25.50	318,000	24.21
Vested	—	—	—	—
Forfeited	—	—	—	—
Nonvested restricted units at December 31, 2023	318,000	$ 25.50	318,000	$ 24.21

Both PSU TBGs and PSU PBGs are classified as equity awards. For the year ended December 31, 2023, the IPO condition had not been met and therefore, no share-based compensation expense was recorded for PSU TBGs. If the IPO condition is met, the resulting compensation expense will be recorded as a cumulative adjustment in the period the IPO condition is met and the rest of the grant fair value will be amortized through the longer of the IPO timeline or the remainder of the explicit service period in the PSU TBGs Grant. As of December 31, 2023, there was approximately $8.1 million of total unrecognized share-based compensation expense related to PSU TBGs, with a remaining weighted average vesting period of approximately 3.83 years.

For the year ended December 31, 2023, we recognized share-based compensation related to the PSU PBGs of approximately $0.3 million. As of December 31, 2023, there was approximately $7.4 million of total unrecognized share-based compensation expense related to PSU PBGs, with a remaining weighted average vesting period of approximately 3.83 years.

Dividend Equivalents

Pursuant to the Amended 2016 MIP and the terms of the applicable unit awards, participants holding restricted stock units are contractually entitled to receive all dividends or other distributions that are paid to VDI shareholders provided that any such dividends will be subject to the same vesting requirements of the underlying units. Dividend payments accrue to outstanding awards (both vested and unvested) in the form of "Dividend Equivalents" equal to the dividend per share underlying the applicable MIP award. On November 18, 2019, the Company announced that its Board of Directors had declared a special cash distribution in the aggregate amount of $525.0 million, or $40.03 per share, which was paid on December 17, 2019, to shareholders of record as of the close of business on December 10, 2019 (the "Special Cash Distribution"). As a result of the Special Cash Distribution, $3.3 million has been recorded in "Other current liabilities" and $0.3 million has been recorded in "Other long-term liabilities" in our Consolidated Balance Sheets at December 31, 2023 to be paid on settlement of TBGs. During the year ended December 31, 2023, $5.3 million was paid to current or former employees or directors as a result of the settlement of the TBGs.

7. Income Taxes

At the year ended December 31, 2023, VDI was a Cayman Islands company operating in multiple countries through its subsidiaries. The Cayman Islands do not impose corporate income taxes. Consequently, we have calculated income taxes based on the laws and tax rates in effect in the countries in which operations were conducted, or in which we and our subsidiaries are considered resident for income tax purposes. Our income taxes are generally dependent upon the results of our operations and when we generate significant revenues in jurisdictions where the income tax liability is based on gross revenues or asset values, there is no correlation to the net operating results and the income tax expense. Furthermore, in some jurisdictions we do not pay taxes, pay taxes at lower rates or receive benefits for certain income and expense items, including interest expense, loss on extinguishment of debt, gains or losses on disposal or transfer of assets, reorganization expenses and write-off of development costs.

With effect from December 9, 2019, VDI is treated as a partnership for U.S. federal income tax purposes. As a result, U.S. Holders are required to take into account their allocable share of items of income, gain, loss deduction and credit of VDI for each taxable year of VDI ending with or within the U.S. Holder's taxable year, regardless of whether any distribution has been or will be received from VDI. Each item generally will have the same character and source (either U.S. or foreign) as though the U.S. Holder had realized the item directly. The Company's U.S. federal tax status has not had a material impact on our consolidated financial statements as of December 31, 2023.

The income tax expense (benefit) consisted of the following:

	Year Ended December 31,		
(in thousands)	**2023**	**2022**	**2021**
Current	$ 20,855	$ 3,605	$ 4,772
Deferred	624	708	369
Total	$ 21,479	$ 4,313	$ 5,141

A reconciliation of statutory and effective income tax rates is shown below:

	Year Ended December 31,		
	2023	2022	2021
Statutory rate	0.0 %	0.0 %	0.0 %
Effect of:			
Taxes on foreign earnings	373.6 %	806.1 %	(7.8)%
Uncertain tax positions	(13.3)%	(154.4)%	1.2 %
Other	25.0 %	(195.2)%	1.7 %
Total	385.3 %	456.5 %	(4.9)%

The components of the net deferred tax assets and liabilities were as follows:

(in thousands)	December 31, 2023	December 31, 2022
Deferred tax assets:		
Share-based compensation	$ 471	$ 1,168
Accrued bonuses/compensation	375	199
Loss carry forwards	2,828	2,469
Property and equipment	152	191
Deferred revenue/cost	562	249
Total deferred tax assets	4,388	4,276
Valuation allowance	(3,798)	(2,362)
Net deferred tax assets	590	1,914
Deferred tax liabilities:		
Other deferred tax liability	(47)	(747)
Total deferred tax liabilities	(47)	(747)
Net deferred tax asset	$ 543	$ 1,167

At December 31, 2023, we had foreign tax loss carry forwards of approximately $10.6 million, which will begin to expire in 2024. The increase in foreign tax loss carry forwards is primarily due to a Prior Year loss. The increase in the valuation allowance primarily results from non-recoverable deferred tax assets due to liquidation of a subsidiary.

We include as a component of our income tax provision potential interest and penalties related to recognized tax contingencies within our global operations. Net interest and penalties benefit of approximately $0.2 million is included in 2023 income tax expense and total interest and penalties of approximately $0.1 million are accrued as of December 31, 2023.

A reconciliation of our unrecognized tax benefits amount, excluding interest and penalties that we recognize as a component of income tax expense, is as follows (in thousands):

Gross balance at January 1, 2023	$ 513
Additions based on tax positions related to the current year	1
Expiration of statues	(446)
Gross balance at December 31, 2023	68
Related tax benefits	—
Net uncertain tax positions at December 31, 2023	$ 68

Our periodic tax returns are subject to examination by taxing authorities in the jurisdictions in which we operate in accordance with the normal statute of limitations in the applicable jurisdiction. These examinations may result in assessments of additional taxes that are resolved with the authorities or through the courts. Resolution of these matters involves uncertainties and there are no assurances as to the outcome. Our tax years from 2013 onward remain open to examination in many of our jurisdictions and we are currently involved in several tax examinations in jurisdictions where we are operating or have previously operated. As information becomes available during the course of these examinations, we may increase or decrease our estimates of tax assessments and accruals.

8. Commitments and Contingencies

We are subject to litigation, claims and disputes in the ordinary course of business, some of which may not be covered by insurance. There is an inherent risk in any litigation or dispute and no assurance can be given as to the outcome of any claims.

Brazil Improbity Action

On April 27, 2018, the Company was added as an additional defendant in a legal proceeding (the "Improbity Action"), initiated by the Brazilian Federal Prosecutor against certain individuals, including an executive of Petrobras and two political lobbyists, in

connection with the contracting of the *Titanium Explorer* drillship to Petrobras under the Government Agreement for the Provision of Drilling Services for the *Titanium Explorer*, dated February 4, 2009, between Petrobras Venezuela Investments & Services, BV and Vantage Deepwater Company (and subsequently novated to Petrobras America, Inc. and Vantage Deepwater Drilling, Inc.), with the Brazilian government and Petrobras as plaintiffs. Vantage is alleged to have been involved in and benefited from the purported bribery scheme at Petrobras through Hamylton Padilha, the Brazilian agent, our former parent company, VDC, used in the contracting of the *Titanium Explorer* drillship to Petrobras, and Mr. Hsin-Chi Su, a former member of VDC's board of directors and a significant shareholder of VDC. We first became aware of the legal proceeding on July 19, 2018 as it was previously under seal. On March 22, 2019, we were formally served in the U.S. and on April 12, 2019, we subsequently filed our preliminary statement of defense with the 11th Federal court of the Judicial Branch of Curitiba, State of Parana, Brazil (the "Brazilian Federal Court"). On August 20, 2020, the Brazilian Federal Court dismissed our preliminary statement of defense. On October 5, 2020, we subsequently filed a motion to clarify with the Brazilian Federal Court requesting the reconsideration of certain aspects of the decision dismissing our preliminary statement of defense. Our motion to clarify was denied on December 14, 2020, and on February 10, 2021 we filed an interlocutory appeal with the 4th Circuit of the Federal Court of Appeals in Porto Alegre, State of Rio Grande do Sul, Brazil (the "Brazilian Appellate Court"), the appellate court hearing appeals in the "Car Wash" cases, seeking to reverse the Brazilian Federal Court's denial of our preliminary defense. On April 15, 2021, the Brazilian authorities served us indirectly through the U.S. Department of Justice agreeing to formally send us documents related to the Improbity Action. On May 13, 2021, the Brazilian Appellate Court's reporting judge for our matter granted our request for preliminary relief and ordered an immediate stay of the Improbity Action (as it applies to the Company). A proceeding with regard to the interlocutory appeal commenced on August 30, 2022 (the "August 2022 Proceeding"), and on December 6, 2022, the Brazilian Appellate Court ruled in our favor, revoking the asset freeze order, which had already been stayed pending a decision from the court, and immediately dismissed the Improbity Action as to the Company (the "Improbity Decision"). The Improbity Decision is still subject to clarification and appeal by the Brazilian government and Petrobras, and on January 30, 2023 and February 1, 2023, Petrobras and the Brazilian federal government filed respective motions to clarify the Improbity Decision. On March 31, 2023, the Company filed its response to the motions to clarify the Improbity Decision. The Company will be notified as to the timing of the hearing of the motions to clarify the Improbity Decision.

The Company understands that the Improbity Action is a civil action and is part of the Brazilian Federal Prosecutor's larger "Car Wash" investigation into money laundering and corruption allegations in Brazil. Separately, Federal Law no. 14,230/2021 (the "New Administrative Improbity Law") was enacted on October 26, 2021, substantially, amending the existing Brazilian improbity legal framework. While the Company believes that the developments arising from the enactment of the New Administrative Improbity Law render the case against it moot, the Company cannot predict the ultimate outcome of the August 2022 Proceeding and the Company will be obligated to file a statement of defense in the matter if the Improbity Decision is later reversed.

The damages claimed in the proceeding are in the amount of BRL 102.8 million (approximately $21.9 million, changes in the USD amounts result from foreign exchange rate fluctuations), together with a civil fine equal to three times that amount. The Company understands that the Brazilian Federal Court previously issued an order authorizing the seizure and freezing of the assets of the Company and the other three defendants in the legal proceeding, as a precautionary measure, in the amount of approximately $87.8 million. The Company and the other three defendants are jointly and severally liable for this amount. The seizure order has not had an effect on the Company's assets or operations, as the Company does not own any assets in Brazil and does not currently intend to relocate any assets to Brazil. On February 13, 2019, we learned that the Brazilian Federal Prosecutor had previously requested mutual legal assistance from the DOJ pursuant to the United Nations Convention against Corruption of 2003 to obtain a freezing order against the Company's U.S. assets in the amount of approximately $87.8 million.

On April 12, 2019, the Company filed an interlocutory appeal with the Brazilian Appellate Court to stay the seizure and freezing order of the Brazilian Federal Court.

On May 20, 2019, the Company announced that the Brazilian Appellate Court's reporting judge ruled in favor of the Company's appeal to stay the seizure and freezing order of the Brazilian Federal Court. As noted above, the Brazilian Appellate Court ruled in favor of the Company in the Improbity Decision, which, among other things, revoked the asset freeze order. The Improbity Decision is still subject to clarification and appeal by the Brazilian government and Petrobras, and on January 30, 2023 and February 1, 2023, Petrobras and the Brazilian federal government filed respective motions to clarify the Improbity Decision. The Company will be notified by the Brazilian Appellate Court of the deadline to respond to the motions.

The Company previously communicated the Brazilian Appellate Court's ruling to the DOJ and has asked the Brazilian Federal Court to do the same. On July 18, 2019, the Company announced that the Brazilian Government made a filing with the Brazilian Federal Court reporting that the DOJ has advised the Brazilian Ministry of Justice that it would not be possible for the DOJ to comply with the mutual assistance request in respect of the asset freeze order. The Company also announced that it learned from the Brazilian Ministry of Justice that the DOJ's response to the request for mutual assistance stated that no legal grounds existed for implementing the requested asset freeze, and that the DOJ was returning the request without taking action and considers the matter concluded.

The Company has defended, and intends to continue to vigorously defend against the allegations made in the Improbity Action and oppose and defend against any attempts to reverse the Improbity Decision and/or seize the Company's assets. However, we can

neither predict the ultimate outcome of this matter nor that there will not be further developments in the "Car Wash" investigation or in any other ongoing investigation or related proceeding that could adversely affect us. We are not able to determine the likelihood of loss, if any, arising from this matter as of the date of this Annual Report.

Cyber Matters

In 2022, we experienced additional e-mail related cybersecurity intrusions (the "2022 Cyber Matters"). We became aware of the 2022 Cyber Matters in the fourth quarter of 2022 that resulted in (i) two unauthorized transfers of cash from a Company-controlled bank account to an outside bank account, (ii) one attempted transfer that was stopped and reversed by a financial institution and (iii) one attempted transfer that was stopped by the Company's internal controls. We have since taken, and continue to take, measures designed to detect, remediate and prevent similar cybersecurity intrusions and threats from recurring. The investigation surrounding the 2022 Cyber Matters has concluded; however, we cannot predict as of the date of this Annual Report whether there will be further developments to the 2022 Cyber Matters investigation that could adversely affect us. Our investigation did not reveal any information that suggests the 2022 Cyber Matters will result in a material loss to the Company. However, we are not able to determine the likelihood of future losses, if any, arising from the 2022 Cyber Matter as of the date of this Annual Report. Furthermore, we cannot provide assurance that we will not in the future experience any other actual or attempted breaches of our cybersecurity, or that our security efforts and remedial measures will prevent future security threats from materializing, if at all.

Other Commitments

At December 31, 2023, we had purchase commitments of $41.5 million. Our purchase commitments consist of obligations outstanding to external vendors primarily related to capital upgrades, materials, spare parts, consumables and related supplies for our drilling rigs.

We are from time to time threatened with or made party to various tax and regulatory matters, as well as litigation, lawsuits and claims, both asserted and unasserted, in the ordinary course of our business. While we cannot predict with certainty the ultimate outcome or effect, if any, of the matters described above, we do not anticipate that the associated liability resulting from such matters will have a material adverse effect on our consolidated statement of operations, results of operations and cash flows. Nevertheless, we can provide no assurance that our beliefs or expectations as to the outcome or effect of any tax or regulatory matter, lawsuit, litigation or claim will prove correct. Moreover, the circumstances underlying such matters may vary and the eventual outcome and actual results of these matters could vary materially and significantly from management's current expectations and estimates.

9. Supplemental Financial Information

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	December 31,	
(in thousands)	2023	2022
Sales tax receivable	$ 12,099	$ 5,407
Down payment to vendors	9,614	6,269
Prepaid fuel	1,947	3,200
Income tax receivable	2,123	1,373
Current deferred contract costs	3,427	7,324
Current deposits	5,831	139
Other	2,382	1,909
	$ 37,423	$ 25,621

Property and Equipment, net

Property and equipment, net consisted of the following:

(in thousands)	December 31, 2023	December 31, 2022
Drilling equipment	$ 635,924	$ 624,739
Assets under construction	6,348	4,075
Office and technology equipment	18,085	18,405
Leasehold improvements	92	690
	660,449	647,909
Accumulated depreciation	(352,357)	(309,453)
Property and equipment, net	$ 308,092	$ 338,456

Other Assets

Other assets consisted of the following:

(in thousands)	December 31, 2023	December 31, 2022
Noncurrent restricted cash	$ 8,941	$ 2,781
Deferred certification costs	5,188	3,308
Noncurrent deferred contract costs	890	—
Deferred income taxes	543	1,897
Noncurrent tax receivable	—	4,766
Other noncurrent assets	3,721	5,582
	$ 19,283	$ 18,334

Other Current Liabilities

Other current liabilities consisted of the following:

(in thousands)	December 31, 2023	December 31, 2022
Interest	$ 7,177	$ 2,126
Compensation	10,229	8,786
2016 MIP - Dividend equivalent (1)	3,272	5,278
Income taxes payable	3,852	2,662
Current deferred revenue	15,994	35,085
Current portion of operating lease liabilities	608	1,520
Current customer prefunding	10,190	10,049
Other	624	673
	$ 51,946	$ 66,179

(1) "Dividend equivalents" on vested TBGs are payable upon settlement of the applicable award. See "*Note 6. Shareholders' Equity*" of these "Notes to Consolidated Financial Statements" for additional information regarding the Dividend Equivalents.

Other Long-term Liabilities

Other long-term liabilities consisted of the following:

	December 31,	
(in thousands)	2023	2022
Deferred income taxes	$ —	$ 730
2016 MIP - Dividend equivalents [(1)]	285	3,520
Noncurrent operating lease liabilities	451	222
Noncurrent customer prefunding	5,834	3,950
Indirect tax contingencies	4,090	4,339
Other noncurrent liabilities	81	120
	$ 10,741	$ 12,881

(1) Dividend Equivalents on vested TBGs are payable on settlement of the applicable award. See "*Note 6. Shareholders' Equity*" of these "Notes to Consolidated Financial Statements" for additional information regarding the Dividend Equivalents.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets that sum to the total of the same amounts shown in the Consolidated Statement of Cash Flows as follows:

	December 31,	
(in thousands)	2023	2022
Cash and cash equivalents	$ 73,206	$ 74,026
Restricted cash	1,828	16,450
Restricted cash included within Other assets	8,941	2,781
Total cash, cash equivalents and restricted cash shown in the Consolidated Statements of Cash Flows	$ 83,975	$ 93,257

Restricted cash represents cash held by banks as collateralizing letters of credit.

Related Party Transactions

The Company does not currently have any reportable transactions with entities that meet the definition of related parties as specifically defined by ASC 850, *Related Party Disclosures.*

10. Business Segment Information

Our operations are dependent on the global oil and gas industry and our rigs are relocated based on demand for our services and customer requirements. Our customers consist primarily of large international oil and gas companies, national or government-controlled oil and gas companies, and other global exploration and production companies. As the result of an increase in activity related to operating, management and marketing services for rigs owned by third-parties, the Company has two reportable segments: (1) "Drilling Services," which includes activities related to owned jackup rigs and drillships; and (2) "Managed Services," which consists of activities related to rigs owned by third-parties that we manage, support or operate through bareboat charters. The chief operating decision maker evaluates the performance of our reportable segments using adjusted operating income (loss), which is a segment performance measure, because this financial measure reflects our ongoing profitability and performance. Adjusted operating income (loss) is defined as segment income (loss) from operations plus depreciation. General and administrative expenses, other (expense) income, and income taxes are not allocated to the operating segments for purposes of measuring segment income (loss) from operations and are included in "Unallocated" in the table below. There are no intersegment revenues. Our segment results for the periods indicated were as follows:

(in thousands)	Year ended December 31, 2023 Drilling Services	Managed Services	Unallocated	Consolidated
Revenue				
Contract drilling services	$ 179,590	$ 81,021	$ —	$ 260,611
Management fees	—	19,486	—	19,486
Reimbursables and other	22,728	80,311	—	103,039
Total revenue	202,318	180,818	—	383,136
Operating costs and expenses				
Operating costs	140,237	149,888	—	290,125
General and administrative	—	—	21,730	21,730
Depreciation	42,713	—	1,745	44,458
Loss on EDC Sale	—	—	3	3
Total operating costs and expenses	182,950	149,888	23,478	356,316
Income (loss) from operations	19,368	30,930	(23,478)	26,820
Other (expense) income				
Interest income	—	—	750	750
Interest expense and financing charges	—	—	(21,591)	(21,591)
Other, net	—	—	(405)	(405)
Total other expense	—	—	(21,246)	(21,246)
Income (loss) before income taxes	$ 19,368	$ 30,930	$ (44,724)	$ 5,574

Reconciliation of income from operations to segment adjusted operating income:	Drilling Services	Managed Services
Income from operations	$ 19,368	$ 30,930
Depreciation	42,713	—
Segment adjusted operating income	$ 62,081	$ 30,930

(in thousands)	Year ended December 31, 2022 Drilling Services	Managed Services	Unallocated	Consolidated
Revenue				
Contract drilling services	$ 151,509	$ 2,607	$ —	$ 154,116
Management fees	—	10,834	—	10,834
Reimbursables and other	27,685	86,081	—	113,766
Total revenue	179,194	99,522	—	278,716
Operating costs and expenses				
Operating costs	142,935	91,896	1	234,832
General and administrative	—	—	23,009	23,009
Depreciation	42,813	—	1,615	44,428
Gain on EDC Sale	—	—	(61,409)	(61,409)
Total operating costs and expenses	185,748	91,896	(36,784)	240,860
(Loss) income from operations	(6,554)	7,626	36,784	37,856
Other (expense) income				
Interest income	—	—	1,108	1,108
Interest expense and financing charges	—	—	(34,351)	(34,351)
Other, net	—	—	(3,668)	(3,668)
Total other expense	—	—	(36,911)	(36,911)
(Loss) income before income taxes	$ (6,554)	$ 7,626	$ (127)	$ 945

Reconciliation of (loss) income from operations to segment adjusted operating income:	Drilling Services	Managed Services
(Loss) income from operations	$ (6,554)	$ 7,626
Depreciation	42,813	—
Segment adjusted operating income	$ 36,259	$ 7,626

(in thousands)	Year ended December 31, 2021 Drilling Services	Managed Services	Unallocated	Consolidated
Revenue				
Contract drilling services	$ 131,703	$ —	$ —	$ 131,703
Management fees	—	2,351	—	2,351
Reimbursables and other	15,114	9,252	—	24,366
Total revenue	146,817	11,603	—	158,420
Operating costs and expenses				
Operating costs	140,138	10,530	—	150,668
General and administrative	—	—	20,539	20,539
Depreciation	54,565	—	1,677	56,242
Gain on EDC Sale	—	—	—	—
Total operating costs and expenses	194,703	10,530	22,216	227,449
(Loss) income from operations	(47,886)	1,073	(22,216)	(69,029)
Other (expense) income				
Interest income	—	—	124	124
Interest expense and financing charges	—	—	(34,034)	(34,034)
Other, net	—	—	(2,171)	(2,171)
Total other expense	—	—	(36,081)	(36,081)
(Loss) income before income taxes	$ (47,886)	$ 1,073	$ (58,297)	$ (105,110)

Reconciliation of (loss) income from operations to segment adjusted operating income:	Drilling Services	Managed Services
(Loss) income from operations	$ (47,886)	$ 1,073
Depreciation	54,565	—
Loss on impairment	—	—
Segment adjusted operating income	$ 6,679	$ 1,073

A substantial amount of our revenue was derived from countries outside of the U.S.. Our revenues by country and segment were as follows:

Country (in thousands)	Segment	For the Years Ended December 31, 2023	2022	2021
India	Drilling Services and Managed Services	$ 135,647	$ 54,786	$ 29,492
Namibia	Drilling Services	81,835	—	—
UAE	Drilling Services and Managed Services	63,713	81,715	11,256
Indonesia	Drilling Services and Managed Services	57,111	32,643	15,919
Montenegro	Drilling Services	—	3,272	43,402
Qatar	Drilling Services	—	14,319	30,250
Egypt	Drilling Services	—	27,926	1,860
Cyprus	Drilling Services	703	42,573	250
Other countries	Drilling Services and Managed Services	44,127	21,482	25,991
Total revenues		$ 383,136	$ 278,716	$ 158,420

Revenue with customers that contributed 10% or more of revenue for the periods indicated were as follows:

Customer	Segment	Year Ended December 31, 2023	2022	2021
Oil & Natural Gas Corporation	Drilling Services and Managed Services	35%	20%	19%
Seadrill	Managed Services	21%	31%	7%
TotalEnergies	Drilling Services	21%	1%	6%
Eni S.p.A	Drilling Services	10%	15%	27%
Belayim Petroleum Company (Petrobel)	Drilling Services	0%	10%	1%
North Oil Company	Drilling Services	0%	5%	13%

Information related to the Company's "Total Assets" as reported on the Consolidated Balance Sheets is not available by reportable segment; however, a substantial portion of our assets are mobile drilling units included in the Drilling Services segment. Asset locations at the end of the reporting period are not necessarily indicative of the geographic distribution of the revenues generated by such assets during such periods. Our property and equipment, net by country was as follows:

(in thousands)	December 31, 2023	December 31, 2022
Namibia	$ 145,445	$ —
International Waters (2)	—	158,785
India	69,140	81,309
Indonesia	58,449	58,663
Other countries (1)	35,058	39,699
Total property and equipment	$ 308,092	$ 338,456

(1) "Other countries" represent countries in which we operate that individually had property equipment, net representing less than 10% of total property and equipment, net.

(2) Rig was mobilizing to a new contract location and not located within the territorial waters of any jurisdiction.

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

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports we post to our website or otherwise make available to our investors and creditors is recorded, processed, summarized, and reported, within the time periods required by our indebtedness agreements and shareholder agreements.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports we post to our website or otherwise make available to our investors and creditors is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Management carried out an evaluation based on the *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our internal control over financial reporting as of the end

of the period covered by this Annual Report. Based on that evaluation, such officers have concluded that the design and operation of these internal control over financial reporting were effective as of December 31, 2023 as described below.

