

VANTAGE

Vantage Drilling International Ltd.

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2024

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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 or the inability 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;
- shifts in our broader business model to an asset-light strategy and, in turn, our reliance on third parties, which could materially and adversely impact our profitability and revenue;
- 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 surge or resurgence of any such public health crises, and the effectiveness of associated vaccinations and treatments;

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- consolidation of our competitors and suppliers;
- effects of new products and new technological changes 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 (and related fines issued by applicable agencies), 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 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 and 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, 2023 (as defined below);
- our ability to comply and maintain the listing of our securities on the OSE (as defined below);

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- 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 and 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 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.

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 Annual Report	The Company's Annual Report for the year ended December 31, 2022
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
ADES APA	That certain Asset Purchase Agreement, dated as of September 8, 2024, by and between P2021 Rig Co. and ADES
ADES Purchase Agreements	Collectively, the ADES APA and ADES SPA
ADES Sale Transactions	Collectively, the sale by (i) VHI of all of the issued and outstanding equity of RFL to ADES pursuant to the terms of the ADES SPA, and (ii) P2021 Rig Co. of the <i>Topaz Driller</i> to ADES pursuant to the terms of the ADES APA
ADES SPA	That certain Share Purchase Agreement, dated as of September 8 2024, by and between VHI and ADES
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
Audit Committee	The Audit Committee of the Board of Directors
Board of Directors	The Company's board of directors
CIT Act	Corporate Income Tax Act, 2023
COVID-19	Coronavirus disease 2019, a new strain of coronavirus caused by SARS-CoV-2
Current Year	The year ended December 31, 2024
DOJ	U.S. Department of Justice
EDC	Emerald Driller Company, which owns the <i>Emerald Driller</i> , <i>Sapphire Driller</i> and <i>Aquamarine Driller</i>
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
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	First underwritten public offering of the Ordinary Shares providing for the offer and sale of Ordinary Shares for the account of the Company, underwritten by a reputable nationally recognized underwriter pursuant to which the Ordinary Shares will be quoted or listed on a nationally-recognized securities exchange
IRS	U.S. Internal Revenue Service
MPD	Managed pressure drilling
Merger Date	March 31, 2024, the date upon which VDI Predecessor and VDI International Ltd. consummated the VDI Statutory Merger
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

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OSE	Euronext Growth Oslo, a multilateral trading facility operated by Euronext, part of the Oslo Stock Exchange
PBGs	Performance-based restricted stock units
P2021 Rig Co.	A wholly owned subsidiary of VHI, which formerly owned the <i>Topaz Driller</i> jackup rig
Petrobras	Petroleo Brasileiro S.A.
Previous Year	The year ended December 31, 2022
Prior Year	The year ended December 31, 2023
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
Revolving Credit Facility	That certain Revolving Credit Facility entered into by the Company on May 3, 2024 with Banco Santander, S.A., New York Branch
RFL	Rig Finance Limited, a former wholly owned subsidiary of VHI, which owns the <i>Soehannah</i> jackup rig
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
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 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
TE-Vantage JV Entity	TEVA Ship Charter LLC, a joint venture entity owned 75% by Total Energies Marine Investment LLC and 25% by Vantage Drilling Investment Ltd., a wholly owned subsidiary of VDI
TE-Vantage Transaction	The sale of the <i>Tungsten Explorer</i> to the TE-Vantage JV Entity
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 the Merger Date
VDI Predecessor	The entity that made the Tax Election and ceased to exist on the Merger Date
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. is a Bermuda exempted company which was incorporated on February 8, 2024, together with its consolidated subsidiaries (the “Company”). VDI Predecessor was migrated to Bermuda on a continuing basis and thereafter merged into the Company on the Merger Date, with the Company being the surviving company. 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 Ordinary Shares were listed on the OSE as of October 28, 2024 under the ticker symbol “VDI”.

Our Fleet

Our business consists of two operating segments: (1) “Drilling Services,” which includes activities related to owned drillships; and (2) “Managed Services,” which consists of activities related to rigs owned by third parties that we manage, support or operate.

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, they are 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, 2025.

Name	Year Built	Water Depth Rating (feet)	Drilling Depth Capacity (feet)	Location	Status
Owned Rigs:					
Drillships ⁽¹⁾					
<i>Platinum Explorer</i>	2010	12,000	40,000	Malaysia	Out of service
<i>Tungsten Explorer ⁽²⁾</i>	2013	12,000	40,000	Republic of the Congo	Operating
Third Party Owned Rigs:					
Jackups					
<i>Topaz Driller ⁽³⁾</i>	2009	375	30,000	Joint development area of Malaysia and Thailand	Operating
<i>Soehanah ⁽⁴⁾</i>	2007	375	30,000	Indonesia	Operating
<i>Emerald Driller ⁽⁵⁾</i>	2008	375	30,000	Indonesia	Operating
<i>Sapphire Driller</i>	2009	375	30,000	Qatar	Operating
<i>Aquamarine Driller</i>	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 is being upgraded to a six-ram BOP stack during the out of service period. The *Tungsten Explorer* is currently equipped to drill in 11,000 feet of water.
- (2) The Company signed the TE-Vantage MOU to create the TE-Vantage JV together with TotalEnergies, whereby the Company has agreed to sell the *Tungsten Explorer* to the TE-Vantage JV. Following completion of the transaction, the Company will own a 25% interest in the *Tungsten Explorer*.
- (3) In October 2024, the Company executed and completed the sale of the *Topaz Driller* jack-up rig to an unaffiliated third party, and the parties entered into a management agreement pursuant to which the Company is expected manage the rig for three years.

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- (4) In October 2024, the Company executed and completed the sale of all issued and outstanding equity of the entity that owns the *Soehanah* jack-up rig to an unaffiliated third party, and the parties entered into a management agreement pursuant to which the Company is expected to manage the rig for three years.
- (5) In October 2024, the Company executed a three year support services agreement in connection with the ADES Sale Transactions.

Recent Developments

Marketing Agreement with Eldorado Drilling AS

On February 4, 2025, the Company entered into a marketing agreement with Eldorado Drilling AS to market the 7th Generation Dorado Drillship for drilling opportunities in various locations in Africa, the Mediterranean, Asia and Australasia.

TotalEnergies and Vantage Joint Venture

On February 6, 2024, VHI entered into a binding Memorandum of Understanding (“TE-Vantage MOU”) with TotalEnergies to create the TE-Vantage JV that will acquire the *Tungsten Explorer* from Vantage. 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 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.

On December 31, 2024, the Company created the JV entity with TotalEnergies, TEVA Ship Charter LLC (“TEVA”) in line with the MOU terms. Subsequent to the completion of the current *Tungsten Explorer* contract in Congo, TEVA will acquire the *Tungsten Explorer* from the Company subject to customary sale and purchase conditions precedent. On January 2, 2025, TotalEnergies, Vantage and TEVA executed all definitive agreements in support of the rig acquisition and joint venture management including a sale and purchase agreement by which TEVA will acquire the rig and a management agreement pursuant to which Vantage will operate the *Tungsten Explorer* for a ten year term commencing after the TE-Vantage JV Transaction is completed. The management agreement includes an option to extend for an additional five years.

Senior Secured Notes Issuance and Redemption

On November 30, 2024 the Company issued an additional \$50.0 million in aggregate principal amount of 9.50% First Lien Notes at a 97% issue price pursuant to the 9.50% First Lien Indenture. The issuance follows the completion of the ADES Sale Transactions on October 30, 2024, from which the Company used the net proceeds to redeem \$184.9 million aggregate principal amount of the 9.50% First Lien Notes at par, plus accrued and unpaid interest.

Revolving Credit Facility

On May 3, 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 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. As of November 2024, the Company has redeemed all outstanding principal of the facility in connection with cash proceeds applicable to a specific customer contract. Upon redemption, the Revolving Credit Facility was terminated and not available for further utilization. See “Note 5 - Debt” of the “Notes to Consolidated Financial Statements” for additional information with respect to the Revolving Credit Facility.

Listing on the OSE

The Company submitted an application on October 8, 2024 for the listing of its Ordinary Shares on the OSE. The intended purpose of the listing is to facilitate increased liquidity in the Ordinary Shares, provide improved capital markets access and attract equity analyst coverage; however, the Company is not contemplating a concurrent equity offering or IPO as of the date of the financial statements. The Company’s first day of trading occurred on October 28, 2024 under the ticker symbol “VDI”.

ADES Sale Transactions

On September 8, 2024, VDI entered into the (i) ADES SPA, pursuant to which VHI agreed to sell to ADES all of the issued and outstanding equity of VHI’s wholly-owned subsidiary, Rig Finance Ltd., the owner of the *Soehanah* jack-up rig, for an aggregate purchase price of \$85.0 million in cash, subject to certain adjustments, and (ii) ADES APA with ADES, pursuant to which P2021 Rig Co. agreed to sell to ADES the *Topaz Driller* for an aggregate purchase price of \$105.0 million in cash, subject to certain adjustments. On October 30, 2024, VDI successfully completed the ADES Sale Transactions and entered into three year management agreements for each of the *Soehanah* and *Topaz Driller* and a support services agreement for the *Emerald Driller*, which each conclude on October 29, 2027.

On October 30, 2024, the Company received gross proceeds of \$188.9 million as purchase price consideration related to ADES Sale Transactions. In accordance with the terms of the ADES SPA, an additional \$4.0 million was received in February 2025 as a

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purchase price adjustment which was not subject to the mandatory redemption requirements. As a result of these transactions, the Company has recognized a net gain of approximately \$86.9 million.

CPOC Drilling Contract

On April 15, 2024, we entered into a drilling services contract in respect of the Topaz Driller to perform services for CARIGALI-PTTEPI Operating Company SDN BHD (CPOC) in the joint development area of Malaysia and Thailand. The term of the contract is for two years, with three options to extend for an additional three month period (per option).

Continuation into Bermuda and 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 the Merger Date, with VDI Bermuda Ltd. being the surviving company and subsequently adopting the name “Vantage Drilling International Ltd.”.

The Aquadrill Merger and the Termination of Certain Agreements

VHI 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. In accordance with the terms of the Framework, Management and Marketing Agreements, Aquadrill may 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*. Given that the Notice Termination Period relating to the *Capella* had lapsed, we are no longer managing or marketing the *Capella* nor eligible to earn management fees under the Capella Management Agreement as of September 15, 2024, however, the settlement of pre-funding and receivables remain outstanding and pending to fully resolve and conclude our relationship with Seadrill as of December 31, 2024.

Strengths

We believe our primary competitive strengths include the following:

We own and operate a premium fleet. We have two high-specification drilling units that can provide premium drilling services for deepwater applications. We recognize business cycles may differ, particularly during an industry recovery, and believe our fleet remains competitive in this market segment. Our owned fleet currently includes two drillships.

- *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

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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. We remain focused on optimizing our cost structure and gaining operational efficiencies through strategic collaboration. As a result, we implemented company-wide cost savings initiatives 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.

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 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 demand in the shallow water segment has generally remained consistent over the past several years, the deepwater sector began to experience some weakness in demand in the second half of 2023, which continued throughout 2024 as more drillships came off contracts during the year.

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Therefore, our industry has generally shown indications of being on more solid ground, as compared to the past decade, and we expect that demand will generally 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:

Customer	Segment	Year Ended December 31,		
		2024	2023	2022
TotalEnergies ⁽¹⁾	Drilling Services and Managed Services	40%	21%	1%
Medco ⁽²⁾	Drilling Services and Managed Services	16%	7%	6%
CPOC	Drilling Services and Managed Services	14%	0%	0%
Premier Oil	Drilling Services and Managed Services	10%	1%	3%
Oil & Natural Gas Corporation	Drilling Services and Managed Services	5%	35%	20%
Seadrill	Managed Services	4%	21%	31%
Eni S.p.A ⁽³⁾	Drilling Services	0%	10%	15%
Belayim Petroleum Company (Petrobel)	Drilling Services	0%	0%	10%

(1) Includes Total E&P Cyprus B.V., Total E&P Qatar and TotalEnergies EP Namibia BV

(2) Includes Medco E&P Natuna Ltd. and Medco Energi Sampang Pty. Ltd.

(3) Includes Eni Cyprus Limited, Eni Montenegro BV, Eni Congo S.A., ENI Morocco BV, ENI North Ganai 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, 2025:

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Name	Region	Contract End Date	Customer
Owned Rigs:			
<i>Platinum Explorer</i>	Malaysia	NA	Out of Service
<i>Tungsten Explorer</i>	Republic of the Congo	Q2 2025	TotalEnergies
Third-Party Owned Rigs:			
<i>Topaz Driller</i>	Joint development area of Malaysia and Thailand	Q3 2026	CPOC
<i>Soehanah</i>	Indonesia	Q3 2025	Medco EP
<i>Emerald Driller</i>	Indonesia	Q4 2027	PT Pertamina Drilling Services
<i>Sapphire Driller</i>	Qatar	Q2 2025	North Oil Company
<i>Aquamarine Driller</i>	Qatar	Q2 2025	North Oil Company

Contract Backlog

As of December 31, 2024, we had total contract backlog of approximately \$65.3 million (including approximately \$21.3 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 \$51.6 million of our total contract backlog as of December 31, 2024 will be performed during 2025, 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 generally 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.

