
VANTAGE DRILLING INTERNATIONAL LTD.

QUARTERLY REPORT FOR THE QUARTER ENDED JUNE 30, 2025

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SAFE HARBOR STATEMENT

This Quarterly Report (this “Quarterly Report”) contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are included throughout this Quarterly Report, including under “[*Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations*](#)” When used, statements which are not historical in nature, including those containing words such as “anticipate,” “assume,” “believe,” “budget,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “would,” “will,” “future” and similar expressions are intended to identify forward-looking statements in this Quarterly Report.

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

Among the factors that could cause actual results to differ materially are the risks and uncertainties described under “Item 1A. Risk Factors” of our Annual Report for the year ended December 31, 2024, which has been made available on our website at www.vantagedrilling.com, under “[*Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations*](#)” of this Quarterly Report and the following:

- the small size of our fleet and associated vulnerabilities in the case of prolonged downtime of any of our drilling rigs;
- our small number of customers, related concentration and/or the loss of any customers;
- credit risks of our key customers and other third parties we engage commercially;
- increased costs resulting from supply chain constraints, delays and impediments, including, but not limited to, increases in (i) the costs of obtaining supplies, and (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, including but not limited to (i) funding and receivables (and any other obligations) which remain outstanding and pending under such agreements and (ii) the inability to meet the conditions precedent to consummate the management agreements contemplated by the TE-Vantage JV Transaction and the TEVA Transaction (as each defined below);
- termination, reduction in scope 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;
- 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 and outcome of pending, or the initiation of new, litigation, claims or proceedings, including our ability to prevail in connection with the internal appeal undertaken by Vantage on February 26, 2025, and the Special Appeals and the Extraordinary Appeals (as each defined below in Item 1, Part II of this Quarterly Report), and any other appeal, cross-claim 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 in connection with the Tungsten Explorer Sale (as defined below) and 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 Transaction, the TEVA Transaction and the Tungsten Explorer Sale (as each 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, (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, and (iii) the threat or actual adoption of tariffs, retaliatory tariffs and duties, trade barriers and restrictions, and related international trade conflicts;

- changes in tax laws, treaties or regulations;
- our ability to comply and maintain the listing of our securities on the OSE (as defined below);
- actual and potential (or the perception of any) conflicts of interest with respect to the Company's operations and personnel 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 Quarterly Report.

Unless the context indicates otherwise, all references to the "Company," "Vantage Drilling International Ltd.," "we," "our" or "us" refer to Vantage Drilling International 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 Quarterly Report have the following meanings, unless specified elsewhere in this Quarterly Report:

Abbreviation/Acronym	Definition
2016 Amended MIP	The Company's Amended and Restated 2016 Management Incentive Plan
9.50% 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, as may be supplemented, amended and modified from time to time
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
Comparable Period	The six months ended June 30, 2024
Comparable Quarter	The three months ended June 30, 2024
Current Period	The six months ended June 30, 2025
Current Quarter	The three months ended June 30, 2025
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
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
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
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 previously owned the <i>Topaz Driller</i> jackup rig

Petrobras	Petroleo Brasileiro S.A.
PSU	Phantom Stock Units with time-based and performance-based vesting conditions
QLE	A qualified liquidity event as defined in the 2016 Amended MIP
ROU	Right-of-use
RFL	Rig Finance Limited, a former wholly owned subsidiary of VHI, which owns the <i>Soehanah</i> jackup rig
RSU	PBGs 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
TEVA	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 JV Transaction	The sale of the <i>Tungsten Explorer</i> to TEVA
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—FINANCIAL INFORMATION

Item 1. Financial Statements

Vantage Drilling International Ltd.
Condensed Consolidated Balance Sheets
(In thousands, except share and par value information)
(Unaudited)