As previously reported in the 2022 Annual Report, management identified a material weakness in our internal control over financial reporting related to the prevention of unauthorized cash disbursements. The internal controls governing the process for updating vendor information were not adequate to safeguard the Company's cash assets from unauthorized transfers resulting from the lack of a policy requiring multiple confirmations with respect to changes to vendor information.

In 2023, we implemented enhanced controls to remediate the material weakness and perform testing of these controls to evaluate operating effectiveness. As of December 31, 2023, the enhanced controls were operating effectively and as such management has concluded that the material weakness was remediated.

Changes in Internal Control over Financial Reporting

Except for the foregoing, there were no changes in our internal control over financial reporting during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, no director or officer, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The names of our directors and executive officers, their ages as of March 14, 2024 and certain other information about them are set forth below:

Name	Age	Position
Thomas R. Bates, Jr. (1)	74	Chairman of the Board of Directors
Nils E. Larsen (1)(2)	53	Director
L. Spencer Wells (1)(2)	53	Director
Gunnar W. Eliassen (2)	38	Director
Jørn Peter Madsen	60	Director
Ihab Toma	61	Chief Executive Officer and Director
Rafael Blattner	44	Chief Financial Officer
Douglas E. Stewart	46	General Counsel, Chief Compliance Officer and Secretary
William L. Thomson	53	Chief Commercial Officer/Chief Technical Officer
Linda J. Ibrahim	53	Vice President of Tax
Derek Massie	65	Vice President of Human Resources

(1) Member of our Audit Committee
(2) Member of our Compensation Committee

Board of Directors

Thomas R. Bates, Jr. has served as our Chairman of the Board of Directors of the Company (the "Board of Directors") since February 10, 2016. *Qualifications and Experience:* Mr. Bates has over 46 years of operational experience in the oil and gas industry, having held executive leadership positions at several major energy companies. He is currently an adjunct professor and member of the advisory board for the Energy MBA Program at the Neeley School of Business at Texas Christian University in Fort Worth. Mr. Bates joined Lime Rock Management LP, an energy focused private equity firm, as managing director in 2001 and became a senior advisor of the firm in 2010 before retiring in 2013. Mr. Bates previously served as group president at Baker Hughes from 1998 through 2000, chief executive officer at Weatherford-Enterra from 1997 to 1998, and spent 15 years in management positions at Schlumberger, finishing as president of the Anadrill division where he was responsible for the introduction of new drilling products and technologies. Mr. Bates began his career at Shell Oil Company. Through his experience in both energy and oilfield service companies, Mr. Bates provides significant insight into management and corporate strategy, including audit committee matters, that we believe are essential for growing the Company. His experience in private equity provides valuable entrepreneurial insight. Additionally, Mr. Bates has significant experience sitting on compensation and audit committees providing us with insight into corporate governance and other matters. *Education*: Mr. Bates has a doctorate in mechanical engineering from the University of Michigan. Mr. Bates serves on the Audit Committee.

Directorships for the past five years: SSR Mining, Inc. (Director and Compensation Committee Chairman 2020 to present), TETRA Technologies (2011 to present), Alacer Gold Corporation (2014 to 2020), Independence Contract Drilling (Chairman 2011 to 2020), Tidewater, Inc. (Chairman 2017 to 2019) and Weatherford International PLC (2019 to 2020).

Nils E. Larsen has served as a director of the Company since February 10, 2016. *Qualifications and Experience:* Mr. Larsen is the Founder and, since 2013, President of SZR Consulting, LLC. SZR Consulting, LLC provides financial and operational advisory and consulting services to companies and investors in a variety of industries including oil and gas, media, sports and industrial services. In addition, from 2013 through 2022, Mr. Larsen acted as an Operating Advisor and Consultant to The Carlyle Group. In this role, his focus was principally in the media industry. Prior to forming SZR Consulting, LLC, Mr. Larsen served in a variety of senior executive positions with Tribune Company from 2008 to 2013, including as the President and Chief Executive Officer of Tribune Broadcasting and as the Co-President of Tribune Company. Before joining Tribune Company, Mr. Larsen was employed by Equity Group Investments, LLC from 1995 to 2008 (serving as a Managing Director from 2001 to 2008), focusing on investments in the media, transportation, energy, industrial manufacturing, retail grocery and member loyalty and rewards sectors. Mr. Larsen resumed a limited role with Equity Group Investments, LLC in 2013 although that relationship is currently no longer substantive. Mr. Larsen started his career at CS First Boston where he focused on the capital requirements and derivative products needs of U.S. financial institutions and non-U.S. based entities. Mr. Larsen has significant governance experience in entities across their lifecycles providing this essential insight to the Company. *Education:* Mr. Larsen received his A.B. summa cum laude from Bowdoin College. Mr. Larsen serves on the Compensation Committee and as chairman of the Audit Committee.

Directorships for the past five years: Extreme Reach (2015 to October 2022; Compensation Committee 2018 to October 2022), Liberty Tire Recycling Holdings (Chairman 2015 to May 2021; Compensation Committee 2018 to May 2021), LiveStyle, Inc. (2016 to

present), McDermott International Inc. (Lead Director 2020 to June 2021; Chairman June 2021 to present; Chairman of the Compensation Committee 2020 to present; Nominating and Governance Committee 2020 to present), Treehouse REIT (January 2021 to present; Chairman of the Audit Committee January 2021 to present; Nominating and Governance Committee March 2023 to present), Noble Trading Resources Holdings Limited (April 2022 to present; Business Risk Oversight Committee April 2022 to present; ESG Committee March 2023 to present), Blackhawk Mining LLC (2018 to October 2019), Esterline Technologies Corporation (2016 to 2019; Audit Committee and Enterprise Risk Committee 2016 to 2019) and Veridiam, Inc. (April 2019 to September 2020; Chairman August 2019 to September 2020).

L. Spencer Wells has served as a director of the Company since February 10, 2016. *Qualifications and Experience*: Mr. Wells is a founder and, since 2013, has been a Partner of Drivetrain Advisors, a provider of fiduciary services to the alternative investment community, with a particular expertise in restructuring and turnarounds. From 2010 to 2013, Mr. Wells served as a senior advisor and partner with TPG Special Situations Partners where he helped manage a $2.5B portfolio of liquid and illiquid distressed credit investments. Mr. Wells served as a partner at Silverpoint Capital from 2002 to 2009 where he helped manage a $1.3B investment portfolio consisting primarily of stressed and distressed bank loans and bonds focusing on the oil and gas exploration and production, oilfield services, power generation, financial institutions and chemicals industries. He previously served as an analyst on the distressed debt trading desks at Union Bank of Switzerland, Deutsche Bank and Bankers Trust. Mr. Wells' significant experience in the debt, equity and capital markets provides the Board of Directors with insight into operating the Company following our reorganization plan. Mr. Wells also has significant experience serving on private and public companies' boards, which gives him insight into matters regarding corporate governance and fiduciary responsibilities. *Education*: Mr. Wells received his Bachelor of Arts degree from Wesleyan University and his Masters of Business Administration from the Columbia Business School. Mr. Wells serves on the Audit Committee and as the chairman of the Compensation Committee.

Directorships for the past five years: Advanced Emissions Solutions, Inc. (Chairman 2014 to present), Aventine Property Group (Chairman 2021 to present), Drivetrain Advisors LLC (2013 to present), NextDecade Corp (2017 to present), Parker Drilling, Inc. (2019 to present), RMFT Advisors LLC (2013 – present), Samson Resources II LLC (2017 to present), Treehouse REIT, Inc. (January 2019 to present), International Walls, Inc. (2020 to 2022), Vanguard Natural Resources (January 2019 to 2020), Jones Energy, Inc. (2018 to 2019), Affinion Group Holdings, Inc. (Chairman 2015 to 2017), Certus Holdings, Inc. and CertusBank, N.A (2014 to 2016), Global Geophysical Services, Inc. (Chairman 2015 to 2016), Lily Robotics, Inc. (2017), Preferred Proppants LLC (2014 to 2018), Syncora Holdings, Ltd. (2015 to 2016), Telford Offshore Holdings Ltd (2018 to 2020), Roust Corporation (2017), Town Sports International Holdings, Inc. (2015 to 2020) and uBiome Inc. (2019).

Gunnar W. Eliassen has served as a director of the Company since August 18, 2023. Qualifications and Experience: Mr. Eliassen is the Founder and Principal of SNC Winther Holdings Ltd, a private investment company. Mr. Eliassen served as an investment director at Seatankers Services (UK) LLP, a holding company of assets across several business sectors, from 2016 to 2023. In addition, Mr. Eliassen served as the Chief Executive Officer of ST Energy Transition I Ltd. (NYSE: STET), a special purpose acquisition company targeting energy transition and clean energy technology, from December 2021 until March 2023. Mr. Eliassen previously worked as a Partner at Pareto Securities between 2011 and 2015 and was responsible for executing public and private capital markets transactions with an emphasis on the energy sector. Mr Eliassen is currently Chairman of the Board of Scana ASA and Soiltech AS, as well as serving on the board of directors of KLX Energy Services Holding (NASDAQ: KLXE), and Golden Close Maritime. Previous experience includes serving on the Board of Directors of NorAm Drilling Company AS, Valaris Ltd., Seadrill Ltd., Aquadrill LLC (formerly known as Seadrill Partners LLC), Quintana Energy Services Inc. and Northern Drilling Ltd. Mr. Eliassen received a Master's degree in Finance from the Norwegian School of Economics.

Directorships for the past five years: Scana ASA (Chairman of the Board from August 2023 - present), Soiltech AS (Chairman of the Board from December 2023 - present), KLX Energy Services Holding (July 2022 - present), Golden Close Maritime (2016 - present), NorAm Drilling Company AS (October 2022 – June 2023), Valaris Ltd. (June 2022 – June 2023), Seadrill Ltd. (November 2019 – February 2022), Aquadrill LLC (formerly known as Seadrill Partners LLC) (February 2020 to May 2021), Quintana Energy Services Inc. (January 2017 – July 2020) and Northern Drilling Ltd (November 2018 to November 2019).

Jørn Peter Madsen has served as a director of the Company since October 25, 2023. Qualifications and Experience: Mr. Madsen was the Chief Executive Officer of CHC Group LLC from February 2023 to January 2024. Prior to this, he served as Chief Executive Officer of Maersk Drilling from November 2016, overseeing the company's successful merger with Nasdaq-listed Noble Corporation in October 2022. Mr. Madsen joined Maersk in 1990 and his career in offshore drilling spanned technical, operational and leadership roles. These included Operations Manager, Managing Director of Maersk Drilling in Norway, Chief Executive Officer of Maersk Supply Service, and Chief Operating Officer and Chief Executive Officer of Maersk Drilling. A Danish citizen, Mr. Madsen holds a Master's degree in Science in Engineering from the Danish Technical University and an MBA from IMD and the University of Geneva.

Directorships for the past five years: CHC Group LLC (February 2023 to January 2024), Maersk Drilling (2016 to 2022).

Ihab Toma has served as a member of the Board of Directors and as Chief Executive Officer of the Company since August 29, 2016. *Qualifications and Experience:* Mr. Toma has over 38 years of experience in the oilfield industry. From 2014 until 2016, Mr. Toma served as a senior advisor to First Reserve Corporation, a leading global private equity and infrastructure firm exclusively focused on energy. Previously, Mr. Toma served from 2009 until 2013 in various executive capacities at Transocean, as Executive Vice President - Chief of Staff, Executive Vice President - Operations, Executive Vice President - Global Business and Senior Vice President - Marketing and Planning. Prior to his time at Transocean, from 1986 until 2009, Mr. Toma served in multiple capacities at Schlumberger. He served as Vice President, Sales and Marketing for Europe, Africa and Caspian for Schlumberger Oilfield Services from April 2006 to August 2009. From 2000 to 2006, he led Schlumberger's Information Solutions business in various capacities, including President, Vice President - Sales and Marketing, Vice President – Information Management and Vice President – Europe, Africa and CIS Operations. Mr. Toma began his career with Schlumberger in 1986. *Education:* Mr. Toma holds a Bachelor of Science degree in Electrical, Electronics and Communications Engineering from Cairo University, Egypt.

Directorships in the past five years: Apex International (January 2019 to Present), 3T/Drilling Systems (UK) Ltd. (June 2015 to present), AGR Group (Vice Chairman from January 2015 to December 2018), Engström & Engstöm (Chairman from May 2014 to May 2017), Fara-Rever (January 2018 to February 2021) and Paradigm Geophysical Corp (October 2013 to April 2018).

On September 26, 2023, at the Company's annual general meeting of shareholders, the shareholders of the Company elected Messrs. Bates, Eliassen, Larsen, Toma and Wells as directors of the Company, to hold office until the next annual general meeting of shareholders or until their respective successors are duly elected and qualified or until their earlier death, resignation or removal.

Executive Officers

With respect to all of the following officers, references to offices held by such individuals in the following paragraphs are to offices with Vantage Drilling Company prior to the effectiveness of the Company's Chapter 11 bankruptcy proceedings on February 10, 2016 (if applicable) and to offices with the Company after February 10, 2016.

Ihab Toma has served as a member of the Board of Directors and as Chief Executive Officer of the Company since August 29, 2016. For a brief biography of Mr. Toma, please see above under "Board of Directors."

Rafael Blattner has served as Chief Financial Officer since August 2023. Mr. Blattner has been with the Company since August of 2013, most recently serving as the Company's Vice President & Managing Director - Corporate Development & Managed Services since June 2022. Prior to that, he served as in various development, strategy and finance roles with the Company, including as Managing Director – Managed Rigs Services & Corporate Development, and as Director of Corporate Finance & Treasurer. Mr. Blattner joined the Company from Transocean, where he served in various roles of increasing responsibility in Audit, Financial Planning & Analysis and Marketing. Mr. Blattner earned a Bachelor's of Science in Economics from the University of Houston, an MBA from the University of Texas at Austin - Red McCombs School of Business and completed the Advanced Management Program at IESE Business School.

Douglas E. Stewart has served as our General Counsel and Corporate Secretary since June 2016, our Chief Compliance Officer since December 12, 2016 and served as our Chief Financial Officer from May 2020 until August 2023. Mr. Stewart joined the Company from Stallion Oilfield Holdings, Inc., where he served as Executive Vice President, General Counsel and Secretary. Mr. Stewart joined Stallion in June 2007 from Occidental Development Company, a subsidiary of Occidental Petroleum Corporation, where he served in the international business development group. Prior to joining Occidental in January 2007, he practiced corporate finance and securities law, specializing in private equity and mergers and acquisitions, at Vinson & Elkins LLP from September 2001 until December 31, 2006. Mr. Stewart received his Bachelor of Arts degree in Economics and International Studies from Trinity University and his J.D. from the University of Texas School of Law.

William L. Thomson has served as our Chief Commercial Officer/Chief Technical Officer since July 2022, and previously served as our Vice President of Marketing & Business Development since June 2016. Prior to that, he served as our Vice President of Technical Services, Supply Chain & Projects from March 2008. Prior to joining us, Mr. Thomson worked for Transocean, and predecessor companies, beginning in 1993, where, in addition to other roles, Mr. Thomson served as Operations Manager – Assets in the United Kingdom sector of the North Sea overseeing the asset management of ten semi-submersibles and as Technical Support Manager – Africa. Additionally, Mr. Thomson worked as a project manager responsible for various refurbishments, upgrades and new build jackup projects in shipyards in Africa, Asia, Europe, and the Middle East. Mr. Thomson earned an Honours degree in Naval Architecture and Offshore Engineering from the University of Strathclyde (UK) in 1992 and a Post Graduate Diploma in Oil and Gas Law from the Robert Gordon University in 2006. He has also completed NYU Stern's Executive Education in Accounting and Finance program and is currently in the process of completing the Sustainability Leadership course offered by the University of Texas Austin.

Linda J. Ibrahim has served the company in various tax and compliance roles since 2010, as our Vice President of Tax and Governmental Compliance since February 2015, and previously served as our Chief Accounting Officer from July 2021 to September 2023. Prior to joining the company, Ms. Ibrahim was employed by Pride International from 2006 to 2010 managing that company's

Western Hemisphere tax functions, PricewaterhouseCoopers LLP from 1999 to 2006 and BDO Seidman from 1997 to 1999, serving clients of these two firms in the energy industry. Ms. Ibrahim holds a Bachelor of Business Administration – Accounting from the University of Houston and is a certified public accountant licensed in the state of Texas.

Derek Massie joined the company in 2017 and has served as our Vice President of Human Resources since January 2018. Prior to joining the Company, Mr. Massie served as Principal Consultant at Dynamic People Strategies Ltd from 2016 to 2017; Principal Consultant at Maxwell Drummond International from 2013 to 2016, conducting executive search assignments and executing human capital projects. Mr. Massie has held senior human resources roles with Rowan Drilling, Seadrill Ltd, Acergy MS Ltd, Aggreko Plc and Schlumberger. Mr. Massie is a Fellow of the Chartered Institute of People Development and holds a Masters degree in Business Administration from the Robert Gordon University.

Material Changes in Director Nominations Process

There have not been any material changes to the procedures by which shareholders may recommend nominees to the Board of Directors.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. Our Code of Business Conduct and Ethics is posted on our website at *www.vantagedrilling.com* on the "About Us" page under the link "Our Vision and Values." We intend to include on our website any material amendments to, or waivers from, a provision of the Code of Conduct that applies to our principal executive officer, principal financial officer, or principal accounting officer that relates to any element of the "code of ethics" definition contained in Item 406(b) of Regulation S-K. This Internet address is provided for informational purposes only and is not intended to function as a hyperlink nor shall our website (including the information contained in it or connected to it) be deemed to be included or incorporated herein in any respect.

Audit Committee

The Audit Committee reviews and recommends to the Board of Directors internal accounting and financial controls and accounting principles and auditing practices to be employed in the preparation and review of our financial statements. In addition, the Audit Committee has authority to engage independent registered public accountants to audit our annual financial statements and determine the scope of the audit to be undertaken by such accountants. The Audit Committee is also charged with reviewing and approving all related party transactions.

Our Audit Committee is comprised of Messrs. Larsen, Bates and Wells, with Mr. Larsen serving as Chairman of the Audit Committee. Messrs. Larsen, Bates and Wells are considered by the Board of Directors to be independent. Each of Messrs. Larsen, Bates and Wells qualifies as an audit committee financial expert as defined in Item 407(d) of Regulation S-K. The Audit Committee operates pursuant to a written charter, which is available at *www.vantagedrilling.com*on the "About Us" page under the link "Our Vision and Values." This Internet address is provided for informational purposes only and is not intended to function as a hyperlink. Our website and the information contained in it or connected to it shall not be deemed to be included or incorporated herein.

Item 11. Reserved.

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

Security Ownership of Directors, Executive Officers and Certain Beneficial Owners

The following table sets forth information regarding the beneficial ownership of our outstanding Ordinary Shares on March 14, 2024, except as noted below, by (i) each person who is known by us to beneficially own more than 5% of our outstanding voting power, (ii) each director, nominee for director and named executive officer, and (iii) all of our directors and executive officers as a group. To our knowledge, unless it is otherwise stated in the footnotes, each person listed below, as of the date of this Annual Report, has sole voting and investment power with respect to his or her shares beneficially owned. For purposes of the tables below, a person or group of persons is deemed to have "beneficial ownership" of any shares that such person has the right to acquire on or within 60 days after March 14, 2024.

Name of beneficial owner (1)	Number of Ordinary Shares Beneficially Owned	Percentage of Class Beneficially Owned (2)
Greater than five percent holders:		
Cross Ocean Partners (3)	2,973,341	22.48%
Exmar NV (4)	1,605,833	12.14%
Axebrook Capital, LLP (5)	1,289,474	9.75%
Karlin Asset Management (6)	1,004,048	7.59%
Kite Lake Capital Management (U.K.), LLP (7)	1,012,884	7.66%
Directors and named executive officers:		
Thomas R. Bates, Jr.	2,188	0.02%
Nils E. Larsen	1,313	0.01%
L. Spencer Wells	1,313	0.01%
Gunnar Eliassen	35,000	0.26%
Jørn Peter Madsen	—	—
Ihab Toma	53,175	0.40%
Rafael Blattner	—	—
Douglas E. Stewart	9,420	0.07%
William L. Thomson	9,527	0.07%
Linda J. Ibrahim	—	—
Derek Massie	—	—
directors and executive officers as a group (11 persons)	—	—

(1) Unless otherwise indicated, the address of all beneficial owners of our Ordinary Shares set forth above is Vantage Drilling International Ltd., c/o Vantage Driller III Co. (Dubai Branch), Emaar Business Park, Building #1, 5th Floor, Office No. 520, The Greens, Dubai, UAE, PO Box 282292, Dubai, UAE

(2) Based on 13,229,280 Ordinary Shares outstanding as of March 14, 2024. Except as otherwise indicated, all shares are beneficially owned, and the sole investment and voting power is held, by the person named. This table is based on information supplied by our officers, directors and principal shareholders.

(3) Based solely on information provided by Cross Ocean Partners as of March 18, 2024. Includes shares owned directly by Cross Ocean GCD Master Fund I (A) LP, Cross Ocean GSS Lux Holdings, S.à r.l., Cross Ocean GSS Master Fund LP, Cross Ocean USSS Fund I (A) LP, and Cross Ocean USS Master Fund II (A) LP (each a "COPM Managed Party"). Each of Cross Ocean GCDF I GP LP, Cross Ocean GCDF I GP Ltd, Cross Ocean GSS GP LP, Cross Ocean GSS GP Ltd, Cross Ocean USSS GP LP, Cross Ocean USSS GP Ltd, Cross Ocean USSS II GP LP, Cross Ocean USSS II GP Ltd, Cross Ocean Partners Management LP ("Cross Ocean US Management"), Cross Ocean Partners Management GP, LLC, GG Managers LLC ("GG Managers") and Graham Goldsmith (collectively, all such persons and entities are referred to as the "US Reporting Persons") may be deemed to beneficially own shares directly or indirectly controlled by such party, but each disclaims beneficial ownership of such shares. Pursuant to investment management agreements, Cross Ocean US Management has received delegated authority relating to the COPM Managed Parties. The principal business office address for the US Reporting Persons is c/o Cross Ocean Partners Management LP, 60 Arch Street, 3rd Floor, Greenwich, CT 06830

Also includes shares owned by Cross Ocean SIF ESS (B) S.à r.l., Cross Ocean ESS III S.à r.l., Cross Ocean ESS IV S.à r.l., Cross Ocean SIF ESS (K) S.à r.l., and Cross Ocean Global SIF (H) LP (each a "COA Managed Party"). Each of Cross Ocean ESS Master Fund III L.P., Cross Ocean ESS Fund III GP LP, Cross Ocean ESS Fund III GP Limited, Cross Ocean ESS Master Fund IV LP, Cross Ocean ESS Fund IV GP LP, Cross Ocean ESS IV GP Ltd, Cross Ocean SIF ESS Fund (K) L.P., Cross Ocean SIF ESS Fund (K) GP LP, Cross Ocean SIF ESS Fund (K) GP Limited, Cross Ocean SIF ESS Fund (B) LP, Cross Ocean SIF ESS (B) GP LP, Cross Ocean SIF ESS (B) Ltd, Cross Ocean Global SIF (H) GP LP, Cross Ocean Global SIF (H) GP Limited, Cross Ocean ESS Management Limited, Cross Ocean Adviser LLP ("Cross Ocean UK Management"), Cross Ocean (UK) Ltd, Cross Ocean UK-I LP, Cross Ocean UK-I GP Ltd (collectively, all such persons and entities are referred to as the "UK Reporting Persons"), GG Managers, and Graham Goldsmith may be deemed to beneficially own shares directly or indirectly controlled by such party, but each disclaims beneficial ownership of such shares. Pursuant to investment advisory agreements and/or investment management agreements, Cross Ocean UK Management and/or Cross Ocean Adviser LLP is an investment manager/advisor to the COA Managed Parties. The principal business office address for the UK Reporting Persons is c/o Cross Ocean Adviser LLP, 11 Charles II Street, London SW1Y 4QU United Kingdom.

(4) Based solely on information provided by EXMAR, as of March 18, 2024, all shares are held by EXMAR Netherlands BV, having its registered address in the Netherlands, De Hees 9, NL 5975 Sevenum, and which is a wholly owned subsidiary of EXMAR NV (of Belgium).

(5) Based solely on information provided by Axebrook Capital, LLP as of March 18, 2024. The securities are owned directly by clients of Axebrook Capital LLP ("Axebrook") and may be deemed to be beneficially owned by Axebrook and Jack Land, the founder and Chief Investment Officer of Axebrook.

(6) Based solely on information provided by Karlin Asset Management as of March 18, 2024. All ordinary shares are held by Karlin Holdings LP ("Holdings"), a Nevada limited partnership. Karlin Asset Management, Inc., a Delaware corporation, is the General Partner of Holdings. The business address is 11755 Wilshire Blvd, Suite 1400, Los Angeles, CA 90025.