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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 two drilling units is \$465.0 million. The policies are subject to certain exclusions, limitations, deductibles and other conditions. Deductibles for physical damage to our drillships is \$5.0 million, 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. The U.S. and other foreign governments have previously demonstrated a focus and emphasis on energy transition, including in the form of new legislation, regulatory enforcement actions and executive orders, which have been specifically aimed at reducing greenhouse gas emissions, or prohibiting, delaying or restricting oil development activities in certain jurisdictions. It is possible that such trends could continue for the foreseeable future (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). However, given the transition to a new presidential administration in the United States, we are unable to precisely predict what actions the new administration will take, including as it pertains to the contract drilling industry and the energy industry at large (see *“Risk Factors—The transition to a new presidential administration in the United States, including the potential use and effects of tariffs to address the administration's policy goals, could materially impact the macroeconomic framework in which we operate.”*)

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

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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 and 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 and 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 and 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 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, 2024, we managed a workforce consisting of approximately 616 employees worldwide, of which approximately 361 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, 2024, in our shore-based direct employee population, our personnel represent 30 different nationalities, with approximately 68% coming from Asia, Africa, Latin America and the Middle East. Furthermore, approximately 30% of our shore-based employees are women. With regard to our offshore direct workforce, our employees represent 25 different nationalities, with more than

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56% coming from Asia, Africa, Latin America and the Middle East. Likewise, our management team also has representation from 15 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 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, 2024, we finished the year with a Lost Time Incident Rate of 0.14 and a Total Recordable Incident Rate of 0.36. 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 and 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;
- 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

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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;

- 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;
- 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;
- shifts in our broader business model to an asset-light strategy and, in turn, our reliance on third parties, which could materially and adversely impact our profitability and revenue;
- our long-term contracts are subject to the risk of cost increases and variability, which could adversely impact our short- and long-term profitability;
- we may not realize expected revenue connected to certain framework, management and marketing agreements;
- the loss of some of our key executive officers and employees could negatively impact our business prospects;
- 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 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:

- low prices for oil and gas may reduce demand for our services and could have a material and adverse effect on our revenue and profitability;
- 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;
- 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;
- we may not be able to replace expiring or terminated contracts for our existing rigs at dayrates that are economically feasible for us;
- 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;
- failure to employ a sufficient number of skilled workers or an increase in labor costs could materially and adversely impact our operations;
- 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;
- reactivation of idle rigs may take longer or be more costly than we anticipate;
- epidemics, pandemics, global health crises, or other public health events, threats and concerns, including, but not limited to, any surge or resurgence of any such public health crises, could have a material and adverse effect on our business, financial position, operating results and cash flows;
- customers or other third parties with respect to which we engage 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 and adverse effect on our results of operations and financial condition;
- our results of operations could be materially and adversely affected if we cannot keep pace with technological changes impacting the development of our products and implementation of our business needs, including with respect to automation and the use of artificial intelligence, and any such 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;

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- 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;
- 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;
- negative publicity may adversely affect us;
- we may not be able to adequately address any conflicts of interest that arise from the Company's business activities and the activities of its officers and directors.

Risks Related to Governmental Regulations and Laws:

- public concern and legislative and regulatory initiatives regarding the risks associated with climate change, emissions and the environmental and social impacts of fossil fuel extraction and use, and 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;
- evolving and expanding data security and privacy requirements could increase our operating costs, and any failure by us or our suppliers (or other counterparties) to maintain the security of certain critical business-related information could result in damage to our reputation, be costly to remediate and result in regulatory action;
- the impact of the new presidential administration in the United States, including the potential use and effects of tariffs to address the administration's policy goals, could materially impact the macroeconomic framework in which we operate;
- 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 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;
- 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;
- our inability to comply with the listing standards of, and maintain the listing of our securities on, the OSE could materially and adversely affect our financial condition;
- we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws;
- 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:

- we are exposed to the credit risks of our key customers and other counterparties that we engage;

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- our current backlog of contract drilling revenue may not be fully realized, which may have a material and adverse impact on our consolidated statement of financial position, results of operations or cash flows;
- high rates of global inflation and fluctuations in interest rates, including in connection with the U.S. government's debt ceiling policies, and contemplated or actual budget and tax cuts, and the occurrence of a recession, could have a material and adverse impact on our business, results of operations and financial condition;
- 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;
- 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 and the ADES Sale Transactions), any of which could present various risks and uncertainties, including the risk that such transaction will not be completed in a timely manner or at all, and ultimately affect the value or type of our assets and overall financial condition;
- we may incur potentially substantial transaction costs associated with mergers, dispositions, acquisitions, joint ventures or investments if we or a transaction counterparty seeks to exit or terminate, or materially modify, the transaction, joint venture or investment;
- our level of indebtedness could adversely affect our financial health and prevent us from fulfilling our debt obligations;
- we may suffer losses as a result of foreign currency fluctuations;
- our insurance coverage may not be adequate if a catastrophic event occurs;
- we may be required to repurchase certain of our indebtedness with cash upon a change of control or other triggering events;
- we have experienced, and could continue to experience, a lack of profitable operations in the near- and long-term;
- 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 and 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;
- 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;
- U.S. Holders will be required to pay U.S. taxes on their share of VDI Predecessor's income whether or not they received any cash distributions;
- To the extent a U.S. Holder of VDI Predecessor's Ordinary Shares disposed of its Ordinary Shares while VDI Predecessor was a partnership, then for U.S. federal income tax purposes, the U.S. Holder's amount realized on the sale would have included the sales price of the Ordinary Shares as well as the U.S. Holder's share of VDI Predecessor's debt allocable to such U.S. Holder; and
- U.S. tax-exempt holders and non-U.S. Holders faced U.S. tax exposures from owning Ordinary Shares up until the Merger Date, any of which may result in adverse U.S. tax consequences to them.

Risk Factors:

Risks Related to our Operations

Given the size of our fleet, we are 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 not fully utilized during the year ended December 31, 2024. Accordingly, given the small size of our fleet, the

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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 continued into 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.

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.

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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 and adversely affect our financial condition and results of operations and 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 80% of our revenue during the fiscal year ended December 31, 2024. Due to such customer concentration, 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.

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.

Shifts in our broader business model to an asset-light strategy and, in turn, our reliance on third parties, which could materially and adversely impact our profitability and revenue;

We have in the past, and may in the future, adapt our strategy to address changes in market dynamics in our industry. For example, while our business strategy previously focused largely on our operational capabilities, which required that we maintain and hold a substantial number of tangible assets, our business model has more recently transitioned to an asset-light strategy. We cannot guarantee that any change in strategy will be successful and such changes may cause our revenue to decline, which may inhibit our ability to scale our business and prevent us from achieving and maintaining profitability over the near- and long term. Such strategy is also heavily reliant on the operational capabilities and arrangements with critical counterparties with whom we engage, the actions of which are outside of our control. If we fail to successfully manage and execute our transition to an asset-light business model, our results of operations and financial condition could be materially and adversely impacted. Likewise, third parties may not view the change in strategy favorably and could alter their business arrangements with us in the near- or long-term, or renew their agreements on terms less favorable to us. Furthermore, the transition in the types of assets we hold may be valued differently as compared to the assets we previously held 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. 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.

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.

We may not realize expected revenue connected to certain framework, management and marketing agreements.

We may, from time to time, enter into framework, management and marketing agreements, or similar commercial arrangements, in the course of our business such as the marketing agreement with Eldorado Drilling AS. To the extent we seek to, and successfully, enter into any future framework, management and/or marketing agreements, or other similar commercial arrangements, we may not be able to satisfy our obligations under such arrangements nor realize any expected revenue, if at all. Moreover, such arrangements may contain restrictive or other unfavorable provisions which could adversely impact our business.

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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 and 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.

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 interconnected globally as drilling units may be mobilized from one market to another. However, geographic markets can, from time to time, have material fluctuations in costs and risks and 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 in turn could 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 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. For example, the requirements of the General Data Protection Regulation (“GDPR”) include expanded disclosures about how personal data is processed, mandatory data breach notification requirements, a strengthened data subject rights regime and higher standards for obtaining consent from individuals to process their personal data (including in certain circumstances for marketing), all of which involve significant ongoing expenditure.

The legal landscape for new technologies, including artificial intelligence (“AI”), 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. There is increasing U.S. and foreign activity in the regulation of AI, and other similar uses of technology. To the extent that our business practices, products and services utilize AI, we could be subject to, and need to comply with, such evolving obligations. Moreover, our industry’s development and use of AI, and the uncertain regulatory environment, could result in reputational harm, liability or other material and adverse consequences to our financial condition and business operations.

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

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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 has not revealed 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 and 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. Many of our office personnel work remotely 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. In recent years, there has additionally been an increasing number of cyberattacks in the energy and infrastructure sectors. 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 and adverse effect on our business, reputation, financial condition, results of operations or cash flows.

Risks Related to Business and Industry

Low prices for oil and gas may reduce demand for our services and could have a material and adverse effect on our revenue and profitability.

Demand for our services depends on oil and gas industry activity and expenditure levels that are themselves 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 and long-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 could result in a corresponding decline in the demand for our services, which could have a material and 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.

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;

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- 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. 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 and 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 9.50% First Lien 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. The status of these sanctions and the possibility of further sanctions is highly uncertain and any change 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.

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 be able to more readily and effectively 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

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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 — *Epidemics, pandemics, global health crises, or other public health events, threats and concerns, including, but not limited to, any surge or resurgence of any such public health crises, could have a material and adverse effect on our business, financial position, operating results and cash flows.*”

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 and adverse effect on our overall business, financial condition, results of operations and future prospects.

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.

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.

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 and 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.

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.

Epidemics, pandemics, global health crises, or other public health events, threats and concerns, including, but not limited to, any surge or resurgence of any such public health crises, could have a material and 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 global spread of COVID-19, Ebola, the H1N1 flu virus, tuberculosis, 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.

Any surge or resurgence of any 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.”

Customers or other third parties with respect to which we engage 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 (or other third parties with respect to which we engage) 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 or other third parties 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 and 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

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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.

Our results of operations could be materially and adversely affected if we cannot keep pace with technological changes impacting the development of our products and implementation of our business needs, including with respect to automation and the use of artificial intelligence, and any such 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, including, but not limited to, through the use of AI, 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.

Our success depends on our ability to keep pace with rapid technological changes affecting the development of our business and implementation of our business needs. Emerging technological trends such as AI, machine learning and automation are impacting a wide range of industries and businesses. If we do not sufficiently invest in new technology and industry developments, appropriately implement new technologies or evolve our business at sufficient speed and scale in response to such developments, or if we do not make the right strategic investments to respond to these developments, our ability to develop and maintain our business could be negatively affected. Our competitors or other third parties may incorporate AI technologies into their services, products and business more quickly or more successfully than us, which could impair our ability to compete effectively and materially and adversely affect our results of operations and financial condition.

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, and the 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;

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- 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.

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.

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 December 2024. 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. The status of these sanctions is highly uncertain and any change in status could cause significant volatility in the price of hydrocarbons, including constraints on 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

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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. While cease fire agreements have been agreed to with respect to the ongoing conflict in the Middle East, to the extent the cease fire is ultimately unsuccessful (and, in the case of the Ukrainian conflict, no cease fire is ever implemented), the potential destruction of critical oil-related infrastructure in Ukraine and the Middle East, any change in the status 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 (i) business, operations and financial condition of our business and the businesses of our critical counterparties and (ii) the global economy at large.

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 and adverse effect on our business, financial condition, results of operations and cash flows.

We may not be able to adequately address any conflicts of interest that may arise from the Company's business activities and the activities of its officers and directors

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 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. The failure to adequately address any such conflict of interest could materially and adversely impact the Company's business activities and operations.

Risks Related to Government Regulations and Laws

Public concern and legislative and regulatory initiatives regarding the risks associated with climate change, emissions and the environmental and social impacts of fossil fuel extraction and use, and 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

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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 pressured 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.

There remains increased focus on corporate ESG practices, including, for example climate change, modern slavery 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 United States, Europe and around the world related to ESG. These regulations, disclosure-related and otherwise, including 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 investor 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 we fail to adapt to or comply with all laws, regulations, policies and related interpretations, our business and reputation could be negatively impacted, and our share price and access to/cost of capital could be materially and adversely affected. Additionally, many of our customers and suppliers may be subject to similar expectations, which may augment or create additional risks, including risks that may not be known to us.

Moreover, 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.

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Furthermore, the 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 carbon 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.

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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 and 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 Improbability 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.

Evolving and expanding data security and privacy requirements could increase our operating costs, and any failure by us or our suppliers (or other counterparties) to maintain the security of certain critical business-related information could result in damage to our reputation, be costly to remediate and result in regulatory action.

Our use and handling of personally identifiable data is regulated at the international, federal and state levels, and we are subject to a variety of local and international privacy laws and regulations that govern the collection, use, retention, sharing, processing, export and security of personal information. The regulatory environment surrounding information security and privacy is increasingly demanding.

Existing privacy-related laws and regulations in the United States and other countries are evolving and are subject to potentially differing interpretations, and various U.S. federal and state or other international legislative and regulatory bodies may expand or enact laws regarding privacy and data security-related matters. Due to the fact that privacy and information security laws and regulations are subject to change from time to time, our compliance with them may result in cost increases due to necessary systems changes and the development of new processes. Any new or modified laws and regulations may require that we modify our data processing practices and policies, and incur substantial costs and expenses in an effort to comply with such laws and regulations. These laws are complex and there is no ubiquitous approach to maintaining compliance. Requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or our practices. If we fail to comply with any of these laws and regulations, we could be subjected to legal risk and other adverse effects to our business and operations.