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 50,468	\$ 83,407
Restricted cash	106	913
Trade receivables, net of allowance for credit losses of \$5,798	44,067	35,394
Materials and supplies	52,822	48,842
Prepaid expenses and other current assets	28,339	26,163
Total current assets	175,802	194,719
Property and equipment		
Property and equipment	546,420	540,243
Accumulated depreciation	(345,174)	(329,228)
Property and equipment, net	201,246	211,015
Operating lease ROU assets	139	402
Other assets	44,210	31,784
Total assets	<u>\$ 421,397</u>	<u>\$ 437,920</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 45,578	\$ 32,021
Other current liabilities	47,990	47,370
Total current liabilities	93,568	79,391
Long-term debt, net of unamortized issue costs and discounts of \$584 and \$694, respectively	64,561	64,451
Other long-term liabilities	18,610	18,614
Commitments and contingencies (see Note 8)		
Shareholders' equity		
Ordinary Shares, \$0.001 par value, 50 million shares authorized; 13,348,726 and 13,295,262 shares issued and outstanding, each period	13	13
Additional paid-in capital	639,261	635,232
Accumulated deficit	(395,624)	(360,709)
Controlling interest shareholders' equity	243,650	274,536
Non-controlling interests	1,008	928
Total equity	244,658	275,464
Total liabilities and shareholders' equity	<u>\$ 421,397</u>	<u>\$ 437,920</u>

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue				
Contract drilling services	\$ 25,132	\$ 34,100	\$ 50,935	\$ 94,329
Management fees	1,110	5,697	1,848	11,223
Reimbursables and other	8,162	10,015	13,558	20,408
Total revenue	34,404	49,812	66,341	125,960
Operating costs and expenses				
Operating costs	31,850	39,561	61,286	92,284
General and administrative	5,804	5,225	14,061	12,479
Depreciation	8,920	11,257	17,840	22,492
Equity in earnings of unconsolidated affiliates	574	—	574	—
Gain on sale of assets	(66)	—	(239)	—
Total operating costs and expenses	47,082	56,043	93,522	127,255
(Loss) income from operations	(12,678)	(6,231)	(27,181)	(1,295)
Other (expense) income				
Interest income	207	200	436	494
Interest expense and other financing charges	(1,602)	(5,656)	(3,205)	(11,000)
Other, net	711	(383)	165	(978)
Total other expense	(684)	(5,839)	(2,604)	(11,484)
Loss before income taxes	(13,362)	(12,070)	(29,785)	(12,779)
Income tax provision	2,601	2,141	5,050	4,622
Net loss	(15,963)	(14,211)	(34,835)	(17,401)
Net income (loss) attributable to non-controlling interests	75	10	80	(309)
Net loss attributable to shareholders	\$ (16,038)	\$ (14,221)	\$ (34,915)	\$ (17,092)
Loss per share				
Basic and diluted	\$ (1.20)	\$ (1.07)	\$ (2.62)	\$ (1.29)

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

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

Six Months Ended June 30, 2024

	Ordinary Shares		Additional Paid-in Capital	Accumulated Deficit	Non- Controlling Interests	Total Equity
	Shares	Amount				
Balance January 1, 2024	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 expense	—	—	499	—	—	499
Net loss	—	—	—	(2,871)	(319)	(3,190)
Balance March 31, 2024	<u>13,295</u>	<u>\$ 13</u>	<u>\$ 634,021</u>	<u>\$ (391,394)</u>	<u>\$ 922</u>	<u>\$ 243,562</u>
Share-based compensation	—	—	498	—	—	498
Net (loss) income	—	—	—	(14,221)	10	(14,211)
Balance June 30, 2024	<u>13,295</u>	<u>\$ 13</u>	<u>\$ 634,519</u>	<u>\$ (405,615)</u>	<u>\$ 932</u>	<u>\$ 229,849</u>

Six Months Ended June 30, 2025

	Ordinary Shares		Additional Paid-in Capital	Accumulated Deficit	Non- Controlling Interests	Total Equity
	Shares	Amount				
Balance January 1, 2025	13,295	\$ 13	\$ 635,232	\$ (360,709)	\$ 928	\$ 275,464
Share-based compensation issuance of shares	72	—	—	—	—	—
Shares repurchased to settle withholding taxes	(19)	—	(483)	—	—	(483)
Share-based compensation	—	—	3,481	—	—	3,481
Net (loss) income	—	—	—	(18,877)	5	(18,872)
Balance March 31, 2025	<u>13,348</u>	<u>\$ 13</u>	<u>\$ 638,231</u>	<u>\$ (379,586)</u>	<u>\$ 933</u>	<u>\$ 259,591</u>
Share-based compensation	—	—	1,030	—	—	1,030
Net (loss) income	—	—	—	(16,038)	75	(15,963)
Balance June 30, 2025	<u>13,348</u>	<u>\$ 13</u>	<u>\$ 639,261</u>	<u>\$ (395,624)</u>	<u>\$ 1,008</u>	<u>\$ 244,658</u>