(7) Based solely on information provided by Kite Lake Capital Management (UK) LLP ("KLCM"), which acts as the investment manager of KL Special Opportunities Master Fund Ltd ("KLSOMF"), as of March 18, 2024, Massi Khadjenouri, Jan Lernout and Jamie Sherman, in their capacities as members of Kite Lake Capital Management (UK) LLP, and John Lewis, Grant Jackson and Jan Mantel, the directors of KLSOMF, may be deemed for certain purposes to have voting and investment power over shares of common stock owned by KLSOMF and as a result may be deemed for certain purposes to have beneficial ownership over such securities. The contact address for KLSOMF is c/o Kite Lake Capital Management (UK) LLP, One Knightsbridge Green, London, SWIX 7QA, United Kingdom.

Equity Compensation Plan Information as of December 31, 2023

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	740,171	N/A	108,956
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	740,171	N/A	108,956

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Certain Relationships and Related Party Transactions

In the ordinary course of our business, we may enter into transactions with our directors, officers and 5% or greater shareholders.

Shareholders Agreement

On February 10, 2016, the Company entered into a shareholders' agreement (the "Shareholders Agreement") by and between the Company and the Shareholders (as defined therein). The Shareholders Agreement sets forth the size and composition of the Board of Directors and places certain limitations on what actions can be taken by the Board of Directors without the affirmative vote of the holders of a majority of the outstanding Ordinary Shares not held by Vantage Drilling Company. The Shareholders Agreement provides the parties thereto with certain information and inspection rights. The Shareholders Agreement places certain restrictions on the transferability of Ordinary Shares and also provides that the Ordinary Shares are subject to the tag rights, drag rights, preemptive rights and registration rights set forth or referenced therein.

On February 28, 2024, parties to the Shareholders Agreement entered into a termination agreement, terminating the Shareholders Agreement with immediate force and effect.

Registration Rights Agreement

On February 10, 2016, in connection with the effectiveness of our Chapter 11 bankruptcy plan, we entered into a registration rights agreement with certain of our holders (the "Registration Rights Agreement"), which provides the holders party thereto certain registration rights.

The Registration Rights Agreement provides for the registration of certain securities of the Company issued to any holder or subsequently acquired in the open market by any holder and requires the Company to file a shelf registration statement on or prior to the ninetieth day following the date on which our Chapter 11 bankruptcy plan becomes effective, and to include such securities each holder party thereto requests inclusion therein, subject to certain exceptions, conditions and limitations. These registration rights include Form S-3 registration rights, demand registration and piggyback registration rights, subject, in each case, to the terms and conditions identified in the Registration Rights Agreement. The Company has agreed to (i) pay all registration expenses under the Registration Rights Agreement and (ii) indemnify the holders party thereto against certain specified liabilities.

On January 23, 2024, the shareholders of the Company voted to approve the termination of the Registration Rights Agreement, and as a result of such vote, the Registration Rights Agreement is no longer in effect. The Registration Rights Agreement provides for termination of the obligations of the Company and of any Holder (as defined therein) with respect to the Company and such Holder as soon as such Holder no longer beneficially owns any Registrable Securities (as defined therein). There are no Holders who beneficially own any Registrable Securities. Therefore, the Registration Rights Agreement is no longer in effect.

Our Policies Regarding Review, Approval or Ratification of Related-Party Transactions

The Audit Committee is responsible for approving related party transactions. The Audit Committee operates under a written charter pursuant to which all related party transactions are reviewed for potential conflict of interest situations in accordance with the "Conflict of Interest" principles contained our Code of Conduct, which is available at www.vantagedrilling.com on the "About Us" page under the link "Our Vision and Values." Such transactions must be approved by the Audit Committee prior to consummation. The Audit Committee charter is available at www.vantagedrilling.comon the "About Us" page under the link "Our Vision and Values." This Internet address is provided for informational purposes only and is not intended to function as a hyperlink nor shall our website (including the information contained in it or connected to it) be deemed to be included or incorporated herein in any respect.

Director Independence

To evaluate the independence of individual directors, the Board of Directors has elected to use the definition of "independence" as defined by the New York Stock Exchange. The Board of Directors has determined that the following members are independent: Messrs. Larsen, Bates, Wells, Eliassen and Madsen. There are no family relationships among any of our directors or executive officers.

Item 14. Principal Accounting Fees and Services.

Independent Registered Public Accountant Fees

BDO USA, LLP ("BDO"), was engaged as the Company's independent registered public accounting firm for the years ended December 31, 2023 and 2022. BDO billed the fees set forth below for the periods indicated:

	For the Year Ended December 31,	
Fees	**2023**	**2022**
Audit Fees (1)(3)	$ 271,000	$ 910,000
Audit-Related Fees (2)	—	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	$ 271,000	$ 910,000

(1) "Audit Fees" include fees billed for professional services rendered for the audit of our annual Consolidated Financial Statements, the review of the interim Consolidated Financial Statements included in our quarterly reports, and other related services, including the review of financial-related information contained in our registration statements.

(2) "Audit-Related Fees" include fees billed for professional services rendered for the audit of our benefit plans.

(3) The scope of audit work was reduced to reflect the requirements of the American Institute of Certified Public Accountants versus the PCAOB after deregistration from the SEC. See "*Note 1. Organization and Recent Events*" of the "Notes to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report.

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Accountant

The Audit Committee has adopted certain policies and procedures regarding permitted audit and non-audit services and the annual pre-approval of such services. Each year, the Audit Committee will ratify the types of audit and non-audit services of which management may wish to avail itself, subject to pre-approval of specific services. Each year, management and the independent registered public accounting firm will jointly submit a pre-approval request, which will list each known and/or anticipated audit and non-audit service for the upcoming calendar year and which will include associated budgeted fees. The Audit Committee will review the requests and approve a list of annual pre-approved non-audit services. Any additional interim requests for additional non-audit services that were not contained in the annual pre-approval request will be considered during quarterly Audit Committee meetings. All services provided by BDO during the years ended December 31, 2023 and December 31, 2022 were pre-approved by the Audit Committee.

APPENDIX C:

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 AND 2023

VANTAGE DRILLING INTERNATIONAL LTD.

QUARTERLY REPORT FOR THE QUARTER ENDED JUNE 30, 2024

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SAFE HARBOR STATEMENT

This Quarterly Report (this "Quarterly Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are included throughout this Quarterly Report, including under "*Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations*" 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 for the year ended December 31, 2023, which has been made available on our website at www.vantagedrilling.com, "*Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations*" of this Quarterly Report, and the following:

- the small size of our fleet and associated vulnerabilities in the case of prolonged downtime of any of our drilling rigs;
- our small number of customers, related concentration and/or the loss of any customers;
- credit risks of our key customers and other third parties we engage commercially;
- increased costs resulting from supply chain constraints, delays and impediments, including, but not limited to, increases in (i) the costs of obtaining supplies, (ii) freight, transportation and input costs, among others;
- our limited ability to mobilize our drilling units between geographic regions;
- termination or renegotiation of our management and marketing agreements, failure to enter into the definitive agreements contemplated by the TE-Vantage MOU (as defined below), and, to the extent such definitive agreements are ultimately executed, the failure to meet the conditions precedent to consummate the TE-Vantage Transaction (as defined below);
- termination or renegotiation of our management, customer and vendor contracts, and the invoking of force majeure clauses;
- termination or suspension of our contracts with customers, which could lead to a lower barrier to entry for our competitors' rigs, enabling them to enter into the markets in which we operate, which in turn may cause us to experience reduced pricing and/or lose tenders;
- our dependence on key personnel;
- availability of workers and the related labor costs;
- 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;
- levels of operating, maintenance costs, and capital expenditures that may be contractually or otherwise required to be allocated to any of our drilling rigs;
- 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;
- 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;
- excess supply of drilling units worldwide;
- competition within our industry;
- operating hazards in the offshore drilling industry;
- 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;
- consolidation of our competitors and suppliers;

- effects of new products and new technology on the market;
- reduced expenditures by oil and gas exploration and production companies;
- losses on impairment of long-lived assets;
- 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, in connection with (i) 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;
- 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;
- 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;
- any non-compliance with the U.S. Foreign Corrupt Practices Act, as amended, and any other anti-corruption laws;
- changes in legislation removing or increasing current applicable limitations of liability;
- 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;
- compliance with the Economic Substance Act 2018 (as amended), and the Economic Substance Act 2021 (as amended), among other legislation enacted in Bermuda and the Cayman Islands that is applicable to our business and operations;
- our incorporation under the laws of Bermuda and the limited rights to relief that may be available compared to U.S. law;
- our current level of indebtedness (including under the Revolving Credit Facility (as defined below)) and the ability to incur additional indebtedness in the near- and long-term;
- compliance with restrictions and covenants in our debt agreements (including under the Revolving Credit Facility (as defined below));
- 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;
- adequacy of, or gaps in, insurance coverage upon the occurrence of a catastrophic or other material adverse event;
- our recent lack of overall profitability and whether we will generate material revenues or profits in the near- and long-term;
- our ability to identify and complete strategic and/or transformational transactions, including acquisitions, dispositions, joint ventures (including the TE-Vantage JV Transactions (as defined below)) and mergers, as well as the impact that such transactions may have on our operations and financial condition;
- 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;
- 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) developments at financial institutions, including bank failures, that impact general sentiment regarding the stability and liquidity of banks and the global economy, and the resulting impact on the stability of the global financial markets at large;
- changes in tax laws, treaties or regulations, including the passage and implementation of the CIT Act (as defined below);
- the impact of the Company's decision to voluntarily deregister under the Exchange Act.

- actual and potential (or the perception of any) conflicts of interest with respect to the Company's operations and personnel, including in connection with the Company's directors concurrently serving on and allocating their time to the boards of directors of the Company's competitors within the offshore drilling industry, which could have a material adverse impact on the Company's reputation, business and financial condition; and
- while the Company has adopted a Conflicts of Interest Policy to address some of the conflicts relating to the Company's business activities and the activities of its officers and directors (among others), it may not adequately address all of the conflicts of interest that may arise with respect to such activities.

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 Quarterly Report.

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

GLOSSARY OF TERMS

The following terms used in this Quarterly Report have the following meanings, unless specified elsewhere in this Quarterly Report:

Abbreviation/Acronym	Definition
2016 Amended MIP	The Company's Amended and Restated 2016 Management Incentive Plan
9.25% First Lien Indenture	First Lien Indenture, dated as of November 30, 2018, by and between Vantage Drilling International and U.S. Bank National Association
9.50% First Lien Indenture	First Lien Indenture, dated as of March 1, 2023, by and between VDI, the guarantors party thereto, and U.S. Bank Trust Company, National Association, as trustee and first lien collateral agent
9.50% First Lien Notes	The Company's 9.50% Senior Secured First Lien Notes due February 15, 2028
ADES	ADES International Holding Ltd, an offshore and onshore provider of oil and gas drilling and production services in the Middle East, India and Africa
ADVantage	ADVantage Drilling Services SAE, a joint venture owned 51% by the Company and 49% by ADES
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board of Directors	The Company's board of directors
CIT Act	Corporate Income Tax Act, 2023
Comparable Period	The six months ended June 30, 2023
Comparable Quarter	The three months ended June 30, 2023
COVID-19	Coronavirus disease 2019, a strain of coronavirus caused by SARS-CoV-2
Current Period	The six months ended June 30, 2024
Current Quarter	The three months ended June 30, 2024
DOJ	U.S. Department of Justice
EDC	Emerald Driller Company, which owns the *Emerald Driller*, *Sapphire Driller* and *Aquamarine Driller*
EDC Sale	The sale by VHI of all of the issued and outstanding equity of EDC to ADES Arabia Holding, pursuant to the terms of that certain Share Purchase Agreement, dated as of December 6, 2021, by and between VHI and to sell to ADES Arabia Holding, as amended, which closed on May 27, 2022
Effective Date	February 10, 2016, the date the Company emerged from bankruptcy
EPS	Earnings per share
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
IPO	Initial public offering
IRS	U.S. Internal Revenue Service
Merger Date	VDI Predecessor and VDI International Ltd. consummated the Statutory Merger on March 31, 2024
OPEC	The Organization of the Petroleum Exporting Countries
OPEC+	The Organization of the Petroleum Exporting Countries plus 10 non-OPEC nations
Ordinary Shares	The Company's ordinary shares, par value $0.001 per share
PBGs	Performance-based restricted stock units
Petrobras	Petroleo Brasileiro S.A.
PSU	Phantom Stock Units with time-based and performance based vesting conditions
QLE	A qualified liquidity event as defined in the 2016 Amended MIP
ROU	Right-of-use
RSU	PBG's and TBGs with both a time condition and/or IPO or performance condition
Russo-Ukrainian War	The ongoing war resulting from Russia's invasion of Ukraine in February 2022
Securities Act	Securities Act of 1933, as amended
Tax Election	Tax election filed with the IRS on January 22, 2020, to allow VDI Predecessor to be treated as a partnership, rather than a corporation, for U.S. federal income tax purposes, with an effective date retroactive to December 9, 2019
TBGs	Time-based restricted stock units
TEV	Total enterprise value
U.S.	United States of America
U.S. GAAP	Accounting principles generally accepted in the United States of America
U.S. Holder	A beneficial owner of the Ordinary Shares that is, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that was organized under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust, if a U.S. court can exercise primary

	supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or such trust has a valid election in effect under applicable treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes
USD or $	U.S. Dollar
VDC	Vantage Drilling Company, the Company's former parent company
VDI Statutory Merger	VDI Predecessor merging with and into a wholly owned subsidiary incorporated in Bermuda on March 31, 2024
VDI Predecessor	The entity that made the Tax Election and ceased to exist on March 31, 2024
VDI	Vantage Drilling International Ltd.
VHI	Vantage Holdings International, a subsidiary of VDI
VIE	Variable interest entity

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

Vantage Drilling International Ltd.
Condensed Consolidated Balance Sheets
(In thousands, except share and par value information)
(Unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 40,290	$ 73,206
Restricted cash	2,264	1,828
Trade receivables, net of allowance for credit losses of $5,805 and $5,434, respectively	56,534	74,113
Materials and supplies	52,470	46,704
Prepaid expenses and other current assets	35,501	37,423
Total current assets	187,059	233,274
Property and equipment		
Property and equipment	677,304	660,449
Accumulated depreciation	(374,459)	(352,357)
Property and equipment, net	302,845	308,092
Operating lease ROU assets	658	1,084
Other assets	42,313	19,283
Total assets	$ 532,875	$ 561,733
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 60,730	$ 62,245
Other current liabilities	38,277	51,946
Total current liabilities	99,007	114,191
Long–term debt, net of discount and financing costs of $8,706 and $9,893 respectively	191,294	190,107
Other long-term liabilities	12,725	10,741
Commitments and contingencies (see Note 8)		
Shareholders' equity		
Ordinary shares, $0.001 par value, 50 million shares authorized; 13,295,262 and 13,229,280 shares issued and outstanding, each period	13	13
Additional paid-in capital	634,519	633,963
Accumulated deficit	(405,615)	(388,523)
Controlling interest shareholders' equity	228,917	245,453
Non-controlling interests	932	1,241
Total equity	229,849	246,694
Total liabilities and shareholders' equity	$ 532,875	$ 561,733

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

Vantage Drilling International Ltd.
Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue				
Contract drilling services	$ 34,100	$ 67,673	$ 94,329	$ 115,590
Management fees	5,697	5,569	11,223	7,689
Reimbursables and other	10,015	34,598	20,408	61,633
Total revenue	49,812	107,840	125,960	184,912
Operating costs and expenses				
Operating costs	39,561	74,383	92,284	140,938
General and administrative	5,225	5,161	12,479	9,992
Depreciation	11,257	11,045	22,492	22,094
Loss on EDC Sale	—	—	—	3
Total operating costs and expenses	56,043	90,589	127,255	173,027
Income (loss) from operations	(6,231)	17,251	(1,295)	11,885
Other (expense) income				
Interest income	200	141	494	190
Interest expense and other financing charges	(5,656)	(5,346)	(11,000)	(10,904)
Other, net	(383)	(457)	(978)	(135)
Total other expense	(5,839)	(5,662)	(11,484)	(10,849)
Income (loss) before income taxes	(12,070)	11,589	(12,779)	1,036
Income tax provision	2,141	10,584	4,622	2,606
Net income (loss)	(14,211)	1,005	(17,401)	(1,570)
Net income (loss) attributable to non-controlling interests	10	(457)	(309)	(746)
Net income (loss) attributable to shareholders	$ (14,221)	$ 1,462	$ (17,092)	$ (824)
Earnings (loss) per share				
Basic and Diluted	$ (1.07)	$ 0.11	$ (1.29)	$ (0.06)

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

Vantage Drilling International Ltd.
Condensed Consolidated Statements of Shareholders' Equity
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2023					
	Ordinary Shares					
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Non-Controlling Interests	Total Equity
Balance January 1, 2023	13,115	$ 13	$ 633,863	$ (373,147)	$ 1,770	$ 262,499
Share-based compensation issuance of shares	132	—	—	—	—	—
Shares withheld to settle withholding taxes	(18)	—	(246)	—	—	(246)
Share-based compensation expense	—	—	11	—	—	11
Share-based compensation - dividend equivalents	—	—	(37)	—	—	(37)
Net loss	—	—	—	(2,286)	(289)	(2,575)
Balance March 31, 2023	13,229	$ 13	$ 633,591	$ (375,433)	$ 1,481	$ 259,652
Share-based compensation	—	—	14	—	—	14
Net (loss) income	—	—	—	1,462	(457)	1,005
Balance June 30, 2023	13,229	$ 13	$ 633,605	$ (373,971)	$ 1,024	$ 260,671

	Six Months Ended June 30, 2024					
	Ordinary Shares					
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Non-Controlling Interests	Total Equity
Balance January 1, 2024	13,229	$ 13	$ 633,963	$ (388,523)	$ 1,241	$ 246,694
Share-based compensation issuance of shares	82	—	—	—	—	—
Shares withheld to settle withholding taxes	(16)	—	(441)	—	—	(441)
Share-based compensation expense	—	—	499	—	—	499
Net loss	—	—	—	(2,871)	(319)	(3,190)
Balance March 31, 2024	13,295	$ 13	$ 634,021	$ (391,394)	$ 922	$ 243,562
Share-based compensation	—	—	498	—	—	498
Net (loss) income	—	—	—	(14,221)	10	(14,211)
Balance June 30, 2024	13,295	$ 13	$ 634,519	$ (405,615)	$ 932	$ 229,849

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

Vantage Drilling International Ltd.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (17,401)	$ (1,570)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation expense	22,492	22,094
Amortization of debt financing costs	1,449	862
Share-based compensation expense	1,069	25
Loss on debt extinguishment	—	703
Deferred income tax expense	420	733
Loss on disposal of assets	81	—
Loss on EDC Sale	—	3
Allowance for credit losses	371	—
Changes in operating assets and liabilities:		
Trade receivables, net	17,208	(20,333)
Materials and supplies	(5,766)	(3,509)
Prepaid expenses and other current assets	1,922	(5,379)
Other assets	(22,340)	5,269
Accounts payable	(1,515)	(2,205)
Other current liabilities and other long-term liabilities	(9,278)	(7,773)
Net cash used in operating activities	(11,288)	(11,080)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(17,396)	(2,637)
Proceeds from disposal of assets	70	—
Net cash used in investing activities	(17,326)	(2,637)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from 9.50% First Lien Notes	—	194,000
Repayment of long-term debt	—	(180,000)
Shares repurchased for tax withholdings on settlement of RSUs	(441)	(246)
Payments of dividend equivalents	(3,272)	(5,278)
Debt issuance costs	(837)	(5,645)
Net cash (used in) provided by financing activities	(4,550)	2,831
Net decrease in unrestricted and restricted cash and cash equivalents	(33,164)	(10,886)
Unrestricted and restricted cash and cash equivalents—beginning of period	83,975	93,257
Unrestricted and restricted cash and cash equivalents—end of period	$ 50,811	$ 82,371
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Interest	$ 9,500	5,179
Income taxes (net of refunds)	3,908	6,657
Non-cash investing and financing transactions:		
Accrued debt issuance costs	740	227

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

VANTAGE DRILLING INTERNATIONAL LTD.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited**)**

1. Organization and Recent Events

Vantage Drilling International Ltd., a Bermuda exempted company incorporated on February 8, 2024, together with its consolidated subsidiaries (collectively the "Company"), is an international offshore drilling company focused on operating a fleet of modern, high specification drilling units. Our principal business is to contract drilling units, related equipment and work crews, primarily on a dayrate basis to drill oil and gas wells for our customers. Through our fleet of drilling units, we are a provider of offshore contract drilling services to major, national and independent oil and gas companies, focused on international markets. Additionally, for third-party owned drilling units, we provide operations and marketing services for operating and stacked rigs, construction supervision services for rigs that are under construction, and preservation management services for rigs that are stacked.

On February 12, 2024, VDI Predecessor deregistered by way of discontinuation in the Cayman Islands and continued into Bermuda as a Bermuda exempted company limited by shares (and in the process renamed itself "Vantage Drilling International Ltd.").VDI Predecessor held a special general meeting on March 19, 2024 whereby the shareholders approved the Company's entry into the statutory merger agreement (the "Statutory Merger Agreement"), including the consummation of the Statutory Merger and other related transactions thereto. VDI Predecessor and VDI Bermuda Ltd. consummated the Statutory Merger on March 31 2024, with VDI Bermuda Ltd. being the surviving company and subsequently adopting the name "Vantage Drilling International Ltd.".

Revolving Credit Facility

On May 3, 2024, the Company entered into a Revolving Credit Facility with Banco Santander, S.A., New York Branch (the "Revolving Credit Facility"), pursuant to which it may borrow up to an aggregate principal amount at any time outstanding of $25.0 million. Borrowings, if any, would be available for general corporate purposes, including for contract preparation and rig upgrades, some of which is reimbursable by the client after contract commencement. See "*Note 5 - Debt*" of these "Notes to Condensed Consolidated Financial Statements" for additional information with respect to the Revolving Credit Facility. In July 2024, the Company made its initial drawing of $25.0 million against the facility.

Listing on Euronext Growth Oslo

The company continues to pursue listing of its shares on the Euronext Growth Oslo.

TotalEnergies and Vantage Joint Venture

On February 6, 2024, VHI entered into a binding Memorandum of Understanding (the "TE-Vantage MOU") with TotalEnergies to create a joint venture (the "TE-Vantage JV") that will acquire the *Tungsten Explorer* from Vantage (the "TE-Vantage JV Transaction"). Under the terms of the TE-Vantage MOU, subject to certain customary conditions precedent, including, without limitation, rig acceptance, TotalEnergies will pay $198.75 million in cash for a 75% interest in the TE-Vantage JV that will own the *Tungsten Explorer*, with Vantage owning the remaining 25% interest. Furthermore, as currently anticipated, the TE-Vantage JV will contract with Vantage to operate the *Tungsten Explorer* for a ten year term, with the option to extend for an additional five years, pursuant to a management agreement to be executed in connection with the TE-Vantage JV Transaction. Pursuant to the TE-Vantage MOU, the parties intend to negotiate and execute definitive agreements in respect of the aforementioned transactions, including the TE-Vantage JV Transaction.

The Aquadrill Merger and the Termination of Certain Agreements

VHI previously entered into a framework agreement with Aquadrill LLC ("Aquadrill") on February 9, 2021 (the "Framework Agreement"), and, certain subsidiaries of VHI (the "VHI Entities") subsequently entered into a series of related management and marketing agreements (collectively, the "Marketing and Management Agreements" and together with the Framework Agreement, the "Framework, Management and Marketing Agreements") with certain subsidiaries of Aquadrill (collectively, the "Aquadrill Entities"). Pursuant to the Framework, Management and Marketing Agreements, the VHI Entities agreed to provide certain marketing and operational management services with respect to the *Capella*, *Polaris* and *Aquarius* floaters. Pursuant to the terms of the Framework, Management and Marketing Agreements, the Company is eligible to receive the following fees associated with the management and marketing of the Aquadrill rigs: (i) the Company is to be paid a fixed management fee of $2,000, $4,000, $6,000 and $10,000 per day to manage a cold stacked rig, warm stacked rig, reactivating rig and operating rig, respectively (provided, that, certain discounts are to be provided on the management fee associated with cold stacked rigs to the extent there are more than one such rigs managed by the Company for Aquadrill); (ii) there are certain bonus and malus amounts that are applied to the fixed management fee that are contingent on whether the actual expenditures for a particular rig that is stacked, mobilizing, being reactivated or preparing for a contract exceed or fall below budget; (iii) the Company is eligible to receive a marketing fee of 1.5% of the effective day rate of a drilling contract secured for the benefit of Aquadrill; (iv) the Company is eligible to earn a variable fee equal to 13% of the gross margin associated with

managing an operating rig for Aquadrill; and (v) all costs incurred by the Company are reimbursed by Aquadrill (other than incremental overhead costs incurred by Vantage). In accordance with the terms of the Framework, Management and Marketing Agreements, Aquadrill may also terminate such agreements at any time upon 90 days' notice (the "Notice Termination Period"), subject to certain conditions set forth in such agreements.