The policies of the presidential administration in the United States, including the potential use and effects of tariffs to address the administration's policy goals, could materially impact the macroeconomic framework in which we operate;

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The policies of the new presidential administration in the United States could impact our business and operations, including the macroeconomic framework in which we operate. We are unable to precisely predict what actions the new administration will take. For example, the President has expressed various intentions to impose tariffs on certain goods imported into the United States, and has indicated that his administration will treat national security much differently than the current and previous presidential administrations. Since taking office in January 2025, the current U.S. presidential administration has already issued numerous executive orders, including with respect to international trade policies and energy. In addition, the current U.S. presidential administration has utilized the threat of tariffs in connection with the implementation of its domestic policies. Any trade wars, through the implementation of tariffs or otherwise, could materially and adversely affect us, directly and indirectly, including by adversely impacting the supply chains for our operations, and increasing the costs of services we provide and utilize. Moreover, the change in presidential administration, as well as a transition of control in the House of Representatives and United States Senate, creates regulatory uncertainty, including the energy sector, and it remains unclear as to what specifically the President would or would not do with respect to certain programs and initiatives.

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 on 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 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 and 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.

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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 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 could have a material and adverse impact on our business, financial condition, operations, results of operations and cash flow, including through the creation of increased compliance costs and operating restrictions. 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.

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 on corporate ESG practices, including, for example, climate change, modern slavery 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 EU's Corporate Sustainability Reporting Directive, may

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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.

Our inability to comply with the listing standards of, and maintain the listing of our securities on, the OSE could materially and adversely affect our financial condition.

We are subject to various and ongoing listing requirements in connection with the listing of our Ordinary Shares on the OSE. While we have developed and instituted corporate compliance programs and continue to update our programs in response to newly implemented or changing regulatory requirements, we cannot provide assurance that we are or will be in compliance with all applicable listing requirements and be able to maintain our listing in the near- and long-term. Delisting from the OSE could materially and adversely affect our ability to raise additional financing through the public or private sale of equity securities, would significantly affect the ability of investors to trade our securities and would negatively affect the value and liquidity of our securities. The actual or threatened delisting of our securities could also have other material and adverse consequences, including the potential loss of confidence by employees and other stakeholders, the loss of institutional investor interest and fewer business development opportunities, limited availability of market quotations for our securities, reduced liquidity with respect to our securities, a determination that our Ordinary Shares are “penny stock,” which will require brokers trading in our securities to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our securities, and limited amount of news and analyst coverage of the Company.

In the event our Ordinary Shares were no longer listed on the OSE, or any other securities exchange, our Ordinary Shares would additionally become less liquid and the share price could be negatively impacted by factors that are unrelated to, and independent of, our business operations. In such instance, there is no assurance that a sufficient market will develop in our Ordinary Shares, 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 Ordinary Shares on an OTC market and complies with the applicable regulatory requirements, the market price of our Ordinary Shares 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 Ordinary Shares.

In the event that our securities were to be delisted, there can be no assurances that any public market for our Ordinary Shares will exist in the future or that we will choose or be able to relist our Ordinary Shares on any other national securities exchange.

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 and 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 and adverse effect on our business, financial position, results of operations and cash flows.

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

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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

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, 2024, our allowance for credit losses was \$5.8 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 revenue may not be fully realized, which may have a material and adverse impact on our consolidated statement of financial position, results of operations or cash flows.

As of December 31, 2024, the Company had total contract backlog of approximately \$65.3 million (including approximately \$21.3 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 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.

High rates of global inflation and fluctuations in interest rates, including in connection with the U.S. government's debt ceiling policies, and contemplated or actual budget and tax cuts, 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 2024, 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

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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.

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.

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 and the ADES Sale Transactions), any of which could present various risks and uncertainties, including the risk that such transaction will not be completed in a timely manner or at all, and ultimately 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. Any strategic transaction, including the TE-Vantage JV Transaction, could involve a number of significant risks and uncertainties, including, but not limited to: (i) uncertainties as to the timing of the completion of any strategic transaction and the risk that such transaction may not be completed in a timely manner or at all; (ii) risks relating to the integration or assimilation of operations, company culture, management team, business model or business infrastructure associated with a strategic transaction; (iii) risks of entering markets in which we have no, or only limited, experience; (iv) the diversion of management and resources towards a strategic transaction for which we will have received little or no benefit if the completion of the transaction does not occur; (v) reputational harm with employees, potential business partners and other third parties; and (vi) exposure to litigation or other claims resulting from any Strategic Transaction whether or not consummated.

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 incur potentially substantial transaction costs associated with mergers, dispositions, acquisitions, joint ventures or investments, including if we or a transaction counterparty seeks to exit or terminate, or materially modify, the transaction, joint venture or investment.

To the extent we choose to pursue acquisitions of, or investments in, businesses and technologies or to establish joint ventures to expand our business the negotiation of such acquisitions, investments or joint ventures, as well as the integration of acquired or jointly

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developed businesses, could divert our management's time and resources. Acquired businesses or joint ventures may not be successfully integrated with our operations. We may not realize the intended benefits of any acquisition, investment or joint venture and we may incur losses from any acquisition, investment, or joint venture. Any such transaction could result in: (i) substantial cash expenditures; (ii) potentially dilutive issuances of equity securities; (iii) the incurrence of debt and contingent liabilities; (iv) a decrease in our profit margins; (v) amortization of intangibles and potential impairment of goodwill and intangible assets; (vi) reduction of management attention to other parts of the business; (vii) failure to invest in different areas or alternative investments; (viii) failure to generate expected financial results or reach business goals; (ix) increased expenditures on human resources and related costs; and (x) decreased growth of our professional services. We may additionally incur costs, breakage fees or other expenses in connection with any such transactions, and any such transactions may ultimately have a material and adverse effect on our operating results and on our ability to pay amounts due on our debt.

Our level of indebtedness could adversely affect our financial health and prevent us from fulfilling our debt obligations.

As of March 14, 2025, we had approximately \$65.1 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.

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.

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.

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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 and 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 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.

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. We incurred a net loss of \$15.4 million for the year ended December 31, 2023 and we experienced negative cash flow from operations for year ended December 31, 2024. 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.

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 results in legislative or administrative action, our financial position and business operations may be adversely impacted.

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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 became fully operative with respect to the imposition of corporate income tax on January 1, 2025. Irrespective of any issued Tax Assurances, 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, 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 and adverse effect on our financial condition and results of operations.

Income tax returns that we file are 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 and 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 whom 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.

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 performed testing of these controls to evaluate operating effectiveness and the results of the testing concluded that the material weakness was remediated as of December 31, 2023. As of December 31, 2024, the enhanced controls continue to operate effectively.

There are tax risks related to VDI Predecessor’s treatment as a partnership up until the Merger Date.

Until the Merger Date, VDI Predecessor was treated as a partnership for U.S. federal income tax purposes and certain state and local tax purposes. VDI treats VDI Predecessor as having liquidated for such purposes in connection with the VDI Statutory Merger and VDI, as surviving entity, is a foreign corporation for such purposes after the Merger Date. The U.S. federal income tax treatment of holders of Ordinary Shares until the Merger Date, and the potential consequences of acquiring, owning and disposing of Ordinary Shares (as outlined below), therefore is different than the treatment that applies after the Merger Date. For a discussion of the tax consequences and risks of the VDI Statutory Merger and acquiring, owning and disposing of VDI’s Ordinary Shares following the Merger Date, tax disclosures in the proxy materials pertaining to the Statutory Merger Agreement and the Information Document published on VDI’s website should be consulted respectively.

U.S. Holders will be required to pay U.S. taxes on their share of VDI’s Predecessor’s income whether or not they received any cash distributions.

Because VDI Predecessor was a partnership up until the Merger Date, U.S. Holders may 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 Predecessor’s taxable income earned through the end of that period. To the extent VDI Predecessor generated (or was deemed to have generated) positive taxable income during that period, U.S. Holders would be required to pay U.S. taxes on their share of that income, whether or not they received cash distributions from VDI Predecessor. To the extent U.S. Holders received cash distributions from VDI Predecessor, these do not necessarily correspond to a U.S. Holder’s share of VDI’s Predecessor’s taxable income and may not be sufficient to pay any actual tax liability the U.S. Holder owes with respect to its share of VDI Predecessor’s taxable income.

To the extent a U.S. Holder of VDI Predecessor’s Ordinary Shares disposed of its Ordinary Shares while VDI Predecessor was a partnership, then for U.S. federal income tax purposes, the U.S. Holder’s amount realized on the sale would have included the sales price of the Ordinary Shares as well as the U.S. Holder’s share of VDI Predecessor’s debt allocable to such U.S. Holder.

Because VDI Predecessor was a partnership and its Ordinary Shares were treated as partnership interests up until the Merger Date, the VDI Predecessor entity’s debt was generally allocable to holders of VDI Predecessor’s Ordinary Shares, and U.S. Holders would have been required to include their respective allocable shares of the debt in the U.S. federal income tax basis of their Ordinary Shares. A U.S. Holder’s U.S. federal income tax basis in such Ordinary Shares also would have been adjusted for, among other things, distributions of cash, if any, and allocations of items of VDI Predecessor’s income, gain, loss and deduction. Accordingly, if a U.S. Holder of VDI Predecessor’s Ordinary Shares disposed of its Ordinary Shares while VDI Predecessor was a partnership, then for U.S. federal income tax purposes, the U.S. Holder’s amount realized on the sale would have included the sales price of the Ordinary Shares as well as the U.S. Holder’s share of VDI Predecessor’s debt allocable to such U.S. Holder.

U.S. tax-exempt holders and non-U.S. Holders faced U.S. tax exposures from owning Ordinary Shares up until the Merger Date, any of which 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. Because VDI Predecessor was a partnership (for U.S. tax purposes) and its Ordinary Shares were treated as partnership interests up until the Merger Date, U.S. tax-exempt holders of Ordinary Shares generally would have been subject to tax on their allocable shares of UBTI realized by VDI Predecessor 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 Predecessor 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 with respect to the Ordinary Shares until taxable periods after the Merger Date).

VDI Predecessor believes it conducted its affairs so that it was not engaged in a trade or business within the U.S. for U.S. federal income tax purposes. Accordingly, VDI believes that (i) non-U.S. Holders generally were not subject to U.S. federal tax on a net income basis (or otherwise) with respect to the income of VDI Predecessor, and (ii) VDI Predecessor was not required to withhold tax under Section 1446 of the Code with respect to non-U.S. Holders. However, a contrary determination by the IRS or a court could result in a Non-U.S. Holder being subject to U.S. federal net income tax (and possibly state and local income tax) for the relevant tax period and subject to U.S. tax return filing obligations. Non-U.S. Holders should therefore consult their own tax advisors about the consequences to them in that case with respect to the period until the Merger.

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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.

For additional information regarding whether any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect our company, including our business strategy, results of operations, or financial condition, 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 and other facilities in several locations worldwide. 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

Our Ordinary Shares were listed on the OSE as of October 28, 2024, under the ticker symbol “VDI”. The number of holders on record of our Ordinary Shares as of December 31, 2024 was 102. The number of beneficial owners is substantially greater than the number of shareholders as a large portion of our Ordinary Shares is held through brokerage firms.

Oslo Børs is a stock exchange listing which complies with EU requirements and Norwegian stock exchange legislation. On December 31, 2024, the last reported sale price of our Ordinary Shares on the OSE was 290 NOK per share, which was equivalent to approximately \$25.47 per share based on the Bloomberg Composite Rate of 11.39 NOK to \$1.00 in effect on that date. The following list the range of high and low closing bid prices for our Ordinary Shares for the fourth quarter ended December 31, 2024. Share prices are presented in \$ per Ordinary Share based on the Bloomberg Composite Rate on each day of measurement.

	High Bid		Low Bid
Fiscal Year 2024:			
Fourth Quarter (beginning October 28, 2024)	\$ 27.36	\$	21.34

Prior to listing on the OSE, our Ordinary Shares have been quoted on the U.S. OTC Pink Open Market under the symbol “VTDRF.” Any OTC 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 the Company’s Ordinary Shares as reported on the U.S. OTC Pink Open Market for each quarterly period within the last two fiscal years.

	High Bid		Low Bid
Fiscal Year 2024:			
First Quarter	\$ 30.00	\$	18.00
Second Quarter	\$ 30.00	\$	21.00
Third Quarter	\$ 29.00	\$	15.00
Fourth Quarter (ending October 27, 2024)	\$ 29.00	\$	26.25

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, 2025, there were approximately 102 holders of record of our Ordinary Shares including 38 which are also registered in the Norwegian Central Securities Depository (VPS).

Dividend

The declaration and payment of dividends require the authorization of the Board of Directors. 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”).

Other than the Special Cash Distribution in 2019, 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 will be determined 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

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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, 2024. Ordinary Shares totaling 15,762 were repurchased for a purchase price of \$28.0 per share for tax withholdings on settlement of RSUs under the amended 2016 MIP during the year ended December 31, 2024.