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

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

	<u>Six Months Ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (34,835)	\$ (17,401)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation expense	17,840	22,492
Amortization of debt issuance costs and discounts	110	1,449
Share-based compensation expense	4,800	1,069
Deferred income tax expense	16	420
Loss on disposal of property and equipment	260	81
Gain on sale of assets	(239)	—
Equity in earnings of unconsolidated affiliates	574	—
Allowance for credit losses	—	371
Changes in operating assets and liabilities:		
Trade receivables, net	(8,673)	17,208
Materials and supplies	(3,980)	(5,766)
Prepaid expenses and other current assets	(5,923)	1,922
Other assets	(15,765)	(22,340)
Accounts payable	13,557	(1,515)
Other current liabilities and other long-term liabilities	466	(9,278)
Net cash used in operating activities	<u>(31,792)</u>	<u>(11,288)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(8,328)	(17,396)
Proceeds from sale of assets	3,986	70
Net cash used in investing activities	<u>(4,342)</u>	<u>(17,326)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares repurchased for tax withholdings on settlement of RSUs	(483)	(441)
Payments of dividend equivalents	(138)	(3,272)
Debt issuance costs	—	(837)
Net cash used in financing activities	<u>(621)</u>	<u>(4,550)</u>
Net decrease in unrestricted and restricted cash and cash equivalents	(36,755)	(33,164)
Unrestricted and restricted cash and cash equivalents—beginning of period	89,646	83,975
Unrestricted and restricted cash and cash equivalents—end of period	<u>\$ 52,891</u>	<u>\$ 50,811</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Interest	\$ 1,722	\$ 9,500
Income taxes (net of refunds)	3,401	3,908
Non-cash investing and financing transactions:		
Accrued debt issuance costs	—	740

The accompanying notes are an integral part of these condensed consolidated financial statements (unaudited).

VANTAGE DRILLING INTERNATIONAL LTD.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Organization and Recent Events

Vantage Drilling International Ltd. is a Bermuda exempted company listed on the OSE under the ticker symbol "VDI". 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.

Conditional Letter of Award

On April 23, 2025, the Company received a conditional letter of award ("CLOA") for the *Platinum Explorer* with a 90 day validity period which has subsequently been extended through August 29, 2025. The contract value is circa \$80 million with an anticipated 260 days required to render the campaign, inclusive of mobilization time, paid-for contract preparation time and demobilization time. A material portion of the contract value, covering mobilization and paid-for contract preparation, is reimbursed based on the cost incurred and a limited margin amount. The award of the contract is subject to the following conditions:

- the terms and conditions of the contract having been mutually agreed between the Client and the Company;
- the Client having received: (i) all necessary internal board approvals; and (ii) all necessary state, governmental and administrative approvals;

The CLOA shall remain in effect until the earlier of the execution of the contract for services or the expiration of the validity period.

Marketing Agreements

On February 4, 2025, the Company entered into a marketing agreement with Eldorado Drilling AS to market the Seventh Generation Dorado Drillship for drilling opportunities in various locations in Africa, the Mediterranean, Asia and Australasia. In addition, the Company agreed to submit an owner vessel for prequalification on future tenders whilst working to enter into a definitive marketing agreement. On July 2, 2025, the Company received a written notification of the termination of its marketing agreement with Eldorado Drilling AS.

TE-Vantage Joint Venture and Sale of the Tungsten Explorer

On February 6, 2024, VHI entered into a binding Memorandum of Understanding (the "TE-Vantage MOU") with TotalEnergies to create TEVA 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 \$198.8 million in cash for a 75% interest in TEVA that will own the *Tungsten Explorer*, with Vantage owning the remaining 25% interest