On December 23, 2022, Seadrill Ltd., the predecessor of Seadrill announced that it had entered into a merger agreement with Aquadrill, pursuant to which Aquadrill would become a wholly owned subsidiary of Seadrill (the "Aquadrill Merger"), and on April 3, 2023, Seadrill announced that it had closed the Aquadrill Merger. Upon the consummation of the Aquadrill Merger, Aquadrill was subsequently renamed "Seadrill LLC" ("Seadrill"). On April 10, 2023, we received a notice of termination of the management agreement (the "*Aquarius* Management Agreement") and marketing agreement with respect to the *Aquarius*(the "*Aquarius* Marketing Agreement," and together with the *Aquarius* Management Agreement, the "*Aquarius* Agreements"), and the marketing agreements with respect to the *Capella* (the "*Capella* Marketing Agreement") and *Polaris* (the "*Polaris* Marketing Agreements"), in each case as a result of the Aquadrill Merger. Given that the Notice Termination Period related to the *Aquarius* had lapsed, we are no longer managing or marketing the *Aquarius* nor eligible to earn management fees under the *Aquarius* Management Agreement as of July 9, 2023. On November 16, 2023, we received a notice of termination of the management agreement with respect to the *Polaris* (the "*Polaris* Management Agreement," and together with the *Polaris* Marketing Agreement, the "*Polaris* Agreements"). Given that the Notice Termination Period relating to the *Polaris* had lapsed, we are no longer managing or marketing the Polaris nor eligible to earn management fees under the Polaris Management Agreement as of March 7, 2024. On April 22, 2024, we received a notice of termination of the management agreement with respect to the Capella (the "*Capella* Management Agreement" and together with the *Capella* Marketing Agreement, the "*Capella* Agreements"). Notwithstanding the termination of the *Aquarius* Agreements, the *Capella* Marketing Agreement and the *Polaris* Agreements, the *Capella* management agreement remains in effect until the campaign in Indonesia concludes, which is expected to occur at the end of August 2024. Therefore, until such time as the Capella concludes the campaign in Indonesia and is subsequently transitioned back to Seadrill, we (i) continue to manage and operate the *Capella* for Seadrill (and for the oil and gas clients under its drilling contract) and (ii) remain eligible to receive the management and variable fees described immediately above.

As of August 10, 2024, the *Capella* was performing drilling services for a client under its drilling contract.

2. Basis of Presentation and Significant Accounting Policies

Basis of Consolidation: The accompanying condensed consolidated financial information as of June 30, 2024, and December 31, 2023, and for the three and six months ended June 30, 2024 and 2023, has been prepared in accordance with U.S. GAAP, and includes our accounts and those of our majority owned subsidiaries and VIE(s) discussed below. All significant intercompany transactions and accounts have been eliminated.

In addition to the consolidation of our majority owned subsidiaries, we also consolidate VIE(s) when we are determined to be the primary beneficiary of a VIE. Determination of the primary beneficiary of a VIE is based on whether an entity has (1) the power to direct activities that most significantly impact the economic performance of the VIE and (2) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Our determination of the primary beneficiary of a VIE considers all relationships between us and the VIE.

ADVantage is a joint venture company formed to operate deepwater drilling rigs in Egypt. We determined that ADVantage met the criteria of a VIE for accounting purposes because its equity at risk was insufficient to permit it to carry on its activities without additional subordinated financial support from us. We also determined that we are the primary beneficiary for accounting purposes since we are entitled to use ADVantage for deepwater drilling contract opportunities rejected by ADES, and have the (a) power to direct the operating activities associated with the deepwater drilling rigs, which are the activities that most significantly impact the entity's economic performance, and (b) obligation to absorb losses or the right to receive a majority of the benefits that could be potentially significant to the VIE. As a result, we consolidate ADVantage in our consolidated financial statements, we eliminate intercompany transactions, and we present the interests that are not owned by us as "Non-controlling interests" in the Condensed Consolidated Balance Sheets. The carrying amount associated with ADVantage was as follows:

(unaudited, in thousands)	June 30, 2024	December 31, 2023
Current assets	$ 1,929	$ 2,708
Non-current assets	546	552
Current liabilities	262	415
Non-current liabilities	336	337
Net carrying amount	$ 1,877	$ 2,508

As ADVantage is a majority owned subsidiary of the Company, it serves as a guarantor under the 9.50% First Lien Indenture with respect to the 9.50% First Lien Notes. The 9.50% First Lien Notes are secured by a first priority lien on all of the assets of ADVantage, subject to certain exceptions. Creditors' recourse against ADVantage for liabilities of ADVantage is limited to the assets of ADVantage.

Use of Estimates: The preparation of financial statements in accordance with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to property and equipment, income taxes, insurance, employee benefits and contingent liabilities. Actual results could differ from these estimates.

Cash and Cash Equivalents: Includes deposits with financial institutions and compliant financial instruments with maturities of three months or less when purchased.

Materials and Supplies: Consists of materials, spare parts, consumables and related supplies for our drilling rigs. We record these materials and supplies at their average cost.

Property and Equipment: Consists of our drilling rigs, furniture and fixtures, computer equipment and capitalized costs for computer software. Drilling rigs are depreciated on a component basis over estimated useful lives ranging from five to 35 years on a straight-line basis as of the date placed in service. Other assets are depreciated upon placement in service over estimated useful lives ranging from three to seven years on a straight-line basis. When assets are sold, retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the Condensed Consolidated Balance Sheets and the resulting gain or loss is included in "Operating costs" or "General and administrative" expenses on the Condensed Consolidated Statements of Operations, depending on the nature of the asset. The gain/loss related to the sale or retirement of assets for the three and six months ended June 30, 2024 and 2023 was immaterial.

We evaluate the realization of property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss on our property and equipment exists when estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any impairment loss recognized would be computed as the excess of the asset's carrying value over the estimated fair value. Estimates of future cash flows require us to make long-term forecasts of our future revenues and operating costs with regard to the assets subject to review. Our business, including the utilization rates and dayrates we receive for our drilling rigs, depends on the level of our customers' expenditures for oil and gas exploration, development and production expenditures. Oil and gas prices and customers' expectations of potential changes in these prices, the general outlook for worldwide economic growth, political and social stability in the major oil and gas producing basins of the world, availability of credit and changes in governmental laws and regulations, among many other factors, significantly affect our customers' levels of expenditures. Sustained declines in or persistent depressed levels of oil and gas prices, worldwide rig counts and utilization, reduced access to credit markets, reduced or depressed sale prices of comparably equipped jackups and drillships and any other significant adverse economic news could require us to evaluate the realization of our drilling rigs.

As a result of the TE-Vantage JV Transaction discussed in "*Note 1. Organization and Recent Events*" of these "Notes to Condensed Consolidated Financial Statements", we performed a recoverability test for the Company's entire fleet. We evaluated the estimated undiscounted cash flows generated from the fleet and those cash flows were in excess of the carrying value and therefore, we concluded that there is no impairment.

Interest costs and the amortization of debt financing costs related to the financing of our drilling rigs are capitalized as part of the cost while they are under construction and prior to the commencement of each vessel's first contract. We did not capitalize any interest for the reported periods.

Debt Financing Costs: Costs incurred with financing debt are deferred and amortized over the term of the related financing facility on a straight-line basis, which approximates the effective interest method. Debt issuance costs on the 9.50% First Lien Notes are presented in the Condensed Consolidated Balance Sheets as a direct deduction from the carrying amount of that debt liability. Debt issuance costs on the Revolving Credit Facility are presented in the Condensed Consolidated Balance Sheets as prepaid expenses and other current assets and amortized to interest expense on a straight-line basis over the term of the Revolving Credit Facility.

Rig and Equipment Certifications: We are required to obtain regulatory certifications to operate our drilling rigs and certain specified equipment, and must maintain such certifications through periodic inspections and surveys. These certifications are typically valid for approximately 2.5 to 5 years. The costs associated with these certifications, including drydock costs, are deferred and amortized over the corresponding certification periods.

Revenue Recognition: See "*Note 3. Revenue from Contracts with Customers*" of these "Notes to Condensed Consolidated Financial Statements" for further information.

Income Taxes: Income taxes are provided for based upon the tax laws and rates in effect in the countries in which our operations are conducted and income is earned. Deferred income tax assets and liabilities are computed for differences between the financial statement basis and tax basis of assets and liabilities that will result in future taxable or tax-deductible amounts and are based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. We do not establish deferred tax liabilities for certain of our foreign earnings that we intend to indefinitely reinvest to finance foreign activities. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized. We recognize interest and penalties related to income taxes as a component of income tax expense.

Concentrations of Credit Risk: Financial instruments that potentially subject us to a significant concentration of credit risk consist primarily of cash and cash equivalents, restricted cash and accounts receivable. We maintain deposits in federally insured financial institutions in excess of federally insured limits. We monitor the credit ratings and our concentration of risk with these financial institutions on a continuing basis to safeguard our cash deposits. We have a limited number of key customers, who are primarily large international oil and gas operators, national oil companies and other international oil and gas companies. Our contracts provide for monthly billings as services are performed and we monitor compliance with contract payment terms on an ongoing basis. Payment terms on customer invoices typically range from 30 to 45 days. Outstanding receivables beyond payment terms are promptly investigated and discussed with the specific customer.

Four customers accounted for approximately 42%, 22%, 15% and 14% of our consolidated trade receivables, net as of June 30, 2024, and five customers accounted for approximately 31%, 25%, 12%, 12% and 11% of our consolidated trade receivables, net as of December 31, 2023.

Credit Losses – Accounts Receivable: The allowance for credit losses is based on the Company's assessment of the collectability of customer accounts. Current estimates of expected credit losses consider factors such as the historical experience and credit quality of our customers. The Company considers historical loss information as the most reasonable basis on which to determine expected credit losses unless current or forecasted future conditions for customers (or customer groups) indicate that risk characteristics have changed. We also considered the impact of oil price and market share volatility, as well as other applicable macroeconomic considerations, on our allowance for credit losses.

The following is a summary of the allowance for credit losses:

(unaudited, in thousands)	June 30, 2024	December 31, 2023
Beginning balance	$ 5,434	$ 4,962
Additions charged to expenses	371	2,526
Write-offs	—	(2,054)
Ending balance	$ 5,805	$ 5,434

The allowance for credit loss includes an amount that represents a customer's decisions not to pay us for days impacted by what we believe were force majeure and other similar events for which we would still be entitled to receive payment under the applicable contracts. We disagree with the customer's decision and are currently evaluating our remedies, if any, under the applicable contracts. The write-offs in the period represent items where the Company has used reasonable collection efforts and are deemed as uncollectible receivables.

Earnings (loss) per Share: We compute basic and diluted EPS in accordance with the two-class method. We include RSUs granted to employees and directors that contain non-forfeitable rights to dividends as such grants are considered participating securities. Basic earnings (loss) per share are based on the weighted average number of Ordinary Shares outstanding during the applicable period. Diluted EPS are computed based on the weighted average number of Ordinary Shares and Ordinary Share-equivalents outstanding in the applicable period, as if all potentially dilutive securities were converted into Ordinary Shares (using the treasury stock method).

The following is a reconciliation of the number of shares used for the basic and diluted EPS computations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(unaudited, in thousands)			
Weighted average Ordinary Shares outstanding for basic EPS	13,295	13,229	13,266	13,204
Weighted Restricted share equity awards	—	91	—	—
Adjusted weighted average Ordinary Shares outstanding for diluted EPS	13,295	13,320	13,266	13,204

The following sets forth the number of shares excluded from diluted EPS computations due to their antidilutive effect:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(unaudited, in thousands)			
Weighted Average restricted share equity awards	673	—	702	103
Future potentially dilutive Ordinary Shares excluded from diluted EPS	673	—	702	103

Functional Currency: We consider USD to be the functional currency for all of our operations since the majority of our revenues and expenditures are denominated in USD, which limits our exposure to currency exchange rate fluctuations. We recognize currency exchange rate gains and losses in "Other, net" in our Condensed Consolidated Statements of Operations. For the three and six months ended June 30, 2024, we recognized a net loss of approximately $0.4 million and $1.0 million, respectively, related to currency exchange

rates. For the three and six months ended June 30, 2023, we recognized a net loss of approximately $0.5 million and $0.1 million, respectively, related to currency exchange rates.

Fair Value of Financial Instruments: The financial instruments of the Company consist primarily of cash and cash equivalents, accounts receivable and accounts payable. These items are considered Level 1 due to their short-term nature and their market interest rates and are, therefore, considered a reasonable estimate of fair value. The Company classifies short-term investments within Level 1 in the fair value hierarchy because quoted prices for identical assets in active markets are used to determine fair value. As of June 30, 2024, the fair value of the 9.50% First Lien Notes was approximately $202.9 million based on quoted market prices in a less active market, a Level 2 measurement. See "*Note 5. Debt*" of these "Notes to Condensed Consolidated Financial Statements" for additional information on the 9.50% First Lien Notes.

Share-based Compensation: Share-based compensation awards may contain a combination of time based, performance based and/or market based vesting conditions. Share-based compensation is recognized in the Condensed Consolidated Statements of Operations based on the grant date fair value and the estimated number of RSUs that are ultimately expected to vest.

The fair value of granted service-based RSUs is measured using the market price of our Ordinary Shares on the grant date. Grant date fair values of RSUs with market based vesting conditions is measured using the Monte-Carlo valuation technique, using inputs and assumptions, including the market price of the Ordinary Shares on the date of grant, the risk-free interest rate, expected volatility and expected dividend yield over a period commensurate with the remaining term prior to vesting. For awards with a market condition, compensation cost is recognized over the service period regardless of whether the market conditions are ultimately achieved. For awards which vest only after a specific event, such as an IPO, compensation expense is recognized upon the occurrence of the specified event and the remaining period of any time-vesting conditions. The Company classified certain awards that will be settled in cash as liability awards. The fair value of a liability-classified award is determined on a quarterly basis beginning at the grant date until final vesting. Changes in the fair value of liability-classified awards are expensed over the vesting period of the award.

Under the provisions of ASC 718 *Compensation – Stock Compensation,* share-based compensation expense is recognized on a straight-line basis over the service period through the date the employee or non-employee director is no longer required to provide service to earn the award. See "*Note 6. Shareholders' Equity*" of these "Notes to Condensed Consolidated Financial Statements" for additional information on share-based compensation. Forfeitures of all equity-based awards are recognized as they occur.

Noncontrolling Interest: Noncontrolling interests represent the equity investments of the minority owner in ADVantage, a joint venture with ADES that we consolidate in our financial statements.

Subsequent Events: The Company evaluates events and transactions occurring after the balance sheet date but before the financial statements are available to be issued. The Company evaluated such events and transactions through August 13, 2024, the date the financial statements were available for issuance.

The Company has made its initial drawing of $25.0 million against the Revolving Credit Facility in July 2024. See "*Note 5. Debt*" of these "Notes to Condensed Consolidated Financial Statements" for additional information on the Revolving Credit Facility.

Recently Adopted Accounting Standards: No new accounting standards were adopted during the six-month period ended June 30, 2024.

Recently Issued Accounting Standards: In March 2024, the FASB issued ASU No. 2024-01, Compensation – Stock Compensation (Topic 718): Scope Applications of Profits Interest and Similar Awards ("ASU 2024-01"). The amendments in ASU 2024-01 improves its overall clarity and operability without changing the guidance and adding illustrative examples to determine whether profits interest award should be accounted for in accordance with Topic 718.

In March 2024, the FASB issued ASU No. 2024-02, Codification Improvements – Amendments to Remove References to the Concept Statements ("ASU 2024-02"). The amendments in ASU 2024-02 removes references to various FASB Concept Statements in the Accounting Standard Codifications to draw a distinction between authoritative and non-authoritative literature.

ASU 2024-01 and ASU 2024-02 are effective for annual periods beginning after December 15, 2024 for public entities and December 15, 2025 for all other entities. The Company does not anticipate that these updates, once adopted, will have a material effect on the Condensed Consolidated Financial Statements.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280). The amendment in ASU 2023-07 requires incremental disclosures about a public entity's reportable segments but does not change the definition or guidance for determining reportable segments. The update, which explicitly applies to entities with a single reportable segment, requires disclosure of the significant expense categories and amounts that are regularly provided to the chief operating decision-maker and included in the reported measure of segment profit or loss. Additionally, the update requires disclosures about the individual or the group or committee identified as the chief operating decision-maker. ASU No. 2023-07 is effective for annual periods beginning after December 15, 2023 for public entities. The Company does not anticipate that these updates, once adopted, will have a material effect on the Condensed Consolidated Financial Statements.

3. Revenue from Contracts with Customers

The activities that primarily drive the revenue earned in our drilling contracts with customers include (i) providing our 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 site, and (iii) performing pre-operating activities, including rig preparation activities and/or equipment modifications required for the contract.

The integrated drilling services that we perform under each drilling contract represent a single performance obligation satisfied over time and comprised of a series of distinct time increments, or service periods. We have elected to exclude from the transaction price measurement all taxes assessed by a governmental authority.

Dayrate Drilling Revenue. Our drilling contracts generally provide for payment on a dayrate basis, with higher rates for periods when the drilling unit is operating and lower rates or zero rates for periods when drilling operations are interrupted or restricted. The dayrate billed to the customer is determined based on varying rates applicable to the specific activities performed on an hourly basis. Such dayrate consideration is allocated to the distinct hourly increment it relates to within the contract term and therefore, recognized as we perform the daily drilling services.

For rigs owned by a third-party that we manage or support, the contracts generally provide for a fixed fee based on various factors, including the status of the rig or a specific duration. In addition, we may earn a marketing fee based on a percentage of the effective dayrate of a drilling contract secured on behalf of the third-party and a variable management fee of the gross margin associated with managing an operating rig. We are considered the principal or agent with respect to certain contractual arrangements and therefore, we record the associated revenue at the gross or net amounts billed to the customers, respectively.

Amortizable Revenue. In connection with certain contracts, we receive lump-sum fees or similar compensation for (i) the mobilization of equipment and personnel prior to the commencement of drilling services, (ii) the demobilization of equipment and personnel upon contract completion or (iii) postponement fees in consideration for the postponement of a contract until a later date. These activities are not considered to be distinct within the context of the contract and therefore, the associated revenue is allocated to the overall single performance obligation.

Mobilization fees received prior to the commencement of drilling operations are recorded as a contract liability and amortized on a straight-line basis over the initial contract period. Demobilization fees expected to be received upon contract completion are estimated at contract inception and recognized on a straight-line basis over the initial contract term, with an offset to an accretive contract asset. In many contracts, demobilization fees are contingent upon the occurrence or non-occurrence of a future event and the estimate for such revenue may therefore be constrained. In such cases, this may result in cumulative-effect adjustments to demobilization revenues upon changes in our estimates of future events during the contract term. Postponement fees received that are contingent upon the occurrence or non-occurrence of a future event are recognized on a straight-line basis over the contract term. Fees received for the mobilization or demobilization of equipment and personnel are included in "Contract drilling services" in our Condensed Consolidated Statements of Operations.

Capital Upgrade/Contract Preparation Revenue. In connection with certain contracts, we receive lump-sum fees or similar compensation for requested capital upgrades to our drilling rigs or for other contract preparation work. These activities are not considered to be distinct within the context of the contract and therefore, fees received are recorded as a contract liability and amortized to contract drilling revenues on a straight-line basis over the initial contract term.

Charter Lease Revenue. In relation to certain bareboat charter agreements where we lease our owned rigs to unaffiliated third parties, we receive a fixed fee based on the number of days the rig is drilling. Furthermore, under certain other bareboat charter agreements, we receive a variable fee based on a percentage of gross margin generated on a monthly basis.

Revenues Related to Reimbursable Expenses. We generally receive reimbursements from our customers for the purchase of supplies, equipment, personnel services and other services provided at their request in accordance with a drilling contract or other agreement. We may be considered a principal or an agent in such transactions and therefore, we recognize reimbursable revenues and the corresponding costs either on a gross or net basis, as applicable, as we provide the requested goods and services.

Disaggregation of Revenue

The following tables present our revenue disaggregated by revenue source for the periods indicated:

(unaudited, in thousands)	Three Months Ended June 30, 2024				Three Months Ended June 30, 2023			
	Jackups	Deepwater	Managed	Consolidated	Jackups	Deepwater	Managed	Consolidated
Dayrate revenue	$ 10,763	$ 16,293	$ 5,697	$ 32,753	$ 4,975	$ 35,177	$ 25,526	$ 65,678
Amortized revenue	187	6,857	—	7,044	123	6,103	1,338	7,564
Charter lease revenue	—	—	—	—	3,152	—	—	3,152
Reimbursable revenue	261	1,537	8,217	10,015	3,237	1,445	26,764	31,446
Total revenue	$ 11,211	$ 24,687	$ 13,914	$ 49,812	$ 11,487	$ 42,725	$ 53,628	$ 107,840

(unaudited, in thousands)	Six Months Ended June 30, 2024				Six Months Ended June 30, 2023			
	Jackups	Deepwater	Managed	Consolidated	Jackups	Deepwater	Managed	Consolidated
Dayrate revenue	$ 30,486	$ 43,055	$ 16,791	$ 90,332	$ 10,098	$ 54,752	$ 47,251	$ 112,101
Amortized revenue	8,363	6,857	—	15,220	236	8,280	2,662	11,178
Charter lease revenue	—	—	—	—	5,302	—	—	5,302
Reimbursable revenue	1,474	3,799	15,135	20,408	6,455	2,499	47,377	56,331
Total revenue	$ 40,323	$ 53,711	$ 31,926	$ 125,960	$ 22,091	$ 65,531	$ 97,290	$ 184,912

Dayrate revenue and amortized revenue for “Jackups” and “Deepwater” are included within “Contract drilling services” in our Condensed Consolidated Statements of Operations. Dayrate revenue for “Managed” is included within “Contract drilling services” and “Management fees” within our Condensed Consolidated Statements of Operations. All other revenue is included within “Reimbursables and other” in our Condensed Consolidated Statements of Operations.

Accounts Receivable, Contract Liabilities and Contract Costs

Accounts receivable are recognized when the right to consideration becomes unconditional based upon contractual billing schedules. Payment terms on customer invoices typically range from 30 to 45 days. As of January 1, 2023, "Trade receivables, net of allowance for credit losses" was $62.8 million.

We recognize contract liabilities, recorded in “Other current liabilities” and “Other long-term liabilities” within the Condensed Consolidated Balance Sheets, for prepayments received from customers and for deferred revenue received for mobilization, contract preparation and capital upgrades.

Certain direct and incremental costs incurred for contract preparation, initial mobilization and modifications of contracted rigs represent contract fulfillment costs as they relate directly to a contract, enhance resources that will be used to satisfy our performance obligations in the future and are expected to be recovered. These costs are deferred as a current or noncurrent asset depending on the length of the initial contract term and are amortized on a straight-line basis to operating costs as services are rendered over the initial term of the related drilling contract. Costs incurred for capital upgrades are capitalized and depreciated over the useful life of the asset.

Costs incurred for the demobilization of rigs at contract completion are recognized as incurred during the demobilization process. Costs incurred to mobilize a rig without a contract are expensed as incurred.

The following table provides information about contract cost assets and contract revenue liabilities from contracts with customers:

(unaudited, in thousands)	Classification in the Condensed Consolidated Balance Sheets	June 30, 2024	December 31, 2023
Current contract cost assets	Prepaid expenses and other current assets	$ 3,125	$ 3,427
Noncurrent contract cost assets	Other assets	11,207	890
Current contract revenue liabilities	Other current liabilities	10,053	15,994
Noncurrent contract revenue liabilities	Other long-term liabilities	240	—

Significant changes in contract cost assets and contract revenue liabilities during the six months ended June 30, 2024 are as follows:

(unaudited, in thousands)	Contract Cost Assets	Contract Revenues Liabilities (2)
Balance as of December 31, 2023	$ 4,317	$ 15,994
Increase due to contractual changes	14,273	21,498
Decrease due to recognition of revenue/costs or transfer to payables	(4,258)	(27,199)
Balance as of June 30, 2024 [(1)]	$ 14,332	$ 10,293

(1) We expect to recognize contract revenues of approximately $9.7 million during the remaining six months and $0.6 million thereafter related to unsatisfied performance obligations existing as of June 30, 2024, which includes $7.6 million related to customer prefunding of reimbursables.

(2) Revenue recognized during the three months and six months ended June 30, 2024 which was included in the deferred revenue balance at the beginning, was $0.4 million and $12.2 million respectively.

Significant changes in contract cost assets and contract revenue liabilities during the six months ended June 30, 2023 were as follows:

(unaudited, in thousands)	Contract Cost Assets	Contract Revenues Liabilities (1)
Balance as of December 31, 2022	$ 7,324	$ 35,085
Increase due to contractual changes	9,412	64,458
Decrease due to recognition of revenue/costs or transfer to payables	(9,595)	(64,037)
Balance as of June 30, 2023	$ 7,141	$ 35,506

(1) Revenue recognized during the three months and six months ended June 30, 2023 which was included in the deferred revenue balance at the beginning, was $7.6 million and $26.5 million respectively.

We have elected to utilize an optional exemption that permits us to exclude disclosure of the estimated transaction price related to the variable portion of unsatisfied performance obligations at the end of the reporting period, as our transaction price is based on a single performance obligation consisting of a series of distinct hourly increments, the variability of which will be resolved at the time the future services are rendered.