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, 2024, 2023 and 2022. 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, 2025:

Name	Year Built	Water Depth Rating (feet)	Drilling Depth Capacity (feet)	Location	Status
Owned Rigs:					
Drillships ⁽¹⁾					
<i>Platinum Explorer</i>	2010	12,000	40,000	Malaysia	Out of service
<i>Tungsten Explorer ⁽²⁾</i>	2013	12,000	40,000	Republic of the Congo	Operating
Third Party Owned Rigs:					
Jackups					
<i>Topaz Driller ⁽³⁾</i>	2009	375	30,000	Joint development area of Malaysia and Thailand	Operating
<i>Soehanah ⁽⁴⁾</i>	2007	375	30,000	Indonesia	Operating
<i>Emerald Driller ⁽⁵⁾</i>	2008	375	30,000	Indonesia	Operating
<i>Sapphire Driller</i>	2009	375	30,000	Qatar	Operating
<i>Aquamarine Driller</i>	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 is being upgraded to a six-ram BOP stack during the out of service period. The *Tungsten Explorer* is currently equipped to drill in 11,000 feet of water.
- (2) The Company signed the TE-Vantage MOU to create the TE-Vantage JV together with TotalEnergies, whereby the Company has agreed to sell the *Tungsten Explorer* to the TE-Vantage JV. Following completion of the transaction, the Company will own a 25% interest in the *Tungsten Explorer*.
- (3) In October 2024, the Company executed and completed the sale of the *Topaz Driller* jack-up rig to an unaffiliated third party, and the parties entered into a management agreement pursuant to which the Company is expected manage the rig for three years.
- (4) In October 2024, the Company executed and completed the sale of all issued and outstanding equity of the entity that owns the *Soehanah* jack-up rig to an unaffiliated third party, and the parties entered into a management agreement pursuant to which the Company is expected to manage the rig for three years.

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(5) In October 2024, the Company executed a three year support services agreement in connection with the ADES Sale Transactions.

Backlog

The following table reflects a summary of our contract backlog coverage of days contracted and related revenue as of December 31, 2024 based on information made available as of that date.

	Percentage of Days Contracted			Revenues Contracted (in thousands)		
	2025	2026	Beyond	2025	2026	Beyond
Backlog						
Drillships	22%	0%	0%	43,970	—	—
Third-party owned rigs ⁽¹⁾	76%	60%	50%	7,646	7,500	6,205

(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 and ADES 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,		
	2024 ⁽⁵⁾	2023 ⁽⁵⁾	2022 ⁽⁵⁾
Jackups			
Rigs available	—	2	2
Available days ⁽¹⁾	—	518	638
Utilization ⁽²⁾	N/A	79.0%	72.7%
Average daily revenues ⁽³⁾	N/A	\$ 121,464	\$ 66,198
Deepwater			
Rigs available	2	2	2
Available days ⁽¹⁾	732	730	730
Utilization ⁽²⁾	52.3%	81.8%	94.2%
Average daily revenues ⁽³⁾	\$ 250,954	\$ 217,586	\$ 155,283
Sold Rigs⁽⁴⁾			
Rigs available	2	—	3
Available days ⁽¹⁾	606	—	438
Utilization ⁽²⁾	66.8%	N/A	43.6%
Average daily revenues ⁽³⁾	\$ 213,275	N/A	\$ 73,142

- (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) Represent results for rigs sold during the year up to the date of sale.
- (5) Excludes third-party owned rigs operated by the Company.

Years Ended December 31, 2024 and 2023

Net income attributable to shareholders for the Current Year was \$27.8 million, or \$2.09 per basic share, on operating revenues of \$239.3 million, compared to net loss attributable to shareholders for the Prior Year of \$15.4 million, or \$1.16 per basic share, on operating revenues of \$383.1 million.

The following table is an analysis of our operating results for the years ended December 31, 2024 and 2023:

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	Year Ended December 31,		Favorable/(unfavorable)	
	2024	2023	\$	%
(in thousands)				
Consolidated:				
Revenues				
Contract drilling services	\$ 188,987	\$ 260,611	\$ (71,624)	(27.5%)
Management fees	15,523	19,486	(3,963)	(20.3%)
Reimbursables and other	34,763	103,039	(68,276)	(66.3%)
Total revenues	<u>239,273</u>	<u>383,136</u>	<u>(143,863)</u>	<u>(37.5%)</u>
Operating costs and expenses:				
Operating costs	182,542	290,125	107,583	37.1%
General and administrative	25,144	21,730	(3,414)	(15.7%)
Depreciation	43,445	44,458	1,013	2.3%
(Gain) loss on sale of assets	(86,993)	3	86,996	n/m
Total operating costs and expenses	<u>164,138</u>	<u>356,316</u>	<u>192,178</u>	<u>53.9%</u>
Income from operations	75,135	26,820	48,315	180.1%
Other (expense) income				
Interest income	1,144	750	394	52.5%
Interest expense and financing charges	(31,368)	(21,591)	(9,777)	(45.3%)
Other, net	(1,652)	(405)	(1,247)	(307.9%)
Total other expense	<u>(31,876)</u>	<u>(21,246)</u>	<u>(10,630)</u>	<u>(50.0%)</u>
Income before income taxes	43,259	5,574	37,685	676.1%
Income tax provision	15,758	21,479	5,721	26.6%
Net income (loss)	<u>27,501</u>	<u>(15,905)</u>	<u>43,406</u>	<u>272.9%</u>
Net loss attributable to non-controlling interests	(313)	(529)	216	40.8%
Net income (loss) attributable to shareholders	<u>\$ 27,814</u>	<u>\$ (15,376)</u>	<u>\$ 43,190</u>	<u>280.9%</u>
Drilling Services:				
Revenue				
Contract drilling services	\$ 182,357	\$ 179,590	\$ 2,767	1.5%
Reimbursables and other	9,392	22,728	(13,336)	(58.7%)
Total revenue	<u>191,749</u>	<u>202,318</u>	<u>(10,569)</u>	<u>(5.2%)</u>
Operating costs and expenses:				
Operating costs	140,987	140,237	(750)	(0.5%)
Depreciation	41,750	42,713	963	2.3%
Total operating costs and expenses	<u>182,737</u>	<u>182,950</u>	<u>213</u>	<u>0.1%</u>
Income from operations	9,012	19,368	(10,356)	(53.5%)
Managed Services:				
Revenue				
Contract drilling services	\$ 6,630	\$ 81,021	\$ (74,391)	(91.8%)
Management fees	15,523	19,486	(3,963)	(20.3%)
Reimbursables and other	25,371	80,311	(54,940)	(68.4%)
Total revenue	<u>47,524</u>	<u>180,818</u>	<u>(133,294)</u>	<u>(73.7%)</u>
Operating costs and expenses:				
Operating costs	41,555	149,888	108,333	72.3%
Total operating costs and expenses	<u>41,555</u>	<u>149,888</u>	<u>108,333</u>	<u>72.3%</u>
Income from operations	5,969	30,930	(24,961)	(80.7%)
n/m = not meaningful				

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Consolidated Revenue: Total revenue decreased \$143.9 million due primarily to a change in operating activities in the Current Year (as discussed below).

Drilling Services Revenue: Contract drilling revenue increased \$2.8 million primarily due to (i) increased operating days and higher dayrates on the *Tungsten Explorer* and *Soehannah* (ii) accelerated recognition of deferred revenue on the *Topaz Driller* as a result of a jackup sale, and (iii) higher operating days on drilling contract versus bareboat charter agreement on the *Topaz Driller*, which was offset by decreased operating days on the *Platinum Explorer*. Reimbursables and other revenue decreased \$13.3 million in the Current Year as compared to the Prior Year primarily as a result of bareboat charter fees and reimbursable revenue earned on the *Topaz Driller* in the Prior Year, lower reimbursable revenue on the *Topaz Driller*, *Soehannah* and *Platinum Explorer*, which was partially offset by higher reimbursable revenue generated by the *Tungsten Explorer*.

Managed Services Revenue: Contract drilling revenue decreased \$74.4 million primarily due to the *Polaris* concluding its drilling campaign at the end of January 2024. Management fees decreased \$4.0 million in the Current Year as compared to the Prior Year primarily due to decrease in operating days associated with *Capella*, lower management fees on deepwater floaters owned by Seadrill as well as rigs included in the EDC Sale partially offset by management fees on jackups owned by ADES. Reimbursables and other revenue decreased \$54.9 million in the Current Year as compared to the Prior Year primarily as result of the management of the deepwater floaters owned by Seadrill.

Consolidated Operating Costs: Total operating costs decreased \$107.6 million due to changes in operating activities in the Current Year (as discussed below).

Drilling Services Operating Costs: Drilling Services operating costs for the Current Year increased \$0.8 million as compared to the Prior Year. Specifically, such increase was the result of (i) higher repair and maintenance and non-reimbursables fuel costs on the *Platinum Explorer* and (ii) higher mobilization costs on the *Topaz Driller*. These amounts were partially offset by lower mobilization costs on the *Tungsten Explorer*.

Managed Services Operating Costs: Managed Services operating costs for the Current Year decreased \$108.3 million as compared to the Prior Year, which was the result of the management of certain deepwater floaters (as discussed in “Managed Services Revenue” above).

General and Administrative Expenses: General and administrative expenses increased \$3.4 million for the Current Year as compared to the Prior Year was primarily due to non-cash share-based compensation expense, listing of our securities on the OSE and other strategic initiatives for the Current Year as compared to the Prior Year.

Depreciation Expense: Depreciation expense is primarily related to rigs owned by us that are included in our Drilling Services segment. The Managed Services segment does not currently own any depreciable assets. The decrease in depreciation expense for the Current Year as compared to the Prior Year is mainly due to our reduced fleet from the ADES Sale Transactions.

(Gain) loss on sale of Assets: Increase in (Gain) loss on sale of assets as compared to the Prior Year was primarily due to ADES Sale Transactions during the Current Year.

Interest Income: Increases in interest income for the Current Year as compared to the Prior Year was primarily due to higher cash balances in investment accounts during the Current Year.

Interest Expense and Financing Charges: Increases in interest expense and financing charges of \$9.8 million in the Current Year as compared to the Prior Year were primarily due to Revolving Credit Facility entered into in May 2024 and the redemption and issuance associated with the 9.50% First Lien Notes.

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 \$1.6 million and \$0.4 million, primarily due to devaluation of local currency were included in “Other, net” for the Current Year and Prior Year, respectively.

Income Tax Provision: Income tax expense decreased in the Current Year compared to Prior Year, primarily as a result of the decrease in revenue, combined with a change in jurisdictions in which we operate.

Our income taxes are generally dependent upon the results of our operations and the local income taxes 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 recognize income taxes on a net income basis or a deemed profit basis.

Years Ended December 31, 2023 and 2022

For a comparison of our results of operations for the fiscal years ended December 31, 2023 and 2022, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of the 2023 Annual Report.

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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.

We currently expect to fund our cash flow needs with cash generated by our operations, cash on hand, borrowings or proceeds from sales of assets. As of December 31, 2024, we believe we maintain adequate cash reserves and are continuously managing our actual cash flow and cash forecasts.

As of December 31, 2024, we had working capital of approximately \$115.3 million, including approximately \$83.4 million of cash and cash equivalents available for general corporate purposes. Scheduled debt service requirements consist of interest payments of approximately \$6.2 million related to the 9.50% First Lien Notes through December 31, 2025. In addition, the 9.50% First Lien Notes are subject to a mandatory redemption provision upon the occurrence of certain events, including (i) an annual excess cash flow sweep of 50% of excess cash flow (ii) the consummation of any "Vessel Sale" and/or (iii) the receipt of net proceeds from specified asset sales. Any such redemption, if and when consummated, could materially and adversely impact the Company's overall cash flows. Each sale of the *Soehanah* and *Topaz Driller* constituted a "Vessel Sale" under the 9.50% First Lien Indenture. The Company used the net proceeds from the ADES Sale Transactions to redeem the \$184.9 million aggregate principal amount of the 9.50% First Lien Notes on November 29, 2024.

On November 30, 2024, the Company issued an additional \$50.0 million in aggregate principal amount of 9.50% First Lien Notes at a 97% issue price.

On May 3, 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 are 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 Consolidated Financial Statements" in Part II. Item 8 of this Annual Report for additional information with respect to the Revolving Credit Facility. In July 2024, the Company made an initial draw of \$25.0 million against the Revolving Credit Facility. As of November 12, 2024, the Company has redeemed all outstanding principal of the facility in connection with cash proceeds applicable to a specific customer contract. Upon redemption, the Revolving Credit Facility was terminated and not available for further utilization.

We anticipate that our capital expenditures through December 31, 2025 will be between approximately \$19.2 million and approximately \$23.5 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, 2025 for special periodic surveys, major repair and maintenance expenditures and equipment re-certifications are anticipated to be between approximately \$43.6 million and approximately \$53.3 million. As of December 31, 2024, we maintained letter of credit and bank guarantees in the aggregate amount of \$5.8 million.

On January 2, 2025, TotalEnergies, Vantage and TEVA executed all definitive agreements in support of the rig acquisition and joint venture management, which may materially impact the Company's liquidity in 2025 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 ADES Sale Transactions.