4. Leases

We have operating leases expiring at various dates, principally for office space, onshore storage yards and certain operating equipment. Additionally, we sublease certain office space to third parties. We determine if an arrangement is a lease at inception. Operating leases with an initial term greater than 12 months are included in "Operating lease ROU assets", "Other current liabilities", and "Other long-term liabilities" on the Condensed Consolidated Balance Sheets. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at commencement date. 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 future payments. The operating lease ROU asset also includes any lease payments made prior to or at the commencement date and is reduced by lease incentives received and initial direct costs incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense is recognized on a straight-line basis over the lease term. We have lease agreements with lease and non-lease components, which are generally not accounted for separately. Certain of our leases include provisions for variable payments. These variable payments are not included in the calculation of lease liability and ROU assets.

The components of lease expense for the periods indicated were as follows:

		Three Months Ended June 30,		Six Months Ended June 30,	
(unaudited, in thousands)	Classification in the Condensed Consolidated Statements of Operations	2024	2023	2024	2023
Operating lease cost[(1)]	Operating costs	$ 180	$ 197	$ 439	$ 414
Operating lease cost[(1)]	General and administrative	3	284	6	568
Sublease income	General and administrative	-	(208)	-	(423)
Total operating lease cost		$ 183	$ 273	$ 445	$ 559

(1) Short-term lease costs were approximately $0.1 million and $0.2 million during the three and six months ended June 30, 2024, respectively. For the three and six months ended June 30, 2023, short-term lease costs were approximately $9.6 million and $19.3 million, respectively, which includes bareboat charter expenses for a third party owned rig operated by the Company. Operating cash flows used for operating leases approximates lease expense.

(unaudited, in thousands)	Classification in the Condensed Consolidated Balance Sheets	June 30, 2024	December 31, 2023
Assets:			
Operating lease assets	Operating lease ROU assets	$ 658	$ 1,084
Total leased assets		$ 658	$ 1,084
Liabilities:			
Current operating	Other current liabilities	$ 529	$ 608
Noncurrent operating	Other long-term liabilities	91	451
Total lease liabilities		$ 620	$ 1,059

As of June 30, 2024, maturities of lease liabilities were as follows:

(unaudited, in thousands)	Operating Leases
Remaining six months of 2024	$ 280
2025	375
2026	—
Total future lease payments	$ 655
Less imputed interest	(35)
Present value of lease obligations	$ 620

The weighted average discount rate was 9.50% and 9.45% as of June 30, 2024 and December 31, 2023, respectively. The weighted average remaining lease term for operating leases was 1.21 years and 1.72 years as of June 30, 2024 and December 31, 2023, respectively.

5. Debt

Our debt was composed of the following as of the dates indicated:

(unaudited, in thousands)	June 30, 2024	December 31, 2023
9.50% First Lien Notes, net of discount and financing costs of $8,706 and $9,893, respectively	$ 191,294	$ 190,107
	191,294	190,107
Less current maturities of long-term debt	—	—
Long-term debt, net	$ 191,294	$ 190,107

9.50% First Lien Notes

On February 14, 2023, the Company priced an offering of $200.0 million in aggregate principal amount of 9.50% First Lien Notes at an issue price of 97% (which included applicable discounts) and entered into a purchase agreement with several investors pursuant to which the Company agreed to sell the 9.50% First Lien Notes (the "9.50% First Lien Notes Offering") to the purchasers in reliance on an exemption from registration provided by Section 4(a)(2), Rule 144A and/or Regulation S of the Securities Act. On March 1, 2023, the Company closed the sale of the 9.50% First Lien Notes. The proceeds derived from the 9.50% First Lien Notes Offering were used (i) to redeem all outstanding 9.25% First Lien Notes for approximately $185.1 million, including principal and interest (ii) to pay fees and expenses related to the 9.50% First Lien Notes Offering and (iii) for general corporate purposes.

The 9.50% First Lien Notes will mature on February 15, 2028. The Company will pay interest on the 9.50% First Lien Notes on February 15 and August 15 of each year, which commenced on August 15, 2023. Interest on the 9.50% First Lien Notes will accrue from March 1, 2023, at a rate of 9.50% per annum, and be payable in cash. The 9.50% First Lien Notes will be guaranteed on a joint and several basis by the Company's current and future direct and indirect subsidiaries, subject to certain exceptions (including Vantage Financial Management Co.) and will be secured by a first priority lien on substantially all of the assets of the Company and such subsidiaries, in each case subject to certain exceptions. In connection with the issuance of the 9.50% First Lien Notes, we are permitted to maintain up to $25.0 million in letters of credit outstanding to support our operations.

The 9.50% First Lien Notes are subject to mandatory redemptions upon the occurrence of certain events, including (i) an annual excess cash flow sweep of 50% of excess cash flow and (ii) upon the receipt of net proceeds from specified asset sales, in each case as further described in the 9.50% First Lien Indenture.

The 9.50% First Lien Notes are subject to redemption at the option of the Company, including upon certain change of control events occurring on or after February 15, 2025, and in certain cases upon the occurrence of certain events, as further described in the

9.50% First Lien Indenture. The 9.50% First Lien Indenture contains customary covenants that will limit the Company's ability and, in certain instances, the ability of the Company's subsidiaries, to borrow money, create liens on assets, make distributions and pay dividends on or redeem or repurchase stock, make certain types of investments, enter into agreements that restrict dividends or other payments from subsidiaries, enter into transactions with affiliates, issue guarantees of debt, and sell assets or merge with other companies. These limitations are subject to several important exceptions and qualifications set forth in the 9.50% First Lien Indenture.

Events of default under the 9.50% First Lien Indenture include, among other events, the following with respect to the 9.50% First Lien Notes: default for 30 days in the payment when due of interest on the 9.50% First Lien Notes; default in payment when due of the principal of, or premium, if any, on the 9.50% First Lien Notes; failure to comply with certain covenants in the 9.50% First Lien Indenture for 30 days (or 60 days in respect of the reporting covenant contained therein) after the receipt of notice from the trustee or holders of 25.0% in aggregate principal amount of the 9.50% First Lien Notes; acceleration or payment default of debt of the Company or a restricted subsidiary in excess of $30.0 million (subject to a cure right within 60 days); certain judgments in excess of $50.0 million subject to certain exceptions; and certain events of bankruptcy or insolvency. In the case of an event of default arising from certain events of bankruptcy or insolvency, all 9.50% First Lien Notes then outstanding will become due and payable immediately without further action or notice. If any other event of default occurs with respect to the 9.50% First Lien Notes, the trustee or holders of 25.0% in aggregate principal amount of the 9.50% First Lien Notes may declare all the 9.50% First Lien Notes to be due and payable immediately.

Letter of Credit and Bank Guarantees

Letters of credit and bank guarantees for performance obligations are provided by financial institutions. As of June 30, 2024, we maintained letters of credit and bank guarantees in the aggregate amount of $9.8 million.

Revolving Credit Facility

On May 3, 2024, the Company entered into a revolving credit facility (the "Revolving Credit Facility") with Banco Santander, S.A., New York Branch. The Revolving Credit Facility provides for commitments permitting borrowings of up to an aggregate principal amount outstanding at any time of $25.0 million, subject to the Company complying with the conditions relating to borrowing. Amounts borrowed under the Revolving Credit Facility are subject to an interest rate per annum equal to the applicable SOFR rate plus 4.00% or Alternate Base Rate plus 3.00%, at the Company's election. The Company may use borrowings, if any, for general corporate purposes, including for contract preparation and rig upgrades, some of which will be reimbursable by the client after contract commencement. The Company's obligations under the Revolving Credit Facility are guaranteed by substantially all of its subsidiaries. The Revolving Credit Facility fully matures no later than May 2, 2025 and is secured on a first lien basis, pari passu with the 9.50% First Lien Notes. The Revolving Credit Facility contains covenants that are more restrictive than those governing the 9.50% First Lien Notes limiting, among other things, the Company's ability to incur indebtedness, pay dividends and make certain investments. Further, the Revolving Credit Facility contains a financial covenant that requires us to maintain a minimum interest coverage ratio of not less than 1.25 to 1.0. As of June 30, 2024, we had no borrowings drawn against the Revolving Credit Facility. In July 2024, the Company made its initial drawing of $25.0 million against the facility.

6. Shareholders' Equity

Stock Issuance

VDI has 50,000,000 authorized Ordinary Shares. As of June 30, 2024, 13,295,262 Ordinary Shares were issued and outstanding.

Share-based Compensation

On August 9, 2016, the Company adopted the 2016 Amended MIP to align the interests of participants with those of the Company's shareholders by providing incentive compensation opportunities tied to the performance of the Company's equity securities. Pursuant to the 2016 Amended MIP, the Compensation Committee may grant to employees, directors and consultants stock options, restricted stock, restricted stock units or other awards. As of June 30, 2024, there were 77,097 Ordinary Shares available for future grant under the 2016 Amended MIP.

During the six months ended June 30, 2024, 81,744 of previously granted TBGs were issued as Ordinary Shares to current or former employees or directors of the Company, of which 15,762 Ordinary Shares were repurchased to settle withholding taxes. During the six months ended June 30, 2023, 131,844 previously granted TBGs were issued as Ordinary Shares to current or former employees or directors of the Company, of which 17,590 Ordinary Shares were repurchased to settle withholding taxes.

RSUs with Time or Performance Conditions

TBGs granted under the 2016 Amended MIP vest annually, ratably over a vesting period in accordance with the individual award agreements; however, accelerated vesting is provided under certain circumstances as set forth in each individual award letter. Otherwise, the settlement of any vested TBGs occurs upon the earlier of (i) the set anniversary of the effective date or (ii) a QLE as set forth in each individual award letter.

PBGs granted under the 2016 Amended MIP contained vesting eligibility provisions tied to the earlier of a QLE or seven years from the effective date (as set forth in each individual award letter) (the "Effective Date"). Upon the occurrence of a vesting eligibility event, the number of PBGs that actually vest was dependent on the achievement of pre-determined TEV targets specified in the award grants. It was determined that the PBGs did not meet the TEV performance condition as of the seventh anniversary of the Effective Date and therefore, all PBGs granted were forfeited and cancelled in 2023.

A summary of the status of non-vested TBGs and PBGs at (and changes occurring within) the periods indicated is as follows:

	TBGs Outstanding	Weighted Average Award Date Unit Price	PBGs Outstanding	Weighted Average Award Date Unit Price
Nonvested restricted units at December 31, 2023	15,311	$ 16.76	—	—
Awarded	493	$ 24.82	—	—
Vested	(3,570)	$ 16.76	—	—
Forfeited	—	—	—	—
Nonvested restricted units at June 30, 2024	12,234	$ 17.08	—	—

Both the TBGs and PBGs are classified as equity awards. For the six months ended June 30, 2024 and June 30, 2023, share-based compensation expense related to the TBGs was immaterial. As of June 30, 2024, there was approximately $0.2 million of total unrecognized share-based compensation expense related to TBGs, which is expected to be recognized over the remaining weighted average vesting period of approximately 2.72 years.

RSUs and PSUs with Time and IPO or Time and Performance Conditions

These grants contain the following vesting eligibility conditions:

- TBGs vest on a linear basis upon each anniversary and upon the occurrence of an IPO prior to the earlier of a QLE and the seventh anniversary of the effective date.
- PBGs vest on a linear basis upon each anniversary and upon achievement of share price hurdle. The achievement of the share price hurdle must occur prior to the earlier of (i) a QLE or (ii) the seventh anniversary of the effective date.

A summary of the status of non-vested equity classified RSUs and changes occurring within the periods indicated is as follows:

	Equity classified RSU TBGs Outstanding	Weighted Average Award Date Unit Price	Equity classified RSU PBGs Outstanding	Weighted Average Award Date Unit Price
Nonvested restricted units at December 31, 2023	318,000	$ 25.50	318,000	$ 24.21
Awarded	13,775	$ 24.20	—	—
Vested	—	—	—	—
Forfeited	—	—	—	—
Nonvested restricted units at June 30, 2024	331,775	$ 25.45	318,000	$ 24.21

For the six months ended June 30, 2024, the IPO condition had not been met and therefore, no share-based compensation expense was recorded for RSU TBGs. RSU TBGs were awarded in October 2023 and therefore no share-based compensation expense was recorded in the six months ended June 30, 2023. If the IPO condition is met, the resulting compensation expense will be recorded as a cumulative adjustment in the period the IPO condition is met, and the rest of the grant fair value will be amortized through the longer of the IPO timeline or the remainder of the explicit service period in the RSU TBGs Grant. As of June 30, 2024, there was approximately $8.4 million of total unrecognized share-based compensation expense related to equity classified RSU TBGs, with a remaining weighted average vesting period of approximately 3.21 years.

For the six months ended June 30, 2024, we recognized share-based compensation related to the equity classified RSU PBGs of approximately $1.0 million. RSU PBGs were awarded in October 2023 and therefore no share-based compensation expense was recorded in six months ended June 30, 2023. As of June 30, 2024, there was approximately $6.4 million of total unrecognized share-based compensation expense related to equity classified RSU PBGs, with a remaining weighted average vesting period of approximately 3.32 years.

In January 2024, the Company granted certain phantom stock awards that are settled in cash and are accounted for as liability awards. The fair value of a liability-classified PSU award is determined on a quarterly basis beginning at the grant date until final vesting of the award. Changes in the fair value of liability-classified awards are expensed over the vesting period of the award. A summary of the status of non-vested liability-classified PSUs and changes occurring within the periods indicated is as follows:

	Liability classified PSU TBGs Outstanding	Weighted Average Award Date Unit Price	Liability classified PSU PBGs Outstanding	Weighted Average Award Date Unit Price
Nonvested restricted units at December 31, 2023	—	—	—	—
Awarded	23,600	$ 23.65	23,600	$ 24.21
Vested	—	—	—	—
Forfeited	—	—	—	—
Nonvested restricted units at June 30, 2024	23,600	$ 23.65	23,600	$ 24.21

For the six months ended June 30, 2024, the IPO condition had not been met and therefore, no share-based compensation expense was recorded for PSU TBGs. PSU TBGs were awarded in January 2024 and therefore no share-based compensation expense was recorded in the six months ended June 30, 2023. If the IPO condition is met, the resulting compensation expense will be recorded as a cumulative adjustment in the period the IPO condition is met, and the rest of the grant fair value will be amortized through the longer of the IPO timeline or the remainder of the explicit service period in the PSU TBGs Grant. As of June 30, 2024, there was approximately $0.6 million of total unrecognized share-based compensation expense related to liability-classified PSU TBGs, with a remaining weighted average vesting period of approximately 3.50 years.

For the six months ended June 30, 2024, we recognized share-based compensation related to the liability-classified PSU PBGs of approximately $0.1 million. PSU PBGs were awarded in January 2024 and therefore no share-based compensation expense was recorded in the six months ended June 30, 2023. As of June 30, 2024, there was approximately $0.4 million of total unrecognized share-based compensation expense related to liability-classified PSU PBGs, with a remaining weighted average vesting period of approximately 3.50 years.

Dividend Equivalents

Pursuant to the 2016 Amended MIP and the terms of the applicable unit awards, participants holding RSUs are contractually entitled to receive all dividends or other distributions that are paid to VDI shareholders provided that any such dividends will be subject to the same vesting requirements of the underlying units. Dividend payments accrue to outstanding awards (both vested and unvested) in the form of “Dividend Equivalents” equal to the dividend per share underlying the applicable MIP award. On November 18, 2019, the Company announced that its Board of Directors had declared a special cash distribution in the aggregate amount of $525.0 million, or $40.03 per share, which was paid on December 17, 2019, to shareholders of record as of the close of business on December 10, 2019 (the “Special Cash Distribution”). During the six months ended June 30, 2024 and June 30, 2023, portions of the Special Cash Distribution were paid to current or former employees or directors as a result of the settlement of the TBGs in the amounts of $3.3 million and $5.3 million, respectively. As of June 30, 2024, a de minimis amount is unpaid and presented as other current liabilities and other long-term liabilities in the Condensed Consolidated Balance Sheets.

7. Income Taxes

Until February 12, 2024, VDI Predecessor was a Cayman Islands company operating in multiple countries through its subsidiaries. The Cayman Islands do not impose corporate income taxes. As of February 12, 2024, VDI is an exempted company in Bermuda. The Government of Bermuda recently enacted the CIT Act, which will apply to certain multinational enterprises as of January 1, 2025, if specific conditions are met in respect of a particular fiscal period. Based on these conditions, VDI does not currently fall within the scope of the CIT Act for the period starting January 1, 2025. The Company will continue to monitor these developments and assess the applicability of the CIT Act and its impact on the financial statements on an ongoing basis. Following this review, the CIT Act does not impact VDI’s financial statements for the period ended June 30, 2024.

Consequently, we have calculated income taxes based on the laws and tax rates in effect in the countries in which operations were conducted, or in which we and our subsidiaries are considered resident for income tax purposes. Our income taxes are generally dependent upon the results of our operations and when we generate significant revenues in jurisdictions where the income tax liability is based on gross revenues or asset values, there is no correlation to the net operating results and the income tax expense. Furthermore, in some jurisdictions we do not pay taxes, pay taxes at lower rates or receive benefits for certain income and expense items, including interest expense, loss on extinguishment of debt, gains or losses on disposal or transfer of assets, reorganization expenses and write-off of development costs.

VDI Predecessor filed the Tax Election with the IRS to be treated as a partnership, rather than a corporation, for U.S. federal income tax purposes, with an effective as of December 9, 2019. On March 31, 2024, upon the consummation of the Statutory Merger and the other transactions contemplated by the Statutory Merger Agreement, VDI Predecessor no longer has any corporate existence; accordingly, the Tax Election to be treated as a partnership for U.S. federal income tax purposes is void.

Consequently, until March 31, 2024, U.S. Holders were required to take into account their allocable share of items of income, gain, loss deduction and credit of VDI Predecessor for each taxable year of VDI Predecessor ending with or within the U.S. Holder’s

taxable year, regardless of whether any distribution has been or will be received from VDI Predecessor. Each item generally will have the same character and source (either U.S. or foreign) as though the U.S. Holder had realized the item directly. VDI Predecessor's tax status did not have a material impact on our Condensed Consolidated Financial Statements as of June 30, 2024.

Deferred income tax assets and liabilities are recorded for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. We provide for deferred taxes on temporary differences between the financial statements and tax bases of assets and liabilities using the enacted tax rates which are expected to apply to taxable income when the temporary differences are expected to reverse. Deferred tax assets are also provided for certain tax losses and tax credit carryforwards. A valuation allowance is established to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized. We do not establish deferred tax liabilities for certain of our foreign earnings that we intend to indefinitely reinvest to finance foreign activities.

In certain jurisdictions we are taxed under preferential tax regimes, which may require our compliance with specified requirements to sustain the tax benefits. We believe we are in compliance with the specified requirements and will continue to make all reasonable efforts to comply; however, our ability to meet the requirements of the preferential tax regimes may be affected by changes in laws or administrative practices, our business operations and other factors affecting the Company and industry, many of which are beyond our control.

Our periodic tax returns are subject to examination by taxing authorities in the jurisdictions in which we operate in accordance with the normal statute of limitations in the applicable jurisdiction. These examinations may result in assessments of additional taxes that are resolved with the authorities or through the courts. Resolution of these matters involves uncertainties and there are no assurances as to the outcome. Our tax years from 2014 onward remain open to examination in many of our jurisdictions and we are currently involved in several tax examinations in jurisdictions where we are operating or have previously operated. As information becomes available during the course of these examinations, we may increase or decrease our estimates of tax assessments and accruals.

8. Commitments and Contingencies

We are subject to litigation, claims and disputes in the ordinary course of business, some of which may not be covered by insurance. There is an inherent risk in any litigation or dispute and no assurance can be given as to the outcome of any claims.

Brazil Improbity Action

On April 27, 2018, the Company was added as an additional defendant in a legal proceeding (the “Improbity Action”), initiated by the Brazilian Federal Prosecutor against certain individuals, including an executive of Petrobras and two political lobbyists, in connection with the contracting of the *Titanium Explorer* drillship to Petrobras under the Government Agreement for the Provision of Drilling Services for the Titanium Explorer, dated February 4, 2009, by and between Petrobras Venezuela Investments & Services, BV and Vantage Deepwater Company (and subsequently novated to Petrobras America, Inc. and Vantage Deepwater Drilling, Inc.), with the Brazilian government and Petrobras as plaintiffs. Vantage is alleged to have been involved in and benefited from the purported bribery scheme at Petrobras through Hamylton Padilha, the Brazilian agent our former parent company, VDC, used in the contracting of the *Titanium Explorer* drillship to Petrobras, and Mr. Hsin-Chi Su, a former member of VDC’s board of directors and a significant shareholder of VDC. We first became aware of the legal proceeding on July 19, 2018 as it was previously under seal. On March 22, 2019, we were formally served in the United States and on April 12, 2019, we subsequently filed our preliminary statement of defense with the 11th Federal court of the Judicial Branch of Curitiba, State of Parana, Brazil (the “Brazilian Federal Court”). On August 20, 2020, the Brazilian Federal Court dismissed our preliminary statement of defense. On October 5, 2020, we subsequently filed a motion to clarify with the Brazilian Federal Court requesting the reconsideration of certain aspects of the decision dismissing our preliminary statement of defense. Our motion to clarify was denied on December 14, 2020, and on February 10, 2021 we filed an interlocutory appeal with the 4th Circuit of the Federal Court of Appeals in Porto Alegre, State of Rio Grande do Sul, Brazil (the “Brazilian Appellate Court”), the appellate court hearing appeals in the “Car Wash” cases, seeking to reverse the Brazilian Federal Court’s denial of our preliminary defense. On April 15, 2021, the Brazilian authorities served us indirectly through the U.S. Department of Justice agreeing to formally send us documents related to the Improbity Action. On May 13, 2021, the Brazilian Appellate Court’s reporting judge for our matter granted our request for preliminary relief and ordered an immediate stay of the Improbity Action (as it applies to the Company). A proceeding with regard to the interlocutory appeal commenced on August 30, 2022 (the “August 2022 Proceeding”) and on December 6, 2022, the Brazilian Appellate Court ruled in our favor, revoking the asset freeze order, which had already been stayed pending a decision from the court, and immediately dismissed the Improbity Action as to the Company (the “Improbity Decision”). On January 30, 2023 and February 1, 2023, Petrobras and the Brazilian federal government filed respective motions to clarify the Improbity Decision. On March 31, 2023, the Company filed its response to the motions to clarify the Improbity Decision. On April 2, 2024, the Brazilian Appellate Court commenced the hearing to adjudicate the motion to clarify the Improbity Decision. On April 10, 2024, the Brazilian Appellate Court denied the motions to clarify submitted by the Brazilian government and Petrobras, and upheld the court’s prior decision to dismiss the Improbity Action. Subsequently, Petrobras and the Attorney General's office filed appeals in respect of the Improbity Action to the Brazilian Superior Court of Justice and the Brazilian Supreme Court. On July 19, 2024, we filed our response to their appeals relating to the dismissal of the Improbity Action.

The Company understands that the Improbity Action is a civil action and is part of the Brazilian Federal Prosecutor's larger "Car Wash" investigation into money laundering and corruption allegations in Brazil. Separately, Federal Law no. 14,230/2021 (the "New Administrative Improbity Law") was enacted on October 26, 2021, which substantially amended the existing Brazilian Improbity legal framework. While the Company believes that the developments arising from the enactment of the New Administrative Improbity Law render the case against it moot, the Company cannot predict the ultimate outcome of the August 2022 Proceeding and the Company will be obligated to file a statement of defense in the matter if the Improbity Decision is later reversed.

The damages claimed in the proceeding are in the amount of BRL 102.8 million (approximately $19.2 million, changes in the USD amounts result from foreign exchange rate fluctuations), together with a civil fine equal to three times that amount. The Company understands that the Brazilian Federal Court previously issued an order authorizing the seizure and freezing of the assets of the Company and the other three defendants in the legal proceeding, as a precautionary measure, in the amount of approximately $77.0 million. The Company and the other three defendants are jointly and severally liable for this amount. The seizure order has not had an effect on the Company's assets or operations, as the Company does not own any assets in Brazil and does not currently intend to relocate any assets to Brazil. On February 13, 2019, we learned that the Brazilian Federal Prosecutor had previously requested mutual legal assistance from the DOJ pursuant to the United Nations Convention against Corruption of 2003 to obtain a freezing order against the Company's U.S. assets in the amount of approximately $77.0 million.

On April 12, 2019, the Company filed an interlocutory appeal with the Brazilian Appellate Court to stay the seizure and freezing order of the Brazilian Federal Court.

On May 20, 2019, the Company announced that the Brazilian Appellate Court's reporting judge ruled in favor of the Company's appeal to stay the seizure and freezing order of the Brazilian Federal Court. As noted above, the Brazilian Appellate Court ruled in favor of the Company in the Improbity Decision, which, among other things, revoked the asset freeze order. On January 30, 2023 and February 1, 2023, Petrobras and the Brazilian federal government filed respective motions to clarify the Improbity Decision, including the revocation of asset freeze. On March 31, 2023, the Company filed its responses to the motions to clarify the Improbity Decision. On April 2, 2024, the Brazilian Appellate Court commenced the hearing to adjudicate the motion to clarify the Improbity Decision. On April 10, 2024, the Brazilian Appellate Court denied the motions to clarify submitted by the Brazilian government and Petrobras, and upheld the court's previous decision to dismiss the Improbity Action. Subsequently, Petrobras and the Attorney General's office filed appeals in respect of the Improbity Action to the Brazilian Superior Court of Justice and the Brazilian Supreme Court. The Company filed its response to their appeals in regards to the dismissal of the Improbity Decision on July 19, 2024 and we filed a response to their appeals in regards to the revocation of the asset freeze on August 1, 2024.

The Company previously communicated the Brazilian Appellate Court's ruling in regards to the seizure and freezing order to the DOJ and has asked the Brazilian Federal Court to do the same. On July 18, 2019, the Company announced that the Brazilian Government made a filing with the Brazilian Federal Court reporting that the DOJ has advised the Brazilian Ministry of Justice that it would not be possible for the DOJ to comply with the mutual assistance request in respect of the asset freeze order. The Company also announced that it learned from the Brazilian Ministry of Justice that the DOJ's response to the request for mutual assistance stated that no legal grounds existed for implementing the requested asset freeze, and that the DOJ was returning the request without taking action and considers the matter concluded.

The Company has defended, and intends to continue to vigorously defend, against the allegations made in the Improbity Action and oppose and defend against any attempts to reverse the Improbity Decision and/or seize the Company's assets. However, we can neither predict the ultimate outcome of this matter nor that there will not be further developments in the "Car Wash" investigation or in any other ongoing investigation or related proceeding that could adversely affect us. We are not able to determine the likelihood of loss, if any, arising from this matter as of the date of this Quarterly Report.

Cyber Matters

In 2022, we experienced additional e-mail related cybersecurity intrusions (the "2022 Cyber Matters"). We became aware of the 2022 Cyber Matters in the fourth quarter of 2022 that resulted in (i) two unauthorized transfers of cash from a Company-controlled bank account to an outside bank account, (ii) one attempted transfer that was stopped and reversed by a financial institution and (iii) one attempted transfer that was stopped by the Company's internal controls. We have since taken, and continue to take, measures designed to detect, remediate and prevent similar cybersecurity intrusions and threats from recurring, including but not limited to, the use of multifactor authentication, internal and external penetration testing, updating of relevant policies and procedures and recurring cyber security training. The investigation surrounding the 2022 Cyber Matters has concluded though we continue to monitor for any subsequent developments or adverse impacts, and we cannot predict as of the date of this Quarterly Report whether there will be further developments or adverse impacts attributable to the 2022 Cyber Matters investigation that could adversely affect us. Our investigation did not reveal any information that suggests the 2022 Cyber Matters will result in a material loss to the Company. However, we are not able to determine the likelihood of future losses, if any, arising from the 2022 Cyber Matters as of the date of this Quarterly Report. Furthermore, we cannot provide assurance that we will not in the future experience any other actual or attempted breaches of our cybersecurity, or that our security efforts and remedial measures will prevent future security threats from materializing, if at all.

Other Commitments

As of June 30, 2024, we had purchase commitments of $50.4 million. Our purchase commitments consist of obligations outstanding to external vendors primarily related to capital upgrades, materials, spare parts, consumables and related supplies for our drilling rigs.

We are from time to time threatened with or made party to various tax and regulatory matters, as well as litigation, lawsuits and claims, both asserted and unasserted, in the ordinary course of our business. While we cannot predict with certainty the ultimate outcome or effect, if any, of the matters described above, we do not anticipate that the associated liability resulting from such matters will have a material adverse effect on our financial position, results of operations and cash flows. Nevertheless, we can provide no assurance that our beliefs or expectations as to the outcome or effect of any tax or regulatory matter, lawsuit, litigation or claim will prove correct. Moreover, the circumstances underlying such matters may vary and the eventual outcome and actual results of these matters could vary materially and significantly from management's current expectations and estimates.

9. Supplemental Financial Information

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

(unaudited, in thousands)	June 30, 2024	December 31, 2023
Current sales tax receivable	$ 4,181	$ 12,099
Down payment to vendors	13,543	9,614
Prepaid fuel	3,642	1,947
Income tax receivable	2,348	2,123
Current deferred contract costs	3,125	3,427
Current deposits	3,752	5,831
Prepaid Insurance	1,553	38
Other	3,357	2,344
	$ 35,501	$ 37,423

Property and Equipment, Net

Property and equipment, net, consisted of the following:

(unaudited, in thousands)	June 30, 2024	December 31, 2023
Drilling equipment	$ 637,416	$ 635,924
Assets under construction	21,711	6,348
Office and technology equipment	18,085	18,085
Leasehold improvements	92	92
	677,304	660,449
Accumulated depreciation	(374,459)	(352,357)
Property and equipment, net	$ 302,845	$ 308,092

Other Assets

Other assets consisted of the following:

(unaudited, in thousands)	June 30, 2024	December 31, 2023
Noncurrent restricted cash	$ 8,257	$ 8,941
Deferred certification costs	7,844	5,188
Noncurrent deferred contract costs	11,207	890
Deferred income taxes	184	543
Noncurrent sales tax receivable	14,611	—
Other noncurrent assets	210	3,721
	$ 42,313	$ 19,283

Other Current Liabilities

Other current liabilities consisted of the following:

(unaudited, in thousands)	June 30, 2024	December 31, 2023
Interest	$ 7,215	$ 7,177
Compensation	5,470	10,229
2016 MIP - Dividend equivalent [(1)]	136	3,272
Income taxes payable	4,550	3,852
Current deferred revenue	10,053	15,994
Current portion of operating lease liabilities	529	608
Current customer prefunding	9,768	10,190
Other	556	624
	$ 38,277	$ 51,946

(1) "Dividend equivalents" on vested TBGs are payable upon settlement of the applicable award.

Other Long-term Liabilities

Other Long-term liabilities consisted of the following:

(unaudited, in thousands)	June 30, 2024	December 31, 2023
2016 MIP - Dividend equivalent [(1)]	$ 147	$ 285
Noncurrent operating lease liabilities	91	451
Noncurrent customer prefunding	8,823	5,834
Indirect tax contingencies	3,257	4,090
Noncurrent deferred revenue	240	—
Other non-current liabilities	167	81
	$ 12,725	$ 10,741

(1) "Dividend equivalents" on vested TBGs are payable upon settlement of the applicable award.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of the same amounts shown in the Condensed Consolidated Statements of Cash Flows as of the dates indicated:

(unaudited, in thousands)	June 30, 2024	December 31, 2023
Cash and cash equivalents	$ 40,290	$ 73,206
Restricted cash	2,264	1,828
Restricted cash included within Other Assets	8,257	8,941
Total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows	$ 50,811	$ 83,975

Restricted cash represents cash held by banks as collateralizing letters of credit.

Related Party Transactions

The Company does not currently have any reportable transactions with entities that meet the definition of related parties as specifically defined by ASC 850 *Related Party Disclosures.*

10. Business Segment and Significant Customer Information

Our operations are dependent on the global oil and gas industry, and our rigs are relocated based on demand for our services and customer requirements. Our customers consist primarily of large international oil and gas companies, national or government-controlled oil and gas companies, and other international exploration and production companies. As the result of an increase in activity related to operating, management and marketing services for rigs owned by third parties, the Company has two reportable segments: (1) "Drilling Services," which includes activities related to owned jackup rigs and drillships; and (2) "Managed Services," which consists of activities related to rigs owned by third parties that we manage or support. The chief operating decision maker evaluates the performance of our reportable segments using adjusted operating income (loss), which is a segment performance measure, because this financial measure reflects our ongoing profitability and performance. Adjusted operating income (loss) is defined as segment income (loss) from operations

plus depreciation. General and administrative expenses, other (expense) income, and income taxes are not allocated to the operating segments for purposes of measuring segment income (loss) from operations and are included in "Unallocated" in the table below. There are no intersegment revenues. Our segment results for the periods indicated were as follows:

	Three Months Ended June 30, 2024			
(unaudited, in thousands)	Drilling Services	Managed Services	Unallocated	Consolidated
Revenue				
Contract drilling services	$ 34,100	$ —	$ —	$ 34,100
Management fees	—	5,697	—	5,697
Reimbursables and other	1,798	8,217	—	10,015
Total revenue	35,898	13,914	—	49,812
Operating costs and expenses				
Operating costs	30,374	9,187	—	39,561
General and administrative	—	—	5,225	5,225
Depreciation	10,844	—	413	11,257
Total operating costs and expenses	41,218	9,187	5,638	56,043
Income (loss) from operations	(5,320)	4,727	(5,638)	(6,231)
Other (expense) income				
Interest income	—	—	200	200
Interest expense and financing charges	—	—	(5,656)	(5,656)
Other, net	—	—	(383)	(383)
Total other expense	—	—	(5,839)	(5,839)
Income (loss) before income taxes	$ (5,320)	$ 4,727	$ (11,477)	$ (12,070)

Reconciliation of (loss) income from operations to segment adjusted operating income:	Drilling Services	Managed Services
(Loss) income from operations	$ (5,320)	$ 4,727
Depreciation	10,844	—
Segment adjusted operating income	$ 5,524	$ 4,727

(unaudited, in thousands)	Three Months Ended June 30, 2023 Drilling Services	Managed Services	Unallocated	Consolidated
Revenue				
Contract drilling services	$ 46,378	$ 21,295	$ —	$ 67,673
Management fees	—	5,569	—	5,569
Reimbursables and other	7,834	26,764	—	34,598
Total revenue	54,212	53,628	—	107,840
Operating costs and expenses				
Operating costs	33,163	41,220	—	74,383
General and administrative	—	—	5,161	5,161
Depreciation	10,601	—	444	11,045
Gain on EDC Sale	—	—	—	—
Total operating costs and expenses	43,764	41,220	5,605	90,589
Income (loss) from operations	10,448	12,408	(5,605)	17,251
Other (expense) income				
Interest income	—	—	141	141
Interest expense and financing charges	—	—	(5,346)	(5,346)
Other, net	—	—	(457)	(457)
Total other expense	—	—	(5,662)	(5,662)
Income (loss) before income taxes	$ 10,448	$ 12,408	$ (11,267)	$ 11,589

Reconciliation of income from operations to segment adjusted operating income:	Drilling Services	Managed Services
Income from operations	$ 10,448	$ 12,408
Depreciation	10,601	—
Segment adjusted operating income	$ 21,049	$ 12,408

(unaudited, in thousands)	Six Months Ended June 30, 2024 Drilling Services	Managed Services	Unallocated	Consolidated
Revenue				
Contract drilling services	$ 88,760	$ 5,569	$ —	$ 94,329
Management fees	—	11,223	—	11,223
Reimbursables and other	5,274	15,134	—	20,408
Total revenue	94,034	31,926	—	125,960
Operating costs and expenses				
Operating costs	70,387	21,897	—	92,284
General and administrative	—	—	12,479	12,479
Depreciation	21,651	—	841	22,492
Total operating costs and expenses	92,038	21,897	13,320	127,255
Income (loss) from operations	1,996	10,029	(13,320)	(1,295)
Other (expense) income				
Interest income	—	—	494	494
Interest expense and financing charges	—	—	(11,000)	(11,000)
Other, net	—	—	(978)	(978)
Total other expense	—	—	(11,484)	(11,484)
Income (loss) before income taxes	$ 1,996	$ 10,029	$ (24,804)	$ (12,779)

Reconciliation of income from operations to segment adjusted operating income:	Drilling Services	Managed Services
Income from operations	$ 1,996	$ 10,029
Depreciation	21,651	—
Segment adjusted operating income	$ 23,647	$ 10,029

(unaudited, in thousands)	Six Months Ended June 30, 2023 Drilling Services	Managed Services	Unallocated	Consolidated
Revenue				
Contract drilling services	$ 73,366	$ 42,224	$ —	$ 115,590
Management fees	—	7,689	—	7,689
Reimbursables and other	14,256	47,377	—	61,633
Total revenue	87,622	97,290	—	184,912
Operating costs and expenses				
Operating costs	60,885	80,053	—	140,938
General and administrative	—	—	9,992	9,992
Depreciation	21,240	—	854	22,094
Loss on EDC Sale	—	—	3	3
Total operating costs and expenses	82,125	80,053	10,849	173,027
(Loss) income from operations	5,497	17,237	(10,849)	11,885
Other (expense) income				
Interest income	—	—	190	190
Interest expense and financing charges	—	—	(10,904)	(10,904)
Other, net	—	—	(135)	(135)
Total other expense	—	—	(10,849)	(10,849)
(Loss) income before income taxes	$ 5,497	$ 17,237	$ (21,698)	$ 1,036

Reconciliation of income from operations to segment adjusted operating income:	Drilling Services	Managed Services
Income from operations	$ 5,497	$ 17,237
Depreciation	21,240	—
Segment adjusted operating income	$ 26,737	$ 17,237

For the three and six months ended June 30, 2024 and 2023, a substantial amount of our revenue was derived from countries outside of the United States. Our revenue by country and segment was as follows:

Country (unaudited, in thousands)	Segment	Three months ended June 30, 2024	Three months ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Indonesia	Drilling Services and Managed Services	$ 19,611	$ 12,832	$ 37,311	$ 22,378
Namibia	Drilling Services	4,070	29,385	26,069	38,378
Congo	Drilling Services	20,617	—	20,617	—
Ivory Coast	Drilling Services	44	—	17,534	—
India	Drilling Services and Managed Services	—	34,683	12,606	68,822
UAE	Drilling Services and Managed Services	5,903	20,267	11,277	42,911
Other countries [(1)]	Drilling Services and Managed Services	(433)	10,673	546	12,423
Total revenues		$ 49,812	$ 107,840	$ 125,960	$ 184,912

(1) "Other countries" represent countries in which we operate that individually had operating revenues representing less than 10% of total revenues.

Revenue with customers that contributed 10% or more of revenue for the periods indicated were as follows:

(unaudited)	Segment	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
TotalEnergies	Drilling Services	50%	27%	37%	21%
Seadrill	Drilling Services	27%	20%	19%	24%
Medco	Drilling Services	23%	5%	18%	6%
Foxtrot	Drilling Services	0%	0%	14%	0%
Oil & Natural Gas Corporation	Drilling Services	0%	32%	10%	37%
Premier Oil	Drilling Services	12%	0%	1%	0%

Information related to the Company's "Total Assets" as reported on the Condensed Consolidated Balance Sheets is not available by reportable segment; however, a substantial portion of our assets are mobile drilling units included in the Drilling Services segment. Asset locations at the end of the period are not necessarily indicative of the geographic distribution of the revenues generated by such assets during the periods. Our property and equipment, net by country, was as follows:

	June 30, 2024	December 31, 2023
Congo	$ 137,781	$ —
Namibia	—	145,445
Malaysia (1)	71,734	—
Indonesia	55,780	58,449
India	—	69,140
Other countries (2)	37,550	35,058
Total property and equipment	$ 302,845	$ 308,092

(1) The referenced rig is in transit and is included in the mobilization destination.
(2) "Other countries" represent countries in which we individually had property and equipment, net, representing less than 10% of total property and equipment, net.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to assist you in understanding our financial position as of June 30, 2024, and our results of operations for the three months ended June 30, 2024 and 2023. The discussion should be read in conjunction with the financial statements and notes thereto included in our Annual Report for the year ended December 31, 2023, which has been made available on our website at www.vantagedrilling.com. The results of operations for the interim periods are not necessarily indicative of the operating results for the full fiscal year or any future periods.

Overview

We are an international offshore drilling company focused on operating a fleet of modern, high specification drilling units. Our principal business is to contract drilling units, related equipment and work crews, primarily on a dayrate basis, to drill oil and gas wells for our customers. Through our fleet of drilling units, we provide offshore contract drilling services to major, national and independent oil and gas companies, focused on international markets. Additionally, for third party owned drilling units, we provide operations and marketing services for operating and stacked rigs, construction supervision services for rigs that are under construction and preservation management services for rigs that are stacked.

The following table sets forth certain current information concerning our offshore drilling fleet as of August 1, 2024:

Name	Year Built	Water Depth Rating (feet)	Drilling Depth Capacity (feet)	Location	Status
Owned Rigs:					
Jackups					
Topaz Driller	2009	375	30,000	Singapore	Contract Preparation
Soehanah	2007	375	30,000	Indonesia	Operating
Drillships (1)					
Platinum Explorer	2010	12,000	40,000	Labuan	Out of service
Tungsten Explorer	2013	12,000	40,000	Congo	Operating
Third Party Owned Rigs:					
Drillships					
Capella	2008	10,000	37,500	Indonesia	Operating
Jackups					
Emerald Driller	2008	375	30,000	Indonesia	Operating
Sapphire Driller	2009	375	30,000	Qatar	Operating
Aquamarine Driller	2009	375	30,000	Qatar	Operating

(1) The drillships are designed to drill in up to 12,000 feet of water. The *Platinum Explorer* is currently equipped to drill in 10,000 feet of water and the *Tungsten Explorer* is currently equipped to drill in 11,000 feet of water.

Backlog

The following table summarizes our contract backlog coverage of days contracted and related revenue as of June 30, 2024 based on information available as of such date:

	Percentage of Days Contracted			Revenues Contracted (in thousands)		
	2024	2025	Beyond	2024	2025	Beyond
Backlog						
Jackups	75%	91%	37%	$ 50,676	$ 81,355	$ 34,500
Drillships	50%	22%	0%	$ 49,726	$ 43,970	$ —
Third party owned rigs (1)	60%	24%	0%	$ 1,093	$ 219	$ —

(1) These amounts include: (i) a fixed management fee paid to us pursuant to the applicable management agreement; (ii) a marketing fee paid to us pursuant to the applicable marketing agreement; (iii) a fixed management fee paid to us pursuant to the applicable EDC Support Services Agreements; and (iv) contract backlog attributable to rigs owned by third parties for which we enter into contracts directly with customers and lease the rigs through bareboat charters from the rig owners. However, these amounts exclude any variable fee payable to us pursuant to the applicable management agreement. The terms of the bareboat charters are consistent with the management agreements, resulting in the same financial impact to us had the rigs remained under the management agreements.

Results of Operations

Operating results for our contract drilling services are dependent on three primary metrics: available days; rig utilization; and dayrates. The following table sets forth this selected operational information for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024 [4]	2023 [4]	2024 [4]	2023 [4]
Jackups				
Rigs available	2	2	2	2
Available days [1]	182	91	364	181
Utilization [2]	50.0%	94.4%	69.9%	97.2%
Average daily revenues [3]	$ 120,326	$ 59,355	$ 152,763	$ 58,755
Deepwater				
Rigs available	2	2	2	2
Available days [1]	182	182	364	362
Utilization [2]	43.4%	95.2%	55.5%	79.1%
Average daily revenues [3]	$ 293,408	$ 238,234	$ 247,066	$ 220,182

(1) Available days are the total number of rig calendar days in the period, excluding rigs under bareboat charter contracts to third parties.

(2) Utilization is calculated as a percentage of the actual number of revenue earning days divided by the available days in the period. A revenue earning day is defined as a day for which a rig earns dayrate after commencement of operations.

(3) Average daily revenues are based on contract drilling revenues divided by revenue earning days. Average daily revenue will differ from average contract dayrate due to billing adjustments for any non-productive time, mobilization fees and demobilization fees.

(4) Excludes third party owned rigs operated by the Company.

For the Three Months Ended June 30, 2024 and 2023

Net loss attributable to shareholders for the Current Quarter was $14.2 million, or $1.07 per basic share, on operating revenues of $49.8 million, as compared to net income attributable to shareholders for the Comparable Quarter of $1.5 million, or $0.11 per basic share, on operating revenues of $107.8 million.

The following table sets forth our operating results for the three months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Favorable/(unfavorable)	
	2024	2023	$	%
(unaudited, in thousands)				
Consolidated:				
Revenues				
Contract drilling services	$ 34,100	$ 67,673	$ (33,573)	-50%
Management fees	5,697	5,569	128	2%
Reimbursables and other	10,015	34,598	(24,583)	-71%
Total revenues	49,812	107,840	(58,028)	-54%
Operating costs and expenses:				
Operating costs	39,561	74,383	34,822	47%
General and administrative	5,225	5,161	(64)	-1%
Depreciation	11,257	11,045	(212)	-2%
Total operating costs and expenses	56,043	90,589	34,546	38%
Income (loss) from operations	(6,231)	17,251	(23,482)	-136%
Other (expense) income				
Interest income	200	141	59	42%
Interest expense and financing charges	(5,656)	(5,346)	(310)	-6%
Other, net	(383)	(457)	74	16%
Total other expense	(5,839)	(5,662)	(177)	-3%
Income (loss) before income taxes	(12,070)	11,589	(23,659)	-204%
Income tax provision	2,141	10,584	8,443	80%
Net income (loss)	(14,211)	1,005	(15,216)	-1514%
Net income (loss) attributable to noncontrolling interests	10	(457)	467	102%
Net income (loss) attributable to shareholders	$ (14,221)	$ 1,462	$ (15,683)	-1073%
Drilling Services:				
Revenue				
Contract drilling services	$ 34,100	$ 46,378	$ (12,278)	-26%
Reimbursables and other	1,798	7,834	(6,036)	-77%
Total revenue	35,898	54,212	(18,314)	-34%
Operating costs and expenses:				
Operating costs	30,374	33,163	2,789	8%
Depreciation	10,844	10,601	(243)	-2%
Total operating costs and expenses	41,218	43,764	2,546	6%
Income (loss) from operations	(5,320)	10,448	(15,768)	-151%
Managed Services:				
Revenue				
Contract drilling services	$ —	$ 21,295	$ (21,295)	-100%
Management fees	5,697	5,569	128	2%
Reimbursables and other	8,217	26,764	(18,547)	-69%
Total revenue	13,914	53,628	(39,714)	-74%
Operating costs and expenses:				
Operating costs	9,187	41,220	32,033	78%
Total operating costs and expenses	9,187	41,220	32,033	78%
Income from operations	4,727	12,408	(7,681)	-62%

n/m = not meaningful

Consolidated Revenue: Total revenue decreased $58.0 million due primarily to changes in operating activities in the Current Quarter (as discussed immediately below).

Drilling Services Revenue: Contract drilling revenue decreased $12.3 million primarily as a result of a decrease in operating days on the *Tungsten Explorer,* the *Topaz Driller* and the *Platinum Explorer* as compared to the Comparable Quarter. These decreases was partially offset by increase in operating dayrate on the *Soehanah*. Reimbursables and other revenue decreased $6.0 million in the Current Quarter as compared to the Comparable Quarter primarily as a result of bareboat charter fees earned on the *Topaz Driller* in the Comparable Quarter, partially offset by higher reimbursable revenue on the *Tungsten Explorer*.

Managed Services Revenue: Contract drilling revenue decreased $21.3 million primarily due to the *Polaris* concluding its drilling campaign with Seadrill at the end of January 2024. Reimbursables and other revenue decreased $18.5 million in the Current Quarter as compared to the Comparable Quarter, as a result of the management of the deepwater floaters being returned to Seadrill and the rigs included in the EDC Sale.

Consolidated Operating Costs: Total operating costs decreased $34.8 million primarily due to change in operating activities in the Current Quarter (as discussed below).

Drilling Services Operating Costs: Drilling Services operating costs for the Current Quarter decreased $2.8 million as compared to the Comparable Quarter in line with decreased drilling activity for the quarter. The decrease was the result of (i) lower operating costs on the *Topaz Driller* due to less operating days, and (ii) lower amortization of mobilization costs of the *Tungsten Explorer.* These amounts were offset by higher (iii) repairs and maintenance, and non-reimbursable fuel costs on the *Platinum Explorer.*

Managed Services Operating Costs: Managed Services operating costs for the Current Quarter decreased $32.0 million as compared to the Comparable Quarter, which was the result of the management of certain deepwater floaters (as discussed in “Managed Services Revenue” above).

General and Administrative Expenses: Increases in general and administrative expenses for the Current Quarter as compared to the Comparable Quarter were primarily related to an increase in non-cash share based expense partially offset by lower personnel costs and professional fees for strategic initiatives.

Depreciation Expense: Depreciation expense is primarily related to rigs owned by us which are included in our Drilling Services segment. The Managed Services segment does not currently own any depreciable assets. The increase in depreciation expense for the Current Quarter as compared to the Comparable Quarter was immaterial.

Interest Income: Increases in interest income for the Current Quarter as compared to the Comparable Quarter were primarily due to higher cash balances in investment accounts during the Current Quarter.

Interest Expense and Financing Charges: Increases in interest expense and financing charges in the Current Quarter as compared to the Comparable Quarter were primarily due to financing costs associated with the Revolving Credit Facility. Financing costs included in “Interest expense and financing charges” was approximately $0.9 million and $0.6 million for each of the Current Quarter and Comparable Quarter, respectively.