The table below includes a summary of our cash flow information as follows:

	Year Ended December 31,		
	2024	2023	2022
(in thousands)			
Cash flows (used in) provided by:			
Operating activities	\$ (6,972)	\$ 2,199	\$ (18,874)
Investing activities	154,771	(14,094)	191,523
Financing activities	(142,128)	2,613	(170,000)

Cash Provided by or Used in Operating Activities

Net cash used in operating activities for the Current Year increased \$9.2 million from the Prior Year. This increase was primarily due 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).

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Cash Provided by or Used in Investing Activities

Net cash provided by investing activities for the Current Year increased \$168.9 million from the Prior Year. This increase was primarily due to \$188.9 million proceeds from the ADES Sale Transactions partially offset by increased property and equipment additions of \$20.0 million.

Cash Provided by or Used in Financing Activities

Net cash provided by financing activities for the Current Year decreased \$144.7 million from the Prior Year. This decrease was primarily due to (i) lower proceeds received of \$145.5 million from long-term debt in Current Year, (ii) higher repayment of long-term debt of \$4.8 million in Current Year, and (iii) higher repurchase of Ordinary Shares for tax withholdings of \$0.2 million partially offset by (i) increased \$2.0 million payment of dividend and (ii) increased \$3.8 million payment of debt issuance costs.

For a comparison of our Cash Flows for the fiscal years ended December 31, 2023 and 2022, see “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of the 2023 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, 2024 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 and adverse effect on our financial position, results of operations or cash flows.

Critical Accounting Policies and 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

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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, 2024 and 2023, and no impairment loss was recorded.

Income Taxes: Until February 12, 2024, VDI Predecessor was a Cayman Islands company, operating in multiple jurisdictions through its subsidiaries. The Cayman Islands do not impose corporate income taxes. As of February 12, 2024, VDI is an exempted company in Bermuda. In 2023, the CIT Act was enacted in Bermuda, which applies to certain multinational enterprises as of January 1, 2025, if specific conditions are met in respect of a particular fiscal period. Based on such conditions, VDI does not fall within the scope of the CIT Act for the period commencing on January 1, 2025.

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

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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, 2024, 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, 2024, 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.
Bermuda

Opinion

We have audited the consolidated financial statements of Vantage Drilling International Ltd. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2024, 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, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, 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.

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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises Items 1 through 7A and Items 9 through 14 of this annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BDO USA, P.C.

March 20, 2025

Vantage Drilling International Ltd.
Consolidated Balance Sheets
(In thousands, except share data)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 83,407	\$ 73,206
Restricted cash	913	1,828
Trade receivables, net of allowance for credit losses of \$5,798 and \$5,434, respectively	35,394	74,113
Materials and supplies	48,842	46,704
Prepaid expenses and other current assets	26,163	37,423
Total current assets	<u>194,719</u>	<u>233,274</u>
Property and equipment		
Property and equipment	540,243	660,449
Accumulated depreciation	(329,228)	(352,357)
Property and equipment, net	211,015	308,092
Operating lease ROU assets	402	1,084
Other assets	31,784	19,283
Total assets	<u>\$ 437,920</u>	<u>\$ 561,733</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 32,021	\$ 62,245
Other current liabilities	47,370	51,946
Total current liabilities	<u>79,391</u>	<u>114,191</u>
Long-term debt, net of unamortized issue costs and discount of \$694 and \$9,893, respectively	64,451	190,107
Other long-term liabilities	18,614	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	635,232	633,963
Accumulated deficit	(360,709)	(388,523)
Controlling interest shareholders' equity	274,536	245,453
Non-controlling interests	928	1,241
Total equity	<u>275,464</u>	<u>246,694</u>
Total liabilities and shareholders' equity	<u>\$ 437,920</u>	<u>\$ 561,733</u>

The accompanying notes are an integral part of these consolidated financial statements.

Vantage Drilling International Ltd.
Consolidated Statements of Operations
(In thousands, except per share data)

	Year Ended December 31,		
	2024	2023	2022
Revenue			
Contract drilling services	\$ 188,987	\$ 260,611	\$ 154,116
Management fees	15,523	19,486	10,834
Reimbursables and other	34,763	103,039	113,766
Total revenue	<u>239,273</u>	<u>383,136</u>	<u>278,716</u>
Operating costs and expenses			
Operating costs	182,542	290,125	234,832
General and administrative	25,144	21,730	23,009
Depreciation	43,445	44,458	44,428
(Gain) loss on sale of assets	(86,993)	3	(61,409)
Total operating costs and expenses	<u>164,138</u>	<u>356,316</u>	<u>240,860</u>
Income from operations	75,135	26,820	37,856
Other income (expense)			
Interest income	1,144	750	1,108
Interest expense and other financing charges	(31,368)	(21,591)	(34,351)
Other, net	(1,652)	(405)	(3,668)
Total other expense	<u>(31,876)</u>	<u>(21,246)</u>	<u>(36,911)</u>
Income before income taxes	43,259	5,574	945
Income tax provision	15,758	21,479	4,313
Net income (loss)	27,501	(15,905)	(3,368)
Net loss attributable to non-controlling interests	(313)	(529)	(13)
Net income (loss) attributable to shareholders	<u>\$ 27,814</u>	<u>\$ (15,376)</u>	<u>\$ (3,355)</u>
Earnings (loss) per share			
Basic and diluted	\$ 2.09	\$ (1.16)	\$ (0.26)

The accompanying notes are an integral part of these consolidated financial statements.

Vantage Drilling International Ltd.
Consolidated Statements of Shareholders' Equity
(In thousands)

	Ordinary Shares		Additional Paid-in Capital	Accumulated Deficit	Non- Controlling Interests	Total Equity (Deficit)
	Shares	Amount				
Balances as of January 1, 2022	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	132	—	—	—	—	—
Shares repurchased to settle withholding taxes	(18)	—	(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
Share-based compensation issuance of shares	82	—	—	—	—	—
Shares repurchased to settle withholding taxes	(16)	—	(441)	—	—	(441)
Share-based compensation	—	—	1,710	—	—	1,710
Net income (loss)	—	—	—	27,814	(313)	27,501
Balances as of December 31, 2024	<u>13,295</u>	<u>\$ 13</u>	<u>\$ 635,232</u>	<u>\$ (360,709)</u>	<u>\$ 928</u>	<u>\$ 275,464</u>

The accompanying notes are an integral part of these consolidated financial statements.

Vantage Drilling International Ltd.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ 27,501	\$ (15,905)	\$ (3,368)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities			
Depreciation expense	43,445	44,458	44,428
Amortization of debt issuance costs and discounts	3,170	2,048	1,639
Share-based compensation expense	1,849	383	79
Loss on retirement of debt	9,581	703	730
Deferred income tax expense	321	624	708
(Gain) loss on disposal of property and equipment	79	—	(1,600)
(Gain) loss on sale of assets	(86,993)	3	(61,409)
Allowance for credit losses	371	—	—
Changes in operating assets and liabilities:			
Trade receivables, net	31,771	(11,337)	(42,241)
Materials and supplies	(13,299)	(5,453)	(4,155)
Prepaid expenses and other current assets	11,893	(11,803)	(9,878)
Other assets	(14,215)	4,421	(22,461)
Accounts payable	(30,182)	4,470	44,469
Other current liabilities and other long-term liabilities	7,736	(10,413)	34,185
Net cash (used in) provided by operating activities	(6,972)	2,199	(18,874)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	(34,238)	(14,094)	(10,277)
Net proceeds from disposal of property and equipment	80	—	3,100
Proceeds from sale of assets	188,929	—	198,700
Net cash provided by (used in) investing activities	154,771	(14,094)	191,523
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt	48,500	194,000	—
Proceeds from revolving credit facility	25,000	—	—
Repayment of long-term debt	(184,855)	(180,000)	(170,000)
Repayment of revolving credit facility	(25,000)	—	—
Shares repurchased for tax withholdings on settlement of RSUs	(441)	(246)	—
Payments of dividend equivalents	(3,272)	(5,278)	—
Debt issuance costs	(2,060)	(5,863)	—
Net cash (used in) provided by financing activities	(142,128)	2,613	(170,000)
Net increase (decrease) in unrestricted and restricted cash and cash equivalents	5,671	(9,282)	2,649
Unrestricted and restricted cash and cash equivalents—beginning of period	83,975	93,257	90,608
Unrestricted and restricted cash and cash equivalents—end of period	\$ 89,646	\$ 83,975	\$ 93,257
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for:			
Interest	\$ 24,816	\$ 13,837	\$ 34,101
Income taxes (net of refunds)	15,860	19,877	6,609
Non-cash investing and financing transactions:			
Accrued debt issuance costs	-	8	—

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., is a Bermuda exempted company which was incorporated on February 8, 2024 (together with its consolidated subsidiaries collectively the “Company”). VDI Predecessor was migrated to Bermuda on a continuing basis and thereafter merged into the company on the Merger Date, with the Company being the surviving company. 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. As of October 28, 2024, VDI shares are listed on the OSE under the ticker symbol VDI.

Marketing Agreement with Eldorado Drilling AS

On February 4, 2025, the Company entered into a marketing agreement with Eldorado Drilling AS to market the 7th Generation Dorado Drillship for drilling opportunities in various locations in Africa, the Mediterranean, Asia and Australasia.

TotalEnergies and Vantage Joint Venture

On February 6, 2024, VHI entered into a binding Memorandum of Understanding (“TE-Vantage MOU”) with TotalEnergies to create the TE-Vantage JV that will acquire the *Tungsten Explorer* from Vantage. 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 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.

On December 31, 2024, the Company created the JV entity with TotalEnergies, TEVA Ship Charter LLC (“TEVA”) in line with the MOU terms. Subsequent to the completion of the current *Tungsten Explorer* contract in Congo, TEVA will acquire the *Tungsten Explorer* from the Company subject to customary sale and purchase conditions precedent. On January 2, 2025, TotalEnergies, Vantage and TEVA executed all definitive agreements in support of the rig acquisition and joint venture management including a sale and purchase agreement by which TEVA will acquire the rig and a management agreement pursuant to which Vantage will operate the *Tungsten Explorer* for a ten year term commencing after the TE-Vantage JV Transaction is completed. The management agreement includes an option to extend for an additional five years.

Senior Secured Notes Issuance and Redemption

On November 30, 2024 the Company issued an additional \$50.0 million in aggregate principal amount of 9.50% First Lien Notes at a 97% issue price pursuant to the 9.50% First Lien Indenture. The issuance follows the completion of the ADES Sale Transaction on October 30, 2024, from which the Company used the net proceeds to redeem \$184.9 million aggregate principal amount of the 9.50% First Lien Notes at par, plus accrued and unpaid interest.

Revolving Credit Facility

On May 3, 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 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. As of November 2024, the Company has redeemed all outstanding principal of the facility in connection with cash proceeds applicable to a specific customer contract. Upon redemption, the Revolving Credit Facility was terminated and not available for further utilization. See “Note 5 - Debt” of the “Notes to Consolidated Financial Statements” for additional information with respect to the Revolving Credit Facility.

Listing on the OSE

The Company submitted an application on October 8, 2024 for the listing of its Ordinary Shares on the OSE. The intended purpose of the listing is to facilitate increased liquidity in the Ordinary Shares, provide improved capital markets access and attract equity analyst coverage; however, the Company is not contemplating a concurrent equity offering or IPO as of the date of the financial statements. The Company’s first day of trading occurred on October 28, 2024 under the ticker symbol “VDI”.

ADES Sale Transactions

On September 8, 2024, VDI entered into the (i) ADES SPA, pursuant to which VHI agreed to sell to ADES all of the issued and outstanding equity of VHI’s wholly-owned subsidiary, Rig Finance Ltd., the owner of the *Soehanah* jack-up rig, for an aggregate purchase price of \$85.0 million in cash, subject to certain adjustments, and (ii) ADES APA with ADES, pursuant to which P2021 Rig Co. agreed to sell to ADES the *Topaz Driller* for an aggregate purchase price of \$105.0 million in cash, subject to certain adjustments.

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On October 30, 2024, VDI successfully completed the ADES Sale Transactions and entered into three year management agreements for each the *Soehanah* and *Topaz Driller* and a support services agreement for the *Emerald Driller* which conclude on October 29, 2027.

On October 30, 2024, the Company received gross proceeds of \$188.9 million as purchase price consideration related to ADES Sale Transactions. In accordance with the terms of the ADES SPA, an additional \$4.0 million was received in February 2025 as a purchase price adjustment which was not subject to the mandatory redemption requirements. As a result of these transactions, the Company has recognized a net gain of approximately \$86.9 million.

CPOC Drilling Contract

On April 15, 2024, we entered into a drilling services contract in respect of the Topaz Driller to perform services for CARIGALI-PTTEPI Operating Company SDN BHD (CPOC) in the joint development area of Malaysia and Thailand. The term of the contract is for two years, with three options to extend for an additional three month period (per option).

Continuation into Bermuda and 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 the Merger Date, with VDI Bermuda Ltd. being the surviving company and subsequently adopting the name “Vantage Drilling International Ltd.”.

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. 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*. Given that the Notice Termination Period relating to the *Capella* had lapsed, we are no longer managing or marketing the *Capella* nor eligible to earn management fees under the Capella Management Agreement as of September 15, 2024, however, the settlement of pre-funding and receivables remain outstanding and pending to fully resolve and conclude our relationship with Seadrill as of December 31, 2024.

2. Basis of Presentation and Significant Accounting Policies

Basis of Consolidation: The accompanying consolidated financial information as of December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022, 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.

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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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
(unaudited, in thousands)		
Current assets	\$ 1,977	\$ 2,708
Non-current assets	539	552
Current liabilities	371	415
Non-current liabilities	277	337
Net carrying amount	<u>\$ 1,868</u>	<u>\$ 2,508</u>

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 thirty five 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 or presented separately on the Consolidated Statement of Operations, depending on the nature of the asset. For the year ended December 31, 2024, 2023 and 2022, the gain/loss related to the sale of assets and disposal of property and equipment was \$86.9 million, immaterial and \$63.0 million, respectively. Property and equipment held-for-sale is recorded at the lower of net book value or fair value less cost to sell.

We review the carrying amount of our property and equipment for potential impairment when events or changes in circumstances indicate that the carrying amounts of our assets held and used 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 drillships and any other significant adverse economic news could require us to evaluate the realization of our drilling rigs. For the years ended December 31, 2024, 2023 and 2022, 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, 2024 and therefore, we concluded that there is no impairment.

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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: Issuance costs and discounts 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 and discounts 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.

Two customers accounted for approximately 59% and 21% of our consolidated trade receivables, net as of year ended December 31, 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 as follows:

	December 31,	
	2024	2023
(in thousands)		
Beginning balance	\$ 5,434	\$ 4,962
Additions charged to expenses	371	2,526
Write-off of uncollectible amounts	(7)	(2,054)
Ending balance	<u>\$ 5,798</u>	<u>\$ 5,434</u>

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).

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The following is a reconciliation of the number of shares used for the basic and diluted EPS computations as follows:

	Year Ended December 31,		
	2024	2023	2022
	(In thousands)		
Weighted average Ordinary Shares outstanding for basic EPS	13,281	13,217	13,115
Restricted share equity awards	34	—	—
Adjusted weighted average Ordinary Shares outstanding for diluted EPS	<u>13,315</u>	<u>13,217</u>	<u>13,115</u>

The following sets forth the number of shares excluded from diluted EPS computations as follows:

	Year Ended December 31,		
	2024	2023	2022
	(In thousands)		
Weighted average restricted share equity awards	<u>630</u>	<u>116</u>	<u>221</u>
Future potentially dilutive Ordinary Shares excluded from diluted EPS	<u>630</u>	<u>116</u>	<u>221</u>

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, 2024, 2023 and 2022, we recognized a net loss of \$1.7 million, \$0.4 million and \$3.7 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, 2024, the fair value of the 9.50% First Lien Notes was approximately \$65.4 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 9.50% 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 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, 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 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 20, 2025, the date the financial statements were available for issuance and no recognized subsequent events were identified.

Recently Adopted Accounting Standards:

Effective for the year ended December 31, 2024, we adopted ASU No. 2023-07, Segment Reporting (Topic 280), which requires incremental disclosures about a public entity’s reportable segments but does not change the definition or guidance for determining reportable segments. Such 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

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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.

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.

In November 2024, the FASB issued ASU No. 2024-03, Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, disaggregation of certain costs and expenses included in each relevant expense caption on our consolidated income statements in a separate note to the financial statements at each interim and annual reporting period, including amounts of purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The standard will be effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted and can be applied either prospectively to financial statements issued for reporting periods after the effective date, or retrospectively to prior periods which are presented in the financial statements. We are currently evaluating the impact of this standard on our disclosures and once adopted, will result in additional disclosures about certain expenses in notes to our financial statements.

In March 2024, the FASB issued ASU No. 2024-01, Compensation – Stock Compensation (Topic 718): Scope Applications of Profits Interest and Similar Awards, which requires the improvement of its overall clarity and operability without changing the overall guidance and now reflects illustrative examples to determine whether profits interest awards should be accounted for in accordance with Topic 718. ASU 2024-01 is effective for annual periods beginning after December 15, 2025 for all other entities. The Company does not anticipate that this update, once fully 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.

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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, 2024			
	Jackups	Deepwater	Managed	Consolidated
(in thousands)				
Dayrate revenue	\$ 48,440	\$ 89,160	\$ 22,153	\$ 159,753
Amortized revenue	37,900	6,857	—	44,757
Reimbursable revenue	2,122	7,270	25,371	34,763
Total revenue	<u>\$ 88,462</u>	<u>\$ 103,287</u>	<u>\$ 47,524</u>	<u>\$ 239,273</u>

	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	<u>\$ 66,711</u>	<u>\$ 135,607</u>	<u>\$ 180,818</u>	<u>\$ 383,136</u>

	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	<u>\$ 56,520</u>	<u>\$ 122,674</u>	<u>\$ 99,522</u>	<u>\$ 278,716</u>

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. As of January 1, 2023, "Trade receivables, net of allowance for credit losses" was \$62.8 million.

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

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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, 2024	December 31, 2023
Current contract cost assets	Prepaid expenses and other current assets	\$ —	\$ 3,427
Noncurrent contract cost assets	Other assets	—	890
Current contract revenue liabilities	Other current liabilities	24,433	15,994

Significant changes in contract cost assets and contract revenue liabilities during the year ended December 31, 2024 were as follows:

(in thousands)	Contract Cost Assets	Contract Revenue Liabilities ⁽²⁾
Balance as of December 31, 2023	\$ 4,317	\$ 15,994
Increase due to contractual changes	22,824	78,142
Decrease due to recognition of revenue/costs or transfer to payables	(27,141)	(69,703)
Balance as of December 31, 2024 ⁽¹⁾	\$ —	\$ 24,433

- (1) We expect to recognize contract revenues of approximately \$4.4 million in 2025 and \$20.0 million thereafter related to unsatisfied performance obligations existing as of December 31, 2024, which includes \$3.2 million related to customer prefunding of reimbursables.
- (2) Revenue recognized during the year ended December 31, 2024 which was included in the deferred revenue balance as the beginning was \$16.0 million.

Significant changes in contract cost assets and contract revenue liabilities during the year ended December 31, 2023 were as follows:

(in thousands)	Contract Cost Assets	Contract Revenue Liabilities ⁽¹⁾
Balance as of December 31, 2022	\$ 7,324	\$ 35,085
Increase due to contractual changes	20,133	103,724
Decrease due to recognition of revenue/costs or transfer to payables	(23,140)	(122,815)
Balance as of December 31, 2023	\$ 4,317	\$ 15,994

- (1) Revenue recognized during the year ended December 31, 2023 which was included in the deferred revenue balance as the beginning was \$35.0 million.

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

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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:

(in thousands)	Classification in the Consolidated Statement of Operations	Year ended December 31,		
		2024	2023	2022
Operating lease cost ⁽¹⁾	Operating costs	\$ 741	\$ 951	\$ 1,039
Operating lease cost ⁽¹⁾	General and administrative	13	865	1,136
Sublease income	General and administrative	—	(631)	(863)
Total operating lease cost		<u>\$ 754</u>	<u>\$ 1,185</u>	<u>\$ 1,312</u>

(1) Short-term lease costs which includes bareboat charter expense for a third-party owned rig operated by the Company were approximately \$0.3 million, \$34.3 million and \$0.4 million for each of the years ended December 31, 2024, 2023 and 2022, respectively. Operating cash flows used for operating leases approximates lease expense.

(in thousands)	Classification in the Consolidated Balance Sheets	December 31, 2024	December 31, 2023
Assets:			
Operating lease assets	Operating lease ROU assets	\$ 402	\$ 1,084
Total leased assets		\$ 402	\$ 1,084
Liabilities:			
Current operating	Other current liabilities	\$ 119	\$ 608
Noncurrent operating	Other long-term liabilities	—	451
Total lease liabilities		\$ 119	\$ 1,059

As of December 31, 2024, maturities of lease liabilities were as follows:

(in thousands)	Operating Leases
2025	\$ 123
Total future lease payments	\$ 123
Less: imputed interest	(4)
Present value of lease obligations	\$ 119

The weighted average discount rate for operating leases was 9.50% and 9.45% as of the years ended December 31, 2024 and 2023, respectively. The weighted average remaining lease term for operating leases was 0.94 years and 1.72 years as of December 31, 2024 and 2023, respectively.

5. Debt

Our debt was composed of the following as follows:

(in thousands)	December 31,	
	2024	2023
9.50% First Lien Notes, net of unamortized issue costs and discount of \$694 and \$9,893, respectively	\$ 64,451	\$ 190,107
Long-term debt, net	<u>\$ 64,451</u>	<u>\$ 190,107</u>

Aggregate scheduled principal maturities of our debt for the next five years and thereafter are as follows (in thousands):

2025	\$ —
2026	—
2027	—
2028	65,145
Total debt	<u>65,145</u>
Less:	
Future amortization of issuance costs and discount	(694)
Long-term debt, net	<u>\$ 64,451</u>

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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).

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 (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 pays interest on the 9.50% First Lien Notes on February 15 and August 15 of each year, which payments commenced on August 15, 2023. Interest on the 9.50% First Lien Notes accrues from March 1, 2023, at a rate of 9.50% per annum, and is 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 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

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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.

In October 2024, the Company fully executed the Vessel Sale and received gross proceeds of \$188.9 million as a result of Vessel Sale. On November 29, 2024, the Company used the net proceeds to redeem the \$184.9 million aggregate principal amount of the Company's 9.50% First Lien Notes.

On November 30, 2024 the Company issued an additional \$50.0 million in aggregate principal amount of 9.50% Senior Secured First Lien Notes due 2028 at a 97% issue price pursuant to a supplemental indenture to the 9.50% First Lien Indenture.

Revolving Credit Facility

On May 3, 2024, the Company entered into the Revolving Credit Facility of \$25.0 million at 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's obligations were guaranteed by substantially all of its subsidiaries and was secured on a first lien basis, pari passu with the 9.50% First Lien Notes. The Revolving Credit Facility contained covenants including the Company's ability to incur indebtedness, pay dividends and make certain investments. Further, it contained financial covenant that required us to maintain a minimum interest coverage ratio of not less than 1.25 to 1.0.

The Revolving Credit Facility was subject to mandatory redemption obligations upon the occurrence of certain events, including (i) upon the receipt of net proceeds from specified asset sales remaining after application of such proceeds to redeem the 9.50% First Lien Notes, and (ii) receipt of any cash proceeds in respect of any mobilization, demobilization, modification or other fees payable pursuant to the applicable specific customer contract, as further described in the Revolving Credit Agreement.

In July 2024, the Company made an initial draw of \$25.0 million. The Company redeemed all outstanding principal in connection with cash proceeds applicable to a specific customer contract in November 2024. Upon redemption, the Revolving Credit Facility was terminated and not available for further utilization.

Letter of Credit and Bank Guarantees

Letters of credit and bank guarantees for performance obligations are provided by reputable financial institutions. As of December 31, 2024, we maintained letters of credit and bank guarantees in the aggregate amount of \$5.8 million.

6. Shareholders' Equity

Stock Issuance

VDI has 50,000,000 authorized Ordinary Shares. As of December 31, 2024, 13,295,262 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, 2024, there were 106,877 shares available for future grant under the Amended 2016 MIP.

During the year ended December 31, 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 year ended December 31, 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 Qualified liquidity event ("QLE") as set forth in each individual award letter.

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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 Total enterprise value (“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 the year ended December 31, 2023.

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, 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	—	—
Awarded	493	\$ 24.82	—	—
Vested	(3,695)	\$ 16.76	—	—
Forfeited	(1,025)	\$ 16.76	—	—
Nonvested restricted units at December 31, 2024	11,084	\$ 17.12	—	—

Both the TBGs and PBGs are classified as equity awards. For the year ended December 31, 2024, the share based compensation related to the TBGs was immaterial. For the years ended December 31, 2023 and 2022, we recognized share-based compensation related to the TBGs of approximately \$0.1 million and \$0.1 million, respectively. As of December 31, 2024, there was approximately \$0.1 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 2.14 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. In February 2025, the Compensation Committee amended the criteria to achieve the IPO condition to exclude underwritten public offering, and therefore, listing on the OSE was sufficient for achieving the IPO condition.
- 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, 2022	—	—	—	—
Awarded	318,000	\$ 25.50	318,000	\$ 24.21
Nonvested restricted units at December 31, 2023	318,000	\$ 25.50	318,000	\$ 24.21
Awarded	43,775	\$ 25.42	30,000	24.21
Forfeited	(45,755)	\$ 25.42	(43,000)	\$ 24.21
Nonvested restricted units at December 31, 2024	316,020	\$ 25.50	305,000	\$ 24.21

For the year ended December 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 December 31, 2024, there was approximately \$8.1 million of total unrecognized share-based compensation expense related to RSU TBGs, with a remaining weighted average vesting period of approximately 2.82 years.

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For the years ended December 31, 2024 and 2023, we recognized share-based compensation related to the RSU PBGs of approximately \$1.7 million and \$0.3 million, respectively. As of December 31, 2024, there was approximately \$5.4 million of total unrecognized share-based compensation expense related to RSU PBGs, with a remaining weighted average vesting period of approximately 2.91 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	\$ 25.54	23,600	\$ 23.14
Nonvested restricted units at December 31, 2024	23,600	\$ 25.54	23,600	\$ 23.14

For the year ended December 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 December 31, 2024, there was approximately \$0.6 million of total unrecognized share-based compensation expense related to PSU TBGs, with a remaining weighted average vesting period of approximately 3.00 years.