Other, Net: Our functional currency is USD; however, a portion of the revenues earned and expenses incurred by certain of our subsidiaries are denominated in currencies other than USD and these transactions are re-measured in USD based on current exchange rates. A net foreign currency exchange loss of $0.4 million was included in "other, net" in the Current Quarter due to devaluation of local currency and a loss of $0.5 million in the Comparable Quarter due to appreciation of local currency.

Income Tax Provision: We have historically calculated the provision for income taxes during interim reporting periods by applying an estimate of the annual effective tax rate (“AETR”) for the full fiscal year to ordinary income or loss (pretax income or loss excluding unusual or infrequently occurring discrete items) for the reporting period.

The income tax expense for the Current Quarter was calculated using a discrete effective tax rate method based on year-to-date results, instead of applying the AETR due to the variations in the expected ordinary income, overall and by jurisdiction. The Company will evaluate the use of the appropriate method to calculate the income tax expense at each interim reporting period.

The Company’s effective tax rate for the Current Quarter was negative 17.7%, including the impact of discrete items. For the Comparable Quarter, the tax expense recognized was based on the estimated AETR. Due to the different methodologies utilized to calculate the interim tax provisions, it is not beneficial to numerically reconcile the change in estimated tax rate.

For the Six Months Ended June 30, 2024 and 2023

Net loss attributable to shareholders for the Current Period was $17.1 million, or $1.29 per basic share, on operating revenues of $126.0 million, as compared to net loss attributable to shareholders for the Comparable Period of $0.8 million, or $0.06 per basic share, on operating revenues of $184.9 million.

The following table sets forth our operating results for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,		Favorable/(unfavorable)	
	2024	2023	$	%
(unaudited, in thousands)				
Consolidated:				
Revenues				
Contract drilling services	$ 94,329	$ 115,590	$ (21,261)	-18%
Management fees	11,223	7,689	3,534	46%
Reimbursables and other	20,408	61,633	(41,225)	-67%
Total revenues	125,960	184,912	(58,952)	-32%
Operating costs and expenses:				
Operating costs	92,284	140,938	48,654	35%
General and administrative	12,479	9,992	(2,487)	-25%
Depreciation	22,492	22,094	(398)	-2%
Loss on EDC Sale	—	3	3	100%
Total operating costs and expenses	127,255	173,027	45,772	26%
Income (loss) from operations	(1,295)	11,885	(13,180)	-111%
Other (expense) income				
Interest income	494	190	304	160%
Interest expense and financing charges	(11,000)	(10,904)	(96)	-1%
Other, net	(978)	(135)	(843)	-624%
Total other expense	(11,484)	(10,849)	(635)	-6%
Income (loss) before income taxes	(12,779)	1,036	(13,815)	-1333%
Income tax provision	4,622	2,606	(2,016)	-77%
Net loss	(17,401)	(1,570)	(15,831)	-1008%
Net loss attributable to noncontrolling interests	(309)	(746)	437	59%
Net loss attributable to shareholders	$ (17,092)	$ (824)	$ (16,268)	-1974%
Drilling Services:				
Revenue				
Contract drilling services	$ 88,760	$ 73,366	$ 15,394	21%
Reimbursables and other	5,274	14,256	(8,982)	-63%
Total revenue	94,034	87,622	6,412	7%
Operating costs and expenses:				
Operating costs	70,387	60,885	(9,502)	-16%
Depreciation	21,651	21,240	(411)	-2%
Total operating costs and expenses	92,038	82,125	(9,913)	-12%
Income from operations	1,996	5,497	(3,501)	-64%
Managed Services:				
Revenue				
Contract drilling services	$ 5,569	$ 42,224	$ (36,655)	-87%
Management fees	11,223	7,689	3,534	46%
Reimbursables and other	15,134	47,377	(32,243)	-68%
Total revenue	31,926	97,290	(65,364)	-67%
Operating costs and expenses:				
Operating costs	21,897	80,053	58,156	73%
Total operating costs and expenses	21,897	80,053	58,156	73%
Income from operations	10,029	17,237	(7,208)	-42%

n/m = not meaningful

Consolidated Revenue: Total revenue decreased $59.0 million due primarily to change in operating activities in the Current Period (as discussed below).

Drilling Services Revenue: Contract drilling revenue increased $15.4 million primarily as a result of (i) increased operating days on the *Tungsten Explorer* and *Soehanah* at higher day rates and (ii) higher mobilization revenue on the *Topaz Driller* offset by (iii) lower contract drilling revenue as a result of decreased operating days on the *Platinum Explorer and* the *Topaz Driller* and (ii) lower mobilization revenue on the *Tungsten Explorer* and the *Platinum Explorer*. Reimbursables and other revenue decreased $9.0 million in the Current Period as compared to the Comparable Period primarily as a result of bareboat charter fees earned on the *Topaz Driller* in the Comparable Period, partially offset by higher reimbursable revenue generated by the *Tungsten Explorer*.

Managed Services Revenue: Contract drilling revenue decreased $36.7 million primarily due to the *Polaris* concluding its drilling campaign at the end of January 2024. Management fees increased $3.5 million in the Current Period as compared to the Comparable Period primarily due to the management of the *Capella* partially offset by lower management fees on deepwater floaters owned by Seadrill as well as rigs included in the EDC Sale. Reimbursables and other revenue decreased $32.2 million in the Current Period as compared to the Comparable Period primarily as a result of the management of the deepwater floaters owned by Seadrill and the rigs included in the EDC Sale.

Consolidated Operating Costs: Total operating costs decreased $48.7 million due to change in operating activities in the Current Period (as discussed below).

Drilling Services Operating Costs: Drilling Services operating costs for the Current Period increased $9.5 million as compared to the Comparable Period. Specifically, such increase was the result of (i) higher repair and maintenance and non-reimbursables fuel costs on the *Topaz Driller* and the *Platinum Explorer,* (ii) higher amortization of mobilization costs on the *Topaz Driller*. These amounts were partially offset by (i) lower amortization of mobilization costs on the *Platinum Explorer* and the *Tungsten Explorer* and (ii) reimbursable costs on the *Topaz Driller*.

Managed Services Operating Costs: Managed Services operating costs for the Current Period decreased $58.2 million as compared to the Comparable Period, which was the result of the management of certain deepwater floaters (as discussed in “Managed Services Revenue” above).

General and Administrative Expenses: Increases in general and administrative expenses for the Current Period as compared to the Comparable Period was primarily due to increase in remuneration. Non-cash share-based compensation expense included in “General and administrative expenses” was approximately $0.9 million for the Current Period as compared to the Comparable Period (which was immaterial).

Depreciation Expense: Depreciation expense is primarily related to rigs owned by us which are included in our Drilling Services segment. The Managed Services segment does not currently own any depreciable assets. The increase in depreciation expense for the Current Period as compared to the Comparable Period is immaterial.

Interest Income: Increase in interest income for the Current Period as compared to the Comparable Period was due primarily to higher cash balances in investment accounts during the Current Period.

Interest Expense and Financing Charges: Increases in interest expense and financing charges in the Current Period as compared to the Comparable Period was primarily due to higher financing costs associated with the Revolving Credit Facility and interest on the 9.50% First Lien Notes, partially offset by lower financing costs and interest expense on the 9.25% First Lien Notes. Non-cash deferred financing costs included in “Interest expense and financing charges” was approximately $1.5 million and $1.6 million for each of the Current Period and Comparable Period, respectively.

Other, Net: Our functional currency is USD; however, a portion of the revenues earned and expenses incurred by certain of our subsidiaries are denominated in currencies other than USD. These transactions are re-measured in USD based on current exchange rates. A net foreign currency exchange loss of $1.0 million was included in "other, net" in the Current Period and a loss of $0.1 million in the Comparable Period due to devaluation of local currency.

Income Tax Provision: We have historically calculated the provision for income taxes during interim reporting periods by applying an estimate of the AETR for the full fiscal year to ordinary income or loss (pretax income or loss excluding unusual or infrequently occurring discrete items) for the reporting period.

The income tax expense for the Current Period was calculated using a discrete effective tax rate method based on year-to-date results, instead of applying the AETR due to the variations in the expected ordinary income, overall and by jurisdiction. The Company will evaluate the use of the appropriate method to calculate the income tax expense at each interim reporting period.

The Company’s effective tax rate for the Current Period was negative 36.16%, including the impact of discrete items. For the Comparable Period, the tax expense recognized was based on the estimated AETR. Due to the different methodologies utilized to calculate the interim tax provisions, it is not beneficial to numerically reconcile the change in estimated tax rate.

Liquidity and Capital Resources

Sources and Uses of Liquidity

Our anticipated cash flow needs, both in the short- and long-term, may include, among others: (i) normal recurring operating expenses; (ii) planned, discretionary or contractually required capital expenditures; (iii) repayments of interest; and (iv) certain contractual cash obligations and commitments. We may, from time to time, redeem, repurchase or otherwise acquire our outstanding 9.50% First Lien Notes through open market purchases, tender offers or pursuant to the terms of such securities.

On May 3, 2024, the Company entered into the Revolving Credit Facility with Banco Santander, S.A., New York Branch. The Revolving Credit Facility which provides for commitments permitting borrowings of up to an aggregate principal amount outstanding at any time of $25.0 million, subject to the Company complying with the conditions relating to borrowing. Borrowings, if any, would be available for general corporate purposes, including for contract preparation and rig upgrades, some of which is reimbursable by the client after contract commencement. See "*Note 5 - Debt*" of the "Notes to Condensed Consolidated Financial Statements" for additional information with respect to the Revolving Credit Facility. As of June 30, 2024, we had no borrowings drawn against the Revolving Credit Facility. In July, the Company made its initial drawing of $25.0 million against the facility.

We currently expect to fund our cash flow needs with cash generated by our operations, cash on hand, borrowing from the Revolving Credit Facility or proceeds from sales of assets. As of June 30, 2024, we believe we maintain adequate cash reserves and are continuously managing our actual cash flow and cash forecasts. Accordingly, management believes that we have adequate liquidity to fund our operations for the twelve months following the date our Condensed Consolidated Financial Statements are issued and therefore, have been prepared under the going concern assumption.

As of June 30, 2024, we had working capital of approximately $88.1 million, including approximately $40.3 million of cash and cash equivalents available for general corporate purposes. Scheduled debt service consists of interest payments through December 31, 2024 of approximately $9.5 million. In addition, the Company may be required to redeem a portion of the outstanding 9.50% First Lien Notes, at par value, in the first half of each year as a result of mandatory excess cash flow provisions included in the 9.50% First Lien Notes Indenture. Any such redemption, if and when consummated, could materially and adversely impact the Company's overall cash flows. For the period ended June 30, 2024, we did not generate excess cash flows as contemplated under the 9.50% First Lien Notes Indenture and therefore, we are not currently required to redeem a portion of the outstanding 9.50% First Lien Notes.

We anticipate capital expenditures through June 30, 2025 to be between approximately $35.1 million and $42.9 million. As our rigs obtain new contracts, we could incur reactivation and mobilization costs for these rigs, as well as additional customer requested equipment upgrades, some (or all) of which could be significant and may not be fully recoverable from the customer. Based on our anticipated levels of activity, incremental expenditures through June 30, 2025 for special periodic surveys, major repair and maintenance expenditures and equipment re-certifications are anticipated to be between approximately $35.2 million and $43.0 million. As of June 30, 2024, we maintained letters of credit and bank guarantees in the aggregate amount of $9.8 million.

On February 6, 2024, the Company entered into the TE-Vantage MOU, which may materially impact the Company's liquidity in 2024 and beyond. See "*Note 1. Organization and Recent Events*" of the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report for further information regarding TE-Vantage MOU and the related TE-Vantage JV Transaction.

The following table summarizes our cash flow information for the periods indicated:

(unaudited, in thousands)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash flows (used in) provided by:		
Operating activities	$ (11,288)	$ (11,080)
Investing activities	(17,326)	(2,637)
Financing activities	(4,550)	2,831

Cash Provided by or Used in Operating Activities

Net cash used in operating activities for the Current Period increased $0.2 million as compared to the Comparable Period. This increase was primarily due to changes in net loss during the relevant periods (see the discussion of changes in "net loss" above in "Results of Operations" of this Part I, Item 2).

Cash Provided by or Used in Investing Activities

Net cash used in investing activities for the Current Period increased $14.7 million as compared to the Comparable Period. This increase was primarily due to the purchase of property and equipment.

Cash Provided by or Used in Financing Activities

Net cash used in financing activities for the Current Period increased $7.3 million as compared to the Comparable Period. The increase was primarily due to the following items in the Comparable Period: (i) proceeds, net of debt issuance cost of $188.4 million derived from the issuance of the 9.50% First Lien Notes, as described in "*Note 5. Debt"* of the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report; (ii) the redemption of the principal balance of the 9.25% First Lien Notes for $180.0 million as described in "*Note 5. Debt"* of the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report; (iii) the $2.0 million decrease in payment of dividend equivalents for the Current Period as compared to the Comparable Period as described in "*Note 6. Shareholders' Equity*" in the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report; and (iv) $0.8 million payment of debt issuance costs for the Revolving Credit Facility.

The significant elements of the 9.50% First Lien Notes are described in "*Note 5. Debt"* of the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report. The information discussed therein is incorporated by reference in its entirety into this Part I, Item 2.

We enter into operating leases in the normal course of business for office space, housing, vehicles and specified operating equipment. Some of these leases contain options that would cause our future cash payments to change if we exercised those options.

Commitments and Contingencies

We are subject to litigation, claims and disputes in the ordinary course of business, some of which may not be covered by insurance. Information regarding our legal proceedings is set forth in "*Note 8. Commitments and Contingencies"* of the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report. The information discussed therein is incorporated by reference in its entirety into this Part I, Item 2.

There is an inherent risk in any litigation, claim or dispute and therefore no assurance can be given as to the outcome of any such litigation, claim or dispute. We do not believe the ultimate resolution of any existing litigation, claims or disputes will have a material adverse effect on our financial position, results of operations or cash flows.

Critical Accounting Policies and Accounting Estimates

The preparation of Condensed Consolidated Financial Statements and related disclosures in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Our significant accounting policies are included in *"Note 2. Basis of Presentation and Significant Accounting Policies"* of the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report. While management believes current estimates are appropriate and reasonable, actual results could materially differ from those estimates. We have identified the policies below as critical to our business operations and the understanding of our financial operations. We have discussed the development, selection and disclosure of such policies and estimates with the Company's Audit Committee.

Our critical accounting policies are those related to property and equipment, impairment of long-lived assets and income taxes. For a discussion of the critical accounting policies and estimates that we use in the preparation of our Condensed Consolidated Financial Statements, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates" in Part II of our Annual Report for the year ended December 31, 2023, which has been made available on our website at www.vantagedrilling.com. During the Current Quarter, there were no material changes to the judgments, assumptions or policies upon which our critical accounting estimates are based.

Recent Accounting Pronouncements: See "*Note 2. Basis of Presentation and Significant Accounting Policies"* of the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report for further information. The information discussed therein is incorporated by reference in its entirety into this Part I, Item 2.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports we post to our website or otherwise make available to our investors and creditors is recorded, processed, summarized, and reported within the time periods required by our indebtedness agreements.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we post to our website or otherwise make available to our investors and creditors is recorded, processed, summarized, and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on their evaluation, our management, with the participation of, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of June 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Information regarding the Company's legal proceedings is set forth in "*Note 8. Commitments and Contingencies*" of the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report. The information discussed therein is incorporated by reference into this Part II, Item 1.

Item 5. Other Information

Ventura Offshore Holding Ltd.

Mr. Gunnar W. Eliassen, a member of the Company's Board of Directors, was elected as chairman of PetroServe Marine in May 2024, which subsequently adopted the name, Ventura Offshore Holding Ltd. ("Ventura Offshore"). Ventura Offshore is an international offshore drilling company focused on operating a fleet of deepwater drilling units and is a direct competitor of the Company. In an attempt to avoid any actual or perceived conflicts of interest with or involving the Company's directors, officers or employees, the Company previously adopted a Conflicts of Interest Policy to address the potential conflicts of interest pertaining to the Company's business and operations and the activities of such persons. In connection with such Conflicts of Interest Policy, the Company endeavors to appropriately manage access to potentially sensitive information. The Company's Board of Directors will continue to monitor and evaluate the procedures in effect, including under its Conflict of Interest Policy, to address potential and actual conflicts of interest; however, such policies may not (i) be adequate to address all of the conflicts that may arise from time to time pertaining to the Company's business and the actions undertaken by our officers and directors, nor (ii) address such conflicts in a manner that is most favorable to the Company.

Rule 10b5-1 Trading Arrangement

During the three month period covered by this Quarterly Report, none of the Company's directors or executive officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of any Company securities that was intended to satisfy the affirmative defense conditions of a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (each as defined in Item 408(a) of Regulation S-K).

APPENDIX D:

AUDITED INTERIM STAND-ALONE FINANCIAL STATEMENTS FOR THE COMPANY FOR THE PERIOD FROM 8 FEBRUARY 2024 TO 31 MARCH 2024

VANTAGE DRILLING INTERNATIONAL LTD.

PARENT COMPANY REPORT FOR THE PERIOD AS OF MARCH 31, 2024 AND THE PERIOD FROM FEBRUARY 8, 2024 (INCEPTION) THROUGH MARCH 31, 2024

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GLOSSARY OF TERMS

The following terms used in this Report have the following meanings, unless specified elsewhere in this Report:

Abbreviation/Acronym	Definition
9.25% First Lien Indenture	First Lien Indenture, dated as of November 30, 2018, by and between Vantage Drilling International and U.S. Bank National Association
9.50% First Lien Indenture	First Lien Indenture, dated as of March 1, 2023, by and between VDI, the guarantors party thereto, and U.S. Bank Trust Company, National Association, as trustee and first lien collateral agent
9.50% First Lien Notes	The Company's 9.50% Senior Secured First Lien Notes due February 15, 2028
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board of Directors	The Company's board of directors
CIT Act	Corporate Income Tax Act, 2023
Current Period	Period from February 8, 2024 to March 31, 2024
Effective Date	February 10, 2016, the date the Company emerged from bankruptcy
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
IPO	Initial public offering
IRS	U.S. Internal Revenue Service
Ordinary Shares	The Company's ordinary shares, par value $0.001 per share
PBGs	Performance-based restricted stock units
PSU	Phantom Stock Units with time-based and performance based vesting conditions
QLE	A qualified liquidity event as defined in the 2016 Amended MIP
RSU	PBG's and TBGs with both a time condition and/or IPO or performance condition
Securities Act	Securities Act of 1933, as amended
Tax Election	Tax election filed with the IRS on January 22, 2020, to allow VDI Predecessor to be treated as a partnership, rather than a corporation, for U.S. federal income tax purposes, with an effective date retroactive to December 9, 2019
TBGs	Time-based restricted stock units
TEV	Total enterprise value
U.S.	United States of America
U.S. GAAP	Accounting principles generally accepted in the United States of America
U.S. Holder	A beneficial owner of the Ordinary Shares that is, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that was organized under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust, if a U.S. court can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or such trust has a valid election in effect under applicable treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes
USD or $	U.S. Dollar
VDI Predecessor	The entity that made the Tax Election and ceased to exist on Merger Date
VDI	Vantage Drilling International Ltd.
VHI	Vantage Holdings International, a subsidiary of VDI

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Independent Auditor's Report

To the Shareholders and Board of Directors
Vantage Drilling International Ltd.
Dubai, United Arab Emirates

Qualified Opinion

We have audited the financial statements of Vantage Drilling International Ltd. (the Company), which comprise the balance sheet as of March 31, 2024, and the related statements of operations, changes in stockholders' equity, and cash flows for the period from inception (February 8, 2024) through March 31, 2024, and the related notes to the financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and the results of its operations and its cash flows for the period from inception (February 8, 2024) through March 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As described in Note 1, the Company carries its investments in its subsidiaries on the equity basis of accounting instead of including the accounts of its subsidiaries in its financial statements. Accounting principles generally accepted in the United States of America require the accounts of subsidiaries that are controlled by a company to be included in its financial statements. Had the accounts of its subsidiaries been included in the accompanying financial statements, total assets, revenues, and income before taxes would have increased by $96.9 million, $44.6 million, and $1.5 million, respectively.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

BDO USA refers to BDO USA, P.C., a Virginia professional corporation, also doing business in certain jurisdictions with an alternative identifying abbreviation, such as Corp. or P.S.C.

BDO USA, P.C. is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

June 5, 2024

Financial Statements

Vantage Drilling International Ltd.
Parent Company Balance Sheet
(In thousands)

		March 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$	547
Prepaid expenses and other current assets		460
Total current assets		1,007
Intercompany Receivables		3,149
Investment in Subsidiaries		440,319
Total non-current assets		443,468
Total assets	$	444,475
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$	2,086
Other current liabilities		2,562
Total current liabilities		4,648
Intercompany Payables	$	6,303
Long–term debt, net of discount and financing costs of $9,299		190,701
Other long-term liabilities		183
Shareholders' equity		
Ordinary shares		13
Additional paid-in capital		634,021
Accumulated deficit		(391,394)
Total Equity		242,640
Total liabilities and shareholders' equity	$	444,475

The accompanying notes are an integral part of these Parent Company financial statements.

Vantage Drilling International Ltd.
Parent Company Statement of Operation
(In thousands)

	Period from February 8, 2024 (Inception) through March 31, 2024
General and administrative	1,154
Loss from Operation	(1,154)
Other income (expense)	
Intercompany Expenses	961
Interest expense and other financing charges	3,562
Other, net	(3)
Total other expense	4,520
Loss before equity in earnings of investees	(5,674)
Equity in earnings of investees	435
Net loss	(5,239)

The accompanying notes are an integral part of these Parent Company financial statements.

Vantage Drilling International Ltd.
Parent Company Statement of Cash Flow
(In thousands)

	Period from February 8, 2024 (Inception) through March 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (5,239)
Adjustments to reconcile net loss to net cash used in operating activities	
Amortization of debt financing costs	396
Share-based compensation expense	11
Income from equity method investments	(435)
Changes in operating assets and liabilities:	
Prepaid expenses and other current assets	403
Other assets	(2,269)
Accounts payable	807
Other current liabilities and other long-term liabilities	(793)
Net cash used in operating activities	(7,119)
CASH FLOWS FROM FINANCING ACTIVITIES	
Shares repurchased for tax withholdings on settlement of RSUs	(441)
Payments of dividend equivalents	(3,272)
Net cash used in financing activities	(3,713)
Net decrease in cash and cash equivalents	(10,832)
Cash and cash equivalents—beginning of period	11,379
Cash and cash equivalents—end of period	$ 547
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash paid for:	
Interest	$ 9,500

The accompanying notes are an integral part of these Parent Company financial statements.

Vantage Drilling International Ltd.
Parent Company Statement of Shareholders' Equity
(In thousands)

	Period from February 8, 2024 (Inception) through March 31, 2024				
	Ordinary Shares				
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total Equity (Deficit)
Balance February 8, 2024	13,229	$ 13	$ 634,129	$ (386,155)	$ 247,987
Share-based compensation issuance of shares	82	—	—	—	—
Shares withheld to settle withholding taxes	(16)	—	(441)	—	(441)
Share-based compensation expense	—	—	333	—	333
Net loss	—	—	—	(5,239)	(5,239)
Balance March 31, 2024	13,295	$ 13	$ 634,021	$ (391,394)	$ 242,640

The accompanying notes are an integral part of these Parent Company financial statements.

VANTAGE DRILLING INTERNATIONAL LTD.
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Organization and Recent Events

Vantage Drilling International Ltd., a Bermuda exempted company (the "Company") incorporated on February 8, 2024, has investments in international offshore drilling primarily focused on operating a fleet of modern high specification drilling units, managing third-party owned drilling units, providing operations and marketing services for operating and stacked rigs, construction supervision services for rigs that are under construction, and preservation management services for rigs that are stacked.

VDI Predecessor held an extraordinary general meeting on January 23, 2024 whereby the shareholders approved (i) the re-domiciliation of VDI Predecessor from the Cayman Islands to Bermuda and (ii) a proposal to merge VDI Predecessor with a newly-formed Bermuda entity, VDI Bermuda Ltd., a wholly-owned subsidiary of the Company, pursuant to a statutory merger (the "Statutory Merger"). On February 12, 2024, VDI Predecessor deregistered by way of discontinuation in the Cayman Islands and continued into Bermuda as a Bermuda exempted company limited by shares (and in the process renamed itself "Vantage Drilling International Ltd."). VDI Predecessor held a special general meeting on March 19, 2024 whereby the shareholders approved the Company's entry into the statutory merger agreement (the "Statutory Merger Agreement"), including the consummation of the Statutory Merger and other related transactions thereto. VDI Predecessor and VDI Bermuda Ltd. consummated the Statutory Merger on March 31 2024, with VDI Bermuda Ltd. being the surviving company and subsequently adopting the name "Vantage Drilling International Ltd.". As a result of the consummation of the Statutory Merger and the other transactions contemplated by the Statutory Merger Agreement, VDI Predecessor no longer has any corporate existence, and the Company, in its capacity as the new parent of the Vantage Group, is not treated as a partnership for U.S. federal income tax purposes. The Statutory Merger was accounted for as a reorganization of entities under common control, in a manner similar to a pooling of interests. Consequently, this reorganization resulted in a change in the reporting entity and as such the net assets received in the Statutory Merger are presented retrospectively from the date of inception on February 8, 2024.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation: The financial statements are presented without the accompanying consolidated financial statements and therefore have not been prepared in accordance with U.S. GAAP. For purposes of these financial statements, the Company's wholly owned and majority owned subsidiaries are recorded based upon its proportionate share of the subsidiaries' net assets.