PSU PBGs were awarded in January 2024. For the year ended December 31, 2024, we recognized share-based compensation related to the liability-classified PSU PBGs of approximately \$0.1 million. As of December 31, 2024, there was approximately \$0.4 million of total unrecognized share-based compensation expense related to PSU PBGs, with a remaining weighted average vesting period of approximately 3.00 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. As a result of the Special Cash Distribution, \$3.3 million was 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, 2024, \$3.3 million was paid to current or former employees or directors as a result of the settlement of the TBGs. As of December 31, 2024, a de minimis amount remains unpaid and is presented as other current liabilities and other long-term liabilities in the 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. In 2023, the CIT Act was enacted in Bermuda, which applies to certain multinational enterprises as of January 1, 2025, if specific conditions are met in respect of a particular fiscal period. Based on these criteria, VDI does not fall within the scope of the CIT Act for the period starting January 1, 2025. The Company continuously monitors its business and developments to assess the applicability of the CIT Act, which does not impact VDI’s financial statements for the Current Year.

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 date as of December 9, 2019. On March 31, 2024, upon the consummation of the Statutory

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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 purposes is now 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 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. U.S. federal tax status of VDI Predecessor has not had a material impact on our consolidated financial statements as of December 31, 2024.

The income tax expense (benefit) consisted of the following:

(in thousands)	Year Ended December 31,		
	2024	2023	2022
Current	\$ 15,437	\$ 20,855	\$ 3,605
Deferred	321	624	708
Total	<u>\$ 15,758</u>	<u>\$ 21,479</u>	<u>\$ 4,313</u>

A reconciliation of statutory and effective income tax rates is shown below:

	Year Ended December 31,		
	2024	2023	2022
Statutory rate	0.0 %	0.0 %	0.0 %
Effect of:			
Taxes on foreign earnings	38.2 %	373.6 %	806.1 %
Uncertain tax positions	(0.1)%	(13.3)%	(154.4)%
Other	(1.7)%	25.0 %	(195.2)%
Total	<u>36.4 %</u>	<u>385.3 %</u>	<u>456.5 %</u>

The components of the net deferred tax assets and liabilities were as follows:

(in thousands)	December 31, 2024	December 31, 2023
Deferred tax assets:		
Share-based compensation	\$ 21	\$ 471
Accrued bonuses/compensation	179	375
Loss carryforwards	2,243	2,828
Property and equipment	-	152
Deferred revenue/cost	—	562
Total deferred tax assets	<u>2,443</u>	<u>4,388</u>
Valuation allowance	(2,243)	(3,798)
Net deferred tax assets	<u>\$ 200</u>	<u>\$ 590</u>
Deferred tax liabilities:		
Other deferred tax liability	—	(47)
Total deferred tax liabilities	<u>—</u>	<u>(47)</u>
Net deferred tax asset	<u>\$ 200</u>	<u>\$ 543</u>

At December 31, 2024, we had foreign tax loss carryforwards of approximately \$8.0 million, which will begin to expire in varying amounts between 2025 and 2029. The decrease in foreign tax loss carry forwards is primarily due to the expiration of carryforward period. The decrease in the valuation allowance mirrors the decrease in carryforward losses.

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 for the year ended December 31, 2024 included in income tax expense was immaterial and total interest and penalties of approximately \$0.1 million are accrued as of December 31, 2024.

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, 2024	\$ 68
Additions based on tax positions related to the current year	1
Expiration of statutes	(19)
Gross balance at December 31, 2024	<u>50</u>
Related tax benefits	—
Net uncertain tax positions at December 31, 2024	<u>\$ 50</u>

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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. In some cases, to continue defending the position taken in course of tax controversy proceedings, mandatory pre-deposits or bank guarantees may be required. 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 Improbability Action

On April 27, 2018, the Company was added as an additional defendant in a legal proceeding (the “Improbability Action”), initiated by the Brazilian Federal Prosecutor’s Office against certain individuals, including an executive of Petrobras and two political lobbyists, in connection with alleged misconduct in 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 Federal Government and Petrobras as additional plaintiffs. Vantage is alleged to have been involved in and benefited from the purported bribery scheme at Petrobras through Hamylton Padilha, the Brazilian agent of 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. On March 22, 2019, we were formally served in the United States and on April 12, 2019, we 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”), seeking the early dismissal of the Improbability Action, and an interlocutory appeal with the Federal Court of Appeals in Porto Alegre, Brazil (the “Brazilian Appellate Court”), challenging the asset freeze order.

On August 20, 2020, the Brazilian Federal Court dismissed our preliminary statement of defense and ordered the case to proceed. On February 10, 2021, after the Brazilian Federal Court denied a motion to clarify requesting the reconsideration of the dismissal of our early dismissal request, we filed an interlocutory appeal with the Brazilian Appellate Court seeking to reverse the Brazilian Federal Court’s denial of our preliminary defense and therefore grant an early dismissal of the Improbability Action as to the Company. On May 13, 2021, the Brazilian Appellate Court’s Reporting Judge granted our request for preliminary relief and ordered an immediate stay of the Improbability Action as to the Company. On December 6, 2022, the hearing of the interlocutory appeal was concluded and the Brazilian Appellate Court ruled in our favor, immediately dismissing the Improbability Action as to the Company (the “Improbability Decision”). On January 30, 2023 and February 1, 2023, Petrobras and the Brazilian Federal Government filed respective motions to clarify the Improbability Decision, to which we responded on March 31, 2023. On April 10, 2024, the Brazilian Appellate Court denied the motions to clarify submitted and upheld the Improbability Decision. Subsequently, Petrobras and the Brazilian Federal Government filed appeals to the Brazilian Superior Court of Justice (the “Special Appeals”) and the Brazilian Supreme Court (the “Extraordinary Appeals”), to which we responded on July 19, 2024. On September 27, 2024, the Brazilian Appellate Court authorized the remittance of the appeals to be processed and ruled by the Brazilian Superior Court of Justice and later by the Brazilian Supreme Court. On December 2, 2024, the Special Appeals were assigned to Reporting Justice Regina Helena Costa for further assessment of the admissibility and, if applicable, for a new analysis of the Improbability Decision. On January 13, 2025, Justice Regina Helena Costa issued a single-judge decision and granted the Special Appeals, in part, solely to order the remand of the interlocutory appeal to the Brazilian Appellate Court to continue the hearing with an extended panel of 5 Appellate Judges (instead of 3), while preserving the effects of the preliminary decision rendered suspending the lawsuit against VDI. On February 26, 2025 Vantage filed an internal appeal against the single-judge decision to be heard and ruled on by the competent panel of Justices of the Superior Court of Justice. On February 28, 2025 Petrobras and the Federal Government were summoned to respond to the internal appeal filed by Vantage. As of the date of the financial statements, Petrobras and the Federal Government have not presented their responses to our internal appeal and the Special Appeals are pending a ruling by the competent panel of the Brazilian Superior Court of Justice. The Extraordinary Appeals, in turn, shall be further evaluated depending on the outcome of the ruling of the Special Appeals by the Brazilian Superior Court of Justice. The Company will continue to defend any attempts to reverse the Improbability Decision.

The Company understands that the Improbability Action 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 Improbability Law”) was enacted on October 26, 2021, which substantially amended the existing Brazilian Improbability legal framework. The Company believes that the developments arising from the enactment of the New Administrative Improbability Law render the case against it moot, bolstering our assessment of a high chance of success in the Improbability Action.

Even if the latest single-judge decision rendered by Justice Regina Helena Costa prevails, the remand of the case to the Brazilian Appellate Court does not affect the Company’s low risk of being held liable. The hearing will continue with the addition of two new Appellate Judges, while preserving the effects of the opinions already issued. In this case, there will be three possible scenarios: (a) the

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Improbability Decision to dismiss will be confirmed and subject to new special and/or extraordinary appeals if filed by Petrobras and the Federal Government; (b) the Improbability Decision will be revised solely to deny our early dismissal request and to resume the Improbability Action as to the Company; or (c) the Brazilian Appellate Court will recognize the lack of jurisdiction of the Brazilian Federal Court and order the remittance of the case altogether to another Federal Court (probably in Rio de Janeiro), similar to what has happened to other co-defendants in the Improbability Action. While scenario (a) is preferable and more likely to occur (given the profile and history of the potential additional Appellate Judges), even scenarios (b) and especially (c) do not worsen the prospect of success since they will only mean that the Company will have to go through the Improbability Action and make use of all the opportunities and tools of defense to ultimately prevail on the merits.

As of December 31, 2024, the damages claimed in the proceeding are in the amount of BRL 102.8 million (approximately \$17.2 million, changes in the USD amounts result from foreign exchange rate fluctuations), together with a civil fine equal to that amount (as reduced by the New Administrative Improbability Law). The amount corresponding to the fine is subject to the New Administrative Improbability Law's statute of limitations that is set to come into effect on October 27, 2025, unless an award is issued before then. As this is an extremely improbable outcome, our financial exposure is set to reduce significantly, notwithstanding the dispute surrounding the asset freeze order.

As per the above, on April 27, 2018, the Brazilian Federal Court 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 \$68.9 million (as per current exchange rate). 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 \$68.9 million. The DOJ responded that no legal grounds existed to enforce the requested asset freeze in the U.S. Therefore, even in the unlikely scenario that the asset freeze order is ever reinstated – it has been revoked by the Brazilian Appellate Court, as described below – it will likely remain ineffective as to the Company.

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 5, 2019, the Brazilian Appellate Court's Reporting Judge granted our preliminary injunction request to stay the seizure and freezing order of the Brazilian Federal Court. On December 6, 2022, the Brazilian Appellate Court ruled in favor of the Company and revoked the asset freeze order (the "Asset Freeze Order Revocation"). On January 30, 2023 and February 1, 2023, Petrobras and the Brazilian Federal Government filed respective motions to clarify the Asset Freeze Order Revocation, to which we responded on March 31, 2023. On April 10, 2024, the Brazilian Appellate Court denied the motions to clarify submitted by the Brazilian government and Petrobras, and upheld the Asset Freeze Order Revocation. Subsequently, Petrobras and the Brazilian Federal Government filed Special Appeals and Extraordinary Appeals in respect of the Asset Freeze Order Revocation, to which the Company responded on July 19, 2024 and August 1, 2024, respectively. On September 27, 2024, the Brazilian Appellate Court authorized the remittance of the appeals to be processed and ruled by the Brazilian Superior Court of Justice and later by the Brazilian Supreme Court. On December 3, 2024, the Special Appeals were assigned to reporting justice Regina Helena Costa for further assessment of the admissibility and, if applicable, for a new analysis of the Asset Freeze Order Revocation. As of the date of this financial statements, no decision has been taken in the Special Appeals. The Extraordinary Appeals, in turn, shall be further evaluated depending on the outcome of the ruling of the Special Appeals by the Brazilian Superior Court of Justice.

Although there are similarities in the reasoning and the outcome of the Improbability Decision and the Asset Freeze Order Revocation, the unlikely risk that the Improbability Decision could be overturned pursuant to the latest single-judge decision by Justice Regina Helena Costa does not impact the Asset Freeze Order Revocation. Even in the worst case scenario regarding the continuation of the Improbability Action as to the Company, the reversal of the Asset Freeze Order Revocation would require additional findings particularly related to the suitability of the asset freeze order that do not automatically stem from the filing or the resumption of an administrative Improbability action. Furthermore, the New Administrative Improbability Law, which came into force in October 26, 2021, significantly heightened the requirements of asset freeze orders, which (i) the Superior Court of Justice has recently clarified in a binding precedent that must be observed even with regard to orders issued before the enactment of the statutory amendment and (ii) the asset freeze order under dispute clearly fails to meet those heightened requirements (e.g., requirement to show urgency or risk of harm due to delay).

The Company has defended, and intends to continue to vigorously defend, against the allegations made in the Improbability Action and oppose and defend against any attempts to reverse the Improbability Decision and/or the seizure of the Company's assets. As of the date of the financial statement, the risk of loss in the Improbability Action indicated by Counsel representing us in the case is low. As to the asset freeze order, according to Counsel it is unlikely that it will ever be reinstated, and even if it does, it will remain ineffective due to its practical unenforceability, as outlined above.

Other Commitments

At December 31, 2024, we had purchase commitments of \$40.3 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.

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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 and 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:

	December 31,	
	2024	2023
(in thousands)		
Current sales tax receivable	\$ 6,720	\$ 12,099
Sale of assets receivable	5,169	—
Income tax receivable	3,490	2,123
Down payment to vendors	6,510	9,614
Prepaid fuel	1,312	1,947
Current deferred contract costs	—	3,427
Current deposits	166	5,831
Other	2,796	2,382
	<u>\$ 26,163</u>	<u>\$ 37,423</u>

Property and Equipment, net

Property and equipment, net consisted of the following:

	December 31,	
	2024	2023
(in thousands)		
Drilling equipment	\$ 505,542	\$ 635,924
Assets under construction	21,159	6,348
Office and technology equipment	13,450	18,085
Leasehold improvements	92	92
	<u>540,243</u>	<u>660,449</u>
Accumulated depreciation	<u>(329,228)</u>	<u>(352,357)</u>
Property and equipment, net	<u>\$ 211,015</u>	<u>\$ 308,092</u>

Other Assets

Other assets consisted of the following:

	December 31,	
	2024	2023
(in thousands)		
Noncurrent sales tax receivable	\$ 15,144	\$ —
Deferred certification costs	7,703	5,188
Noncurrent restricted cash	5,326	8,941
Noncurrent deposits	3,411	3,721
Noncurrent deferred contract costs	—	890
Deferred income taxes assets	200	543
	<u>\$ 31,784</u>	<u>\$ 19,283</u>

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Other Current Liabilities

Other current liabilities consisted of the following:

	December 31,	
	2024	2023
(in thousands)		
Current customer prefunding	\$ 9,984	\$ 10,190
Compensation	6,385	10,229
Current deferred revenue	24,433	15,994
Income taxes payable	3,972	3,852
Interest	978	7,177
2016 MIP - Dividend equivalent ⁽¹⁾	136	3,272
Current portion of operating lease liabilities	119	608
Other	1,363	624
	<u>\$ 47,370</u>	<u>\$ 51,946</u>

(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:

	December 31,	
	2024	2023
(in thousands)		
Noncurrent customer prefunding	\$ 15,453	\$ 5,834
Indirect tax contingencies	2,841	4,090
2016 MIP - Dividend equivalents ⁽¹⁾	147	285
Noncurrent operating lease liabilities	—	451
Other noncurrent liabilities	173	81
	<u>\$ 18,614</u>	<u>\$ 10,741</u>

(1) Dividend Equivalents on vested TBGs are payable on 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 Consolidated Balance Sheets that sum to the total of the same amounts shown in the Consolidated Statement of Cash Flows as follows:

	December 31,	
	2024	2023
(in thousands)		
Cash and cash equivalents	\$ 83,407	\$ 73,206
Restricted cash	913	1,828
Restricted cash included within Other assets	5,326	8,941
Total cash, cash equivalents and restricted cash shown in the Consolidated Statements of Cash Flows	<u>\$ 89,646</u>	<u>\$ 83,975</u>

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

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related to rigs owned by third parties that we manage, support or operate through bareboat charters. Our Chief Executive Officer serves as our chief operating decision maker (“CODM”) and evaluates the performance of our reportable segments using Segment EBITDA, which is a segment performance measure, because this financial measure reflects our ongoing profitability and performance. General and administrative expenses, depreciation, (gain) loss on sale of assets, interest income and expenses, other (expense) income, and income taxes are not allocated to the operating segments for purposes of measuring segment EBITDA. There are no intersegment revenues. Our segment results for the periods indicated were as follows:

	Year ended December 31, 2024		
	Drilling Services	Managed Services	Consolidated
(in thousands)			
Revenue			
Contract drilling services	\$ 182,357	\$ 6,630	\$ 188,987
Management fees	—	15,523	15,523
Reimbursables and other	9,392	25,371	34,763
Total revenue	191,749	47,524	239,273
Significant segment expenses			
Operating costs	140,987	41,555	182,542
Segment EBITDA	50,762	5,969	56,731
Reconciliation of segment EBITDA			
General and administrative			25,144
Depreciation			43,445
(Gain) loss on sale of assets			(86,993)
Interest income			(1,144)
Interest expense and financing charges			31,368
Other, net			1,652
Income before income taxes			\$ 43,259

	Year ended December 31, 2023		
	Drilling Services	Managed Services	Consolidated
(in thousands)			
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
Significant segment expenses			
Operating costs	140,237	149,888	290,125
Segment EBITDA	62,081	30,930	93,011
Reconciliation of segment EBITDA			
General and administrative			21,730
Depreciation			44,458
Loss (gain) on sale of assets			3
Interest income			(750)
Interest expense and financing charges			21,591
Other, net			405
Income before income taxes			\$ 5,574

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	Year ended December 31, 2022		
	Drilling Services	Managed Services	Consolidated
(in thousands)			
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
Significant segment expenses			
Operating costs	142,935	91,896	234,832
Segment EBITDA	36,259	7,626	43,884
Reconciliation of segment EBITDA			
General and administrative			23,009
Depreciation			44,428
(Gain) loss on sale of assets			(61,409)
Interest income			(1,108)
Interest expense and financing charges			34,351
Other, net			3,668
Income before income taxes			\$ 945

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	Segment	For the Years Ended December 31,		
		2024	2023	2022
(in thousands)				
Republic of the Congo	Drilling Services and Managed Services	\$ 70,807	\$ —	\$ —
Indonesia	Drilling Services and Managed Services	63,546	57,111	32,643
Joint development area of Malaysia and Thailand	Drilling Services and Managed Services	33,779	—	—
Namibia	Drilling Services and Managed Services	25,455	81,835	—
Ivory Coast	Drilling Services and Managed Services	17,490	—	—
UAE	Drilling Services and Managed Services	14,577	63,713	81,715
India	Drilling Services and Managed Services	12,606	135,647	54,786
Egypt	Drilling Services	—	—	27,926
Cyprus	Drilling Services	—	703	42,573
Other countries ⁽¹⁾	Drilling Services and Managed Services	1,013	44,127	39,073
Total revenues		\$ 239,273	\$ 383,136	\$ 278,716

(1) “Other countries” represent countries in which we operate that individually had operating revenues representing less than 10% of total revenue.

Revenue with customers that contributed 10% or more of revenue for the periods indicated were as follows:

Customer	Segment	Year Ended December 31,		
		2024	2023	2022
TotalEnergies ⁽¹⁾	Drilling Services and Managed Services	40%	21%	1%
Medco ⁽²⁾	Drilling Services and Managed Services	16%	7%	6%
CPOC	Drilling Services and Managed Services	14%	0%	0%
Premier Oil	Drilling Services and Managed Services	10%	1%	3%
Oil & Natural Gas Corporation	Drilling Services and Managed Services	5%	35%	20%
Seadrill	Managed Services	4%	21%	31%
Eni S.p.A ⁽³⁾	Drilling Services	0%	10%	15%
Belayim Petroleum Company (Petrobel)	Drilling Services	0%	0%	10%

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- (1) Includes Total E&P Cyprus B.V., Total E&P Qatar and TotalEnergies EP Namibia BV
- (2) Includes Medco E&P Natuna Ltd. and Medco Energi Sampang Pty. Ltd.
- (3) Includes Eni Cyprus Limited, Eni Montenegro BV, Eni Congo S.A., ENI Morocco BV, ENI North Ganai Limited and ENI Mozambique S.p.A

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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
(in thousands)		
Republic of the Congo	\$ 129,203	\$ —
Malaysia	70,545	—
Namibia	—	145,445
India	—	69,140
Indonesia	—	58,449
Other countries ⁽¹⁾	11,267	35,058
Total property and equipment	<u>\$ 211,015</u>	<u>\$ 308,092</u>

- (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.

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.

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.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of its disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2024. Based upon this evaluation, such officers have concluded that these controls and procedures were effective.

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, 2024.

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Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

Board Member Changes

On October 10, 2024, Gunnar W. Eliassen did not stand for re-election as a member of the Board at the Company's 2024 Annual General Meeting ("AGM"). Mr. Eliassen's decision not to stand for re-election to the Board of Directors was not related to any disagreement with the Company or its management on any matter relating to Company's operations, policies or practices.

On October 10, 2024, Scott McReaken was elected to the Board of Directors at the Company's 2024 Annual General Meeting.

Departure of Executive Officer

On October 13, 2024, Douglas E. Stewart resigned from the Company in his positions of General Counsel, Chief Compliance Officer and Corporate Secretary of Vantage Drilling International Ltd. Mr. Stewart's decision to resign was not related to a disagreement with the Company or its management on any matter relating to its operations, policies or practices.

Appointment of Executive Officer

On November 11, 2024, Sarah French assumed the role of General Counsel, Chief Compliance Officer and Corporate Secretary of Vantage Drilling International Ltd.

Rule 10b5-1 Trading Arrangement

During the year ended December 31, 2024, 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).

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The names of our directors and executive officers, their ages as of March 14, 2025 and certain other information about them are set forth below:

Name	Age	Position
Thomas R. Bates, Jr. (1)	75	Chairman of the Board of Directors
Nils E. Larsen (1)	54	Director
L. Spencer Wells (1)(2)	54	Director
Jørn Peter Madsen (2)	61	Director
Scott McReaken (2)	46	Director
Ihab Toma	62	Chief Executive Officer and Director
William L. Thomson	53	Chief Operating Officer, Chief Commercial Officer and Chief Technical Officer
Rafael Blattner	45	Chief Financial Officer
Sarah French	38	General Counsel, Chief Compliance Officer and Corporate Secretary

(1) Member of our Audit Committee

(2) Member of our Compensation Committee

Board of Directors

Thomas R. Bates, Jr. has served as Chairman of the Board of Directors since February 10, 2016. *Qualifications and Experience:* Mr. Bates has over 50 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 and the Ralph Lowe Energy Institute at the Neeley School of Business at Texas Christian University in Fort Worth where he teaches energy macroeconomics. He also teaches geopolitics and energy at SKEMA Business School at Lille, France campus and corporate finance at the Paris campus. 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 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

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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 December 2024; Business Risk Oversight Committee April 2022 to December 2024; ESG Committee March 2023 to December 2024), 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: Arq, Inc. (formerly, 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).

Jorn 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 Lausanne.

Directorships for the past five years: CHC Group LLC (February 2023 to January 2024), Maersk Drilling (2016 to 2022).

Scott McReaken has served as a member of the Board of Directors since October 2024. Since May 2024, Mr. McReaken has served as the Chief Financial Officer of One X, LLC, a private company providing oil and gas well completion services in major onshore US basins. 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 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 directors on the Scandrill Inc., an onshore U.S. 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 for the past five years: Scan Oak, LLC (January 2020 – present), One X, LLC (April 2024 – present), CTT Guarantor, LLC (April 2024 – present), CTT Buyer, LLC (April 2024 – present), CTT Midco, Inc. (April 2024 – present), Stuart Petroleum Testers, LLC (April 2024 – present).

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Ihab Toma 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 39 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).

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."

William L. Thomson has assumed the role of Chief Operating Officer with effect as of 1 January, 2025. He previously served as our Chief Commercial Officer/Chief Technical Officer and Vice President of Marketing & Business Development. 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.

Rafael Blattner has served as Chief Financial Officer since August 2023. Mr. Blattner has been with the Company since August 2013, most recently serving as the Company's Vice President & Managing Director - Corporate Development & Managed Services since June 2022. Prior to that, he 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 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.

Sarah French joined the Company as General Counsel, Chief Compliance Officer and Corporate Secretary in November 2024. Prior to joining Vantage, Ms. French worked in the renewables space as General Counsel of Highview Power, a long duration energy storage company, and at Seadrill where she served as Legal Director overseeing the legal restructuring and finance teams. Prior to this Ms. French was a private practice lawyer with Maples and Calder and CMS Cameron McKenna working in London, Aberdeen, Dubai and the British Virgin Islands with a number of client secondments in the oil and gas and finance sectors. Ms. French earned an LLB. in Law from the University of Kent and completed the post graduate LPC with BPP.

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

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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. Our website 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 in any respect.

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, 2025, 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, 2025.

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)	3,081,608	23.09%
Exmar NV (4)	1,605,833	12.03%
Axebrook Capital, LLP (5)	1,424,474	10.67%
Karlin Asset Management (6)	1,326,939	9.94%
Kite Lake Capital Management (U.K.), LLP (7)	1,235,653	9.26%
Directors and named executive officers:		
Thomas R. Bates, Jr.	3,378	0.03%
Nils E. Larsen	2,027	0.02%
L. Spencer Wells	2,027	0.02%
Jørn Peter Madsen	—	—
Scott McReaken	—	—
Ihab Toma	69,675	0.52%
Rafael Blattner	9,334	0.07%
Sarah French	—	—
William L. Thomson	14,477	0.11%
directors and executive officers as a group (9 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 13,348,560 Ordinary Shares outstanding as of March 14, 2025. 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.

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(3) Based solely on information provided by Cross Ocean Partners as of March 14, 2025. 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 GCD I GP LP, Cross Ocean GCD 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 14, 2025, 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 14, 2025. 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 14, 2025. 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 14, 2025, 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 Ordinary Shares 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, SW1X 7QA, United Kingdom.

Equity Compensation Plan Information as of December 31, 2024

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	642,915	N/A	106,877
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	642,915	N/A	106,877

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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 members of our Board of Directors, our officers and shareholders beneficially owning 5% or more of our equity securities.

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 full force or effect. In particulars, 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.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 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, McReaken and Madsen. There are no family relationships among any of our directors or executive officers.

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Item 14. Principal Accounting Fees and Services.

Independent Registered Public Accountant Fees

BDO USA, P.C. (“BDO”), was engaged as the Company’s independent registered public accounting firm for the years ended December 31, 2024 and 2023. BDO billed the fees set forth below for the periods indicated:

Fees	For the Year Ended December 31,	
	2024	2023
Audit Fees (1)	\$ 345,000	\$ 271,000
Audit-Related Fees (2)	125,000	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	<u>\$ 470,000</u>	<u>\$ 271,000</u>

- (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.
- (2) “Audit-Related Fees” include fees billed for the review of financial related information for the listing of our securities on the OSE.

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, 2024 and December 31, 2023 were pre-approved by the Audit Committee.