Use of Estimates: The preparation of financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to property and equipment, income taxes, insurance, employee benefits and contingent liabilities. Actual results could differ from these estimates.

Cash and Cash Equivalents: Includes deposits with financial institutions and compliant financial instruments with maturities of three months or less when purchased.

Debt Financing Costs: Costs incurred with financing debt are deferred and amortized over the term of the related financing facility on a straight-line basis, which approximates the effective interest method. Debt issuance costs are presented in the Parent Company Balance Sheet as a direct deduction from the carrying amount of that debt liability.

Income Taxes: As of February 8, 2024, VDI is an exempted company in Bermuda. The Government of Bermuda recently enacted the CIT Act, which will apply to certain multinational enterprises as of January 1, 2025, if specific conditions are met in respect of particular fiscal period. Based on these conditions, VDI does not fall in scope of the CIT Act for the period starting January 1, 2025. The Company will monitor the developments and assess the applicability of the CIT Act and its impact on the financial statements on an ongoing basis. Following this review, the CIT Act does not impact VDI's financial statements for the period ended March 31, 2024.

Our periodic tax returns are subject to examination by taxing authorities in the jurisdiction in accordance with the normal statute of limitations. These examinations may result in assessments of additional taxes that are resolved with the authorities or through the courts. Resolution of these matters involves uncertainties and there are no assurances as to the outcome.

Concentrations of Credit Risk: Financial instruments that potentially subject us to a significant concentration of credit risk consist primarily of cash and cash equivalents. We maintain deposits in federally insured financial institutions in excess of federally insured limits. We monitor the credit ratings and our concentration of risk with these financial institutions on a continuing basis to safeguard our cash deposits.

Fair Value of Financial Instruments: The financial instruments of the Company consist primarily of cash and cash equivalents, intercompany receivables, intercompany payables and accounts payable. These items are considered Level 1 due to their short-term

nature and their market interest rates and are, therefore, considered a reasonable estimate of fair value. The Company classifies short-term investments within Level 1 in the fair value hierarchy because quoted prices for identical assets in active markets are used to determine fair value. As of March 31, 2024, the fair value of the 9.50% First Lien Notes was approximately $202.3 million based on quoted market prices in a less active market, a Level 2 measurement. See "*Note 3. Debt*" of these "Notes to Financial Statements" for additional information on the 9.50% First Lien Notes. The fair value of stock based compensation liabilities was based on Level 3 measurement using Monte-Carlo valuation technique, see "*Note 4. Shareholders' Equity*" of these "Notes to Financial Statements" for additional information.

Share-based Compensation: Share-based compensation awards may contain a combination of time based, performance based and/or market based vesting conditions. Share-based compensation is recognized in the statements of operations based on the grant date fair value and the estimated number of RSUs that are ultimately expected to vest.

The fair value of granted service-based RSUs is measured using the market price of our Ordinary Shares on the grant date. Grant date fair values of RSUs with market based vesting conditions is measured using the Monte-Carlo valuation technique, using inputs and assumptions, including the market price of the Ordinary Shares on the date of grant, the risk-free interest rate, expected volatility and expected dividend yield over a period commensurate with the remaining term prior to vesting. For awards with a market condition, compensation cost is recognized over the service period regardless of whether the market conditions are ultimately achieved. For awards which vest only after a specific event, such as an IPO, compensation expense is recognized upon the occurrence of the specified event and the remaining period of any time-vesting conditions. The Company classified certain awards that will be settled in cash as liability awards. The fair value of a liability-classified award is determined on a quarterly basis beginning at the grant date until final vesting. Changes in the fair value of liability-classified awards are expensed over the vesting period of the award.

Under the provisions of ASC 718 *Compensation – Stock Compensation,* share-based compensation expense is recognized on a straight-line basis over the service period through the date the employee or non-employee director is no longer required to provide service to earn the award. See "*Note 4. Shareholders' Equity*" of these "Notes to Financial Statements" for additional information on share-based compensation. Forfeitures of all equity-based awards are recognized as they occur.

Subsequent Events: The Company evaluates events and transactions occurring after the balance sheet date but before the financial statements are available to be issued. The Company evaluated such events and transactions through June 5, 2024, the date the parent financial statements were available for issuance.

Recently Adopted Accounting Standards: No new accounting standards were adopted during the period ended March 31, 2024.

Recently Issued Accounting Standards: In March 2024, the FASB issued ASU No. 2024-01, Compensation – Stock Compensation (Topic 718): Scope Applications of Profits Interest and Similar Awards ("ASU 2024-01"). The amendments in ASU 2024-01 improves its overall clarity and operability without changing the guidance and adding illustrative examples to determine whether profits interest award should be accounted for in accordance with Topic 718.

In March 2024, the FASB issued ASU No. 2024-02, Codification Improvements – Amendments to Remove References to the Concept Statements ("ASU 2024-02"). The amendments in ASU 2024-02 removes references to various FASB Concept Statements in the Accounting Standard Codifications to draw a distinction between authoritative and non-authoritative literature.

ASU 2024-01 and ASU 2024-02 are effective for annual periods beginning after December 15, 2024 for public entities and December 15, 2025 for all other entities. The Company does not anticipate that these updates, once adopted, will have a material effect on the financial statements.

3. Debt

Our debt was composed of the following as of the date indicated:

(in thousands)		March 31, 2024
9.50% First Lien Notes, net of financing costs of $9,299	$	190,701
		190,701
Less current maturities of long-term debt		—
Long-term debt, net	$	190,701

9.50% First Lien Notes. On February 14, 2023, the VDI Predecessor priced an offering of $200.0 million in aggregate principal amount of 9.50% First Lien Notes at an issue price of 97% (which included applicable discounts) and entered into a purchase agreement with several investors pursuant to which the VDI Predecessor agreed to sell the 9.50% First Lien Notes (the "9.50% First Lien Notes Offering") to the purchasers in reliance on an exemption from registration provided by Section 4(a)(2), Rule 144A and/or Regulation S of the Securities Act. On March 1, 2023, the VDI Predecessor closed the sale of the 9.50% First Lien Notes. The proceeds derived from the 9.50% First Lien Notes Offering were used (i) to redeem all of VDI Predecessor's outstanding 9.25% First Lien Notes for approximately $185.1 million, including principal and interest (ii) to pay fees and expenses related to the 9.50% First Lien Notes Offering and (iii) for general corporate purposes.

The 9.50% First Lien Notes will mature on February 15, 2028. The Company will pay interest on the 9.50% First Lien Notes on February 15 and August 15 of each year, which commenced on August 15, 2023. Interest on the 9.50% First Lien Notes will accrue from March 1, 2023, at a rate of 9.50% per annum, and be payable in cash. The 9.50% First Lien Notes will be guaranteed on a joint and several basis by the Company's current and future direct and indirect subsidiaries, subject to certain exceptions (including Vantage Financial Management Co.) and will be secured by a first priority lien on substantially all of the assets of the Company and such subsidiaries, in each case subject to certain exceptions. In connection with the issuance of the 9.50% First Lien Notes, we are permitted to maintain up to $25.0 million in letters of credit outstanding to support our operations.

The 9.50% First Lien Notes are subject to mandatory redemptions upon the occurrence of certain events, including (i) an annual excess cash flow sweep of 50% of excess cash flow and (ii) upon the receipt of net proceeds from specified asset sales, in each case as further described in the 9.50% First Lien Indenture.

The 9.50% First Lien Notes are subject to redemption at the option of the Company, including upon certain change of control events occurring on or after February 15, 2025, and in certain cases upon the occurrence of certain events, as further described in the 9.50% First Lien Indenture. The 9.50% First Lien Indenture contains customary covenants that will limit the Company's ability and, in certain instances, the ability of the Company's subsidiaries, to borrow money, create liens on assets, make distributions and pay dividends on or redeem or repurchase stock, make certain types of investments, enter into agreements that restrict dividends or other payments from subsidiaries, enter into transactions with affiliates, issue guarantees of debt, and sell assets or merge with other companies. These limitations are subject to several important exceptions and qualifications set forth in the 9.50% First Lien Indenture.

Events of default under the 9.50% First Lien Indenture include, among other events, the following with respect to the 9.50% First Lien Notes: default for 30 days in the payment when due of interest on the 9.50% First Lien Notes; default in payment when due of the principal of, or premium, if any, on the 9.50% First Lien Notes; failure to comply with certain covenants in the 9.50% First Lien Indenture for 30 days (or 60 days in respect of the reporting covenant contained therein) after the receipt of notice from the trustee or holders of 25.0% in aggregate principal amount of the 9.50% First Lien Notes; acceleration or payment default of debt of the Company or a restricted subsidiary in excess of $30.0 million (subject to a cure right within 60 days); certain judgments in excess of $50.0 million subject to certain exceptions; and certain events of bankruptcy or insolvency. In the case of an event of default arising from certain events of bankruptcy or insolvency, all 9.50% First Lien Notes then outstanding will become due and payable immediately without further action or notice. If any other event of default occurs with respect to the 9.50% First Lien Notes, the trustee or holders of 25.0% in aggregate principal amount of the 9.50% First Lien Notes may declare all the 9.50% First Lien Notes to be due and payable immediately.

Revolving Credit Facility

On May 3, 2024, the Company entered into a revolving credit facility (the "Revolving Credit Facility") with Banco Santander, S.A., New York Branch. The Revolving Credit Facility provides for commitments permitting borrowings of up to an aggregate principal amount outstanding at any time of $25.0 million, subject to the Company complying with the conditions relating to borrowing. Amounts borrowed under the Revolving Credit Facility are subject to an interest rate per annum equal to the applicable SOFR rate plus 4.00% or ABR rate plus 3.00%, at the Company's election. The Company may use borrowings, if any, for general corporate purposes, including for contract preparation and rig upgrades, some of which will be reimbursable by the client after contract commencement. The

Company's obligations under the Revolving Credit Facility are guaranteed by substantially all of its subsidiaries. The Revolving Credit Facility fully matures no later than May 2, 2025 and is secured on a first lien basis, pari passu with the 9.50% First Lien Notes. The Revolving Credit Facility contains covenants that are more restrictive than those governing the 9.50% First Lien Notes limiting, among other things, the Company's ability to incur indebtedness, pay dividends and make certain investments. Further, the Revolving Credit Facility contains a financial covenant that requires us to maintain a minimum interest coverage ratio of not less than 1.25:1.0.

4. Shareholders' Equity

Stock Issuance

VDI Ltd. has 50,000,000 authorized Ordinary Shares. As of March 31, 2024, 13,295,262 Ordinary Shares were issued and outstanding.

Share-based Compensation

On August 9, 2016, the VDI Predecessor adopted the 2016 Amended MIP to align the interests of participants with those of the Company's shareholders by providing incentive compensation opportunities tied to the performance of the Company's equity securities. Pursuant to the 2016 Amended MIP, the Compensation Committee may grant to employees, directors and consultants stock options, restricted stock, restricted stock units or other awards. As of March 31, 2024, there were 77,097 Ordinary Shares available for future grant under the 2016 Amended MIP.

RSUs with Time or Performance Conditions

TBGs granted under the 2016 Amended MIP vest annually, ratably over a vesting period as per the individual award agreements; however, accelerated vesting is provided under certain circumstances as set forth in each individual award letter. Otherwise, the settlement of any vested TBGs occurs upon the earlier of the set anniversary of the effective date or a QLE as set forth in each individual award letter.

A summary of the status of non-vested TBGs and PBGs at (and changes occurring within) the periods indicated is as follows:

	TBGs Outstanding	Weighted Average Award Date Unit Price
Nonvested restricted units at February 8, 2024	15,311	$ 16.76
Awarded	493	$ 24.82
Vested	(3,570)	$ 16.76
Forfeited	—	—
Nonvested restricted units at March 31, 2024	12,234	$ 17.08

TBGs are classified as equity awards. For the period from February 8, 2024 (Inception) through March 31, 2024, we recognized share-based compensation related to the TBGs of approximately $0.02 million. As of March 31, 2024, there was approximately $0.2 million of total unrecognized share-based compensation expense related to TBGs, which is expected to be recognized over the remaining weighted average vesting period of approximately 2.97 years.

RSUs and PSUs with Time and IPO or Time and Performance Conditions

These grants contain the following vesting eligibility conditions:

- TBGs vest on a linear basis upon each anniversary and upon the occurrence of an IPO prior to the earlier of a QLE and the seventh anniversary of the effective date.
- PBGs vest on a linear basis upon each anniversary and upon achievement of share price hurdle. The achievement of the share price hurdle must occur prior the earlier of (i) a QLE or (ii) the seventh anniversary of the effective date.

RSUs granted in March 2024 are accounted for as equity awards as they will be settled in shares. A summary of the status of non-vested equity classified RSUs and changes occurring within the periods indicated is as follows:

	Equity classified RSU TBGs Outstanding	Weighted Average Award Date Unit Price	Equity classified RSU PBGs Outstanding	Weighted Average Award Date Unit Price
Nonvested restricted units at February 8, 2024	318,000	$ 25.50	318,000	$ 24.21
Awarded	13,775	$ 24.20	—	—
Vested	—	—	—	—
Forfeited	—	—	—	—
Nonvested restricted units at March 31, 2024	331,775	$ 25.45	318,000	$ 24.21

For the period from February 8, 2024 (Inception) through March 31, 2024, the IPO condition had not been met and therefore, no share-based compensation expense was recorded for RSU TBGs. If the IPO condition is met, the resulting compensation expense will be recorded as a cumulative adjustment in the period the IPO condition is met, and the rest of the grant fair value will be amortized through the longer of the IPO timeline or the remainder of the explicit service period in the RSU TBGs Grant. As of March 31, 2024, there was approximately $8.4 million of total unrecognized share-based compensation expense related to equity classified RSU TBGs, with a remaining weighted average vesting period of approximately 3.46 years.

For the period from February 8, 2024 (Inception) through March 31, 2024, we recognized share-based compensation related to the equity classified RSU PBGs of approximately $0.3 million. As of March 31, 2024, there was approximately $6.9 million of total unrecognized share-based compensation expense related to equity classified RSU PBGs, with a remaining weighted average vesting period of approximately 3.57 years.

In January 2024, the VDI Predecessor granted certain phantom stock awards that are settled in cash and therefore are accounted for as liability awards. The fair value of a liability-classified PSU award is determined on a quarterly basis beginning at the grant date until final vesting of the award. Changes in the fair value of liability-classified awards are expensed over the vesting period of the award. A summary of the status of non-vested liability classified PSUs and changes occurring within the periods indicated is as follows:

	Liability classified PSU TBGs Outstanding	Weighted Average Award Date Unit Price	Liability classified PSU PBGs Outstanding	Weighted Average Award Date Unit Price
Nonvested restricted units at February 8, 2024	23,600	$ 23.65	23,600	$ 24.21
Awarded	—	—	—	—
Vested	—	—	—	—
Forfeited	—	—	—	—
Nonvested restricted units at March 31, 2024	23,600	$ 23.65	23,600	$ 24.21

For the period ended March 31, 2024, the IPO condition had not been met and therefore, no share-based compensation expense was recorded for PSU TBGs. If the IPO condition is met, the resulting compensation expense will be recorded as a cumulative adjustment in the period the IPO condition is met, and the rest of the grant fair value will be amortized through the longer of the IPO timeline or the remainder of the explicit service period in the PSU TBGs Grant. As of March 31, 2024, there was approximately $0.6 million of total unrecognized share-based compensation expense related to liability classified PSU TBGs, with a remaining weighted average vesting period of approximately 3.75 years.

For the period ended March 31, 2024, we recognized share-based compensation related to the liability classified PSU PBGs of approximately $0.04 million. As of March 31, 2024, there was approximately $0.5 million of total unrecognized share-based compensation expense related to liability classified PSU PBGs, with a remaining weighted average vesting period of approximately 3.75 years.

Dividend Equivalents

Pursuant to the 2016 Amended MIP and the terms of the applicable unit awards, participants holding RSUs are contractually entitled to receive all dividends or other distributions that are paid to VDI shareholders provided that any such dividends will be subject to the same vesting requirements of the underlying units. Dividend payments accrue to outstanding awards (both vested and unvested) in the form of "Dividend Equivalents" equal to the dividend per share underlying the applicable MIP award. On November 18, 2019, the VDI Predecessor announced that its Board of Directors had declared a special cash distribution in the aggregate amount of $525.0 million, or $40.03 per share, which was paid on December 17, 2019, to shareholders of record as of the close of business on December 10, 2019 (the "Special Cash Distribution"). In the Current Period, a $3.3 million portion of the Special Cash Distribution was paid to current or former employees or directors as a result of the settlement of the TBGs. As of March 31, 2024, a de Minimis amount is unpaid and recorded in the Balance Sheets.

5. Commitments and Contingencies

From time to time, the Company may be involved in various legal proceedings in the normal course of business. While the ultimate results of such matters generally cannot be predicted with certainty, management does not expect any such currently existing matters to have a material adverse effect on the Company's financial position, results of operations, or liquidity.

Brazil Improbity Action

On April 27, 2018, the VDI Predecessor was added as an additional defendant in a legal proceeding (the "Improbity Action"), initiated by the Brazilian Federal Prosecutor against certain individuals, including an executive of Petrobras and two political lobbyists, in connection with the contracting of the *Titanium Explorer* drillship to Petrobras under the Government Agreement for the Provision of Drilling Services for the Titanium Explorer, dated February 4, 2009, by and between Petrobras Venezuela Investments & Services, BV and Vantage Deepwater Company (and subsequently novated to Petrobras America, Inc. and Vantage Deepwater Drilling, Inc.), with the Brazilian government and Petrobras as plaintiffs. Vantage is alleged to have been involved in and benefited from the purported bribery scheme at Petrobras through Hamylton Padilha, the Brazilian agent our former parent company, VDC, used in the contracting of the *Titanium Explorer* drillship to Petrobras, and Mr. Hsin-Chi Su, a former member of VDC's board of directors and a significant shareholder of VDC. We first became aware of the legal proceeding on July 19, 2018 as it was previously under seal. On March 22, 2019, we were formally served in the United States and on April 12, 2019, we subsequently filed our preliminary statement of defense with the 11th Federal court of the Judicial Branch of Curitiba, State of Parana, Brazil (the "Brazilian Federal Court"). On August 20, 2020, the Brazilian Federal Court dismissed our preliminary statement of defense. On October 5, 2020, we subsequently filed a motion to clarify with the Brazilian Federal Court requesting the reconsideration of certain aspects of the decision dismissing our preliminary statement of defense. Our motion to clarify was denied on December 14, 2020, and on February 10, 2021 we filed an interlocutory appeal with the 4thCircuit of the Federal Court of Appeals in Porto Alegre, State of Rio Grande do Sul, Brazil (the "Brazilian Appellate Court"), the appellate court hearing appeals in the "Car Wash" cases, seeking to reverse the Brazilian Federal Court's denial of our preliminary defense. On April 15, 2021, the Brazilian authorities served us indirectly through the U.S. Department of Justice agreeing to formally send us documents related to the Improbity Action. On May 13, 2021, the Brazilian Appellate Court's reporting judge for our matter granted our request for preliminary relief and ordered an immediate stay of the Improbity Action (as it applies to VDI Predecessor). A proceeding with regard to the interlocutory appeal commenced on August 30, 2022 (the "August 2022 Proceeding") and on December 6, 2022, the Brazilian Appellate Court ruled in our favor, revoking the asset freeze order, which had already been stayed pending a decision from the court, and immediately dismissed the Improbity Action as to VDI Predecessor (the "Improbity Decision"). On January 30, 2023 and February 1, 2023, Petrobras and the Brazilian federal government filed respective motions to clarify the Improbity Decision. On March 31, 2023, VDI Predecessor filed its response to the motions to clarify the Improbity Decision. On April 2, 2024, the Brazilian Appellate Court commenced the hearing to adjudicate the motion to clarify the Improbity Decision. On April 10, 2024, the Brazilian Appellate Court denied the motions to clarify submitted by the Brazilian government and Petrobras, and upheld the court's prior decision to dismiss the Improbity Action. The Improbity Decision is still subject to appeal by the Brazilian government and Petrobras to the Brazilian Superior Court of Justice and the Brazilian Supreme Court.

The Company understands that the Improbity Action is a civil action and is part of the Brazilian Federal Prosecutor's larger "Car Wash" investigation into money laundering and corruption allegations in Brazil. Separately, Federal Law no. 14,230/2021 (the "New Administrative Improbity Law") was enacted on October 26, 2021, which substantially amended the existing Brazilian Improbity legal framework. While the Company believes that the developments arising from the enactment of the New Administrative Improbity Law render the case against it moot, the Company cannot predict the ultimate outcome of the August 2022 Proceeding and the Company will be obligated to file a statement of defense in the matter if the Improbity Decision is later reversed.

The damages claimed in the proceeding are in the amount of BRL 102.8 million (approximately $21.2 million, changes in the USD amounts result from foreign exchange rate fluctuations), together with a civil fine equal to three times that amount. The Company understands that the Brazilian Federal Court previously issued an order authorizing the seizure and freezing of the assets of the Company and the other three defendants in the legal proceeding, as a precautionary measure, in the amount of approximately $85.1 million. The Company and the other three defendants are jointly and severally liable for this amount. The seizure order has not had an effect on the Company's assets or operations, as the Company does not own any assets in Brazil and does not currently intend to relocate any assets to Brazil. On February 13, 2019, we learned that the Brazilian Federal Prosecutor had previously requested mutual legal assistance from the DOJ pursuant to the United Nations Convention against Corruption of 2003 to obtain a freezing order against the Company's U.S. assets in the amount of approximately $85.1 million.

On April 12, 2019, VDI Predecessor filed an interlocutory appeal with the Brazilian Appellate Court to stay the seizure and freezing order of the Brazilian Federal Court.

On May 20, 2019, VDI Predecessor announced that the Brazilian Appellate Court's reporting judge ruled in favor of the VDI Predecessor's appeal to stay the seizure and freezing order of the Brazilian Federal Court. As noted above, the Brazilian Appellate Court ruled in favor of VDI Predecessor in the Improbity Decision, which, among other things, revoked the asset freeze order. The Improbity

Decision is still subject to clarification and appeal by the Brazilian government and Petrobras, and on January 30, 2023 and February 1, 2023, Petrobras and the Brazilian federal government filed respective motions to clarify the Improbity Decision. On March 31, 2023, VDI Predecessor filed its responses to the motions to clarify the Improbity Decision. On April 2, 2024, the Brazilian Appellate Court commenced the hearing to adjudicate the motion to clarify the Improbity Decision. On April 10, 2024, the Brazilian Appellate Court denied the motions to clarify submitted by the Brazilian government and Petrobras, and upheld the court's previous decision to dismiss the Improbity Action. The Improbity Decision is still subject to appeal by the Brazilian government and Petrobras to the Brazilian Superior Court of Justice and the Brazilian Supreme Court.

VDI Predecessor previously communicated the Brazilian Appellate Court's ruling in regards to the seizure and freezing order to the DOJ and has asked the Brazilian Federal Court to do the same. On July 18, 2019, VDI Predecessor announced that the Brazilian Government made a filing with the Brazilian Federal Court reporting that the DOJ has advised the Brazilian Ministry of Justice that it would not be possible for the DOJ to comply with the mutual assistance request in respect of the asset freeze order. VDI Predecessor also announced that it learned from the Brazilian Ministry of Justice that the DOJ's response to the request for mutual assistance stated that no legal grounds existed for implementing the requested asset freeze, and that the DOJ was returning the request without taking action and considers the matter concluded.

VDI Predecessor has defended, and the Company intends to continue to vigorously defend, against the allegations made in the Improbity Action and oppose and defend against any attempts to reverse the Improbity Decision and/or seize the Company's assets. However, we can neither predict the ultimate outcome of this matter nor that there will not be further developments in the "Car Wash" investigation or in any other ongoing investigation or related proceeding that could adversely affect us. We are not able to determine the likelihood of loss, if any, arising from this matter as of the date of this Report.

6. Supplemental Financial Information

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

(in thousands)	March 31, 2024
Prepaid Insurance	$ 249
Other	211
	$ 460

Other Current Liabilities

Other current liabilities consisted of the following:

(in thousands)	March 31, 2024
Interest	$ 2,427
2016 MIP - Dividend equivalent [(1)]	136
	$ 2,562

(1) "Dividend equivalents" on vested TBGs are payable upon settlement of the applicable award.

Other Long-term Liabilities

Other Long-term liabilities consisted of the following:

(in thousands)	March 31, 2024
Stock based compensation	$ 36
2016 MIP - Dividend equivalent [(1)]	147
	$ 183

(1) "Dividend equivalents" on vested TBGs are payable upon settlement of the applicable award.

Related Party Transactions

The Company does not currently have any reportable transactions with entities that meet the definition of related parties as specifically defined by ASC 850 *Related Party Disclosures.*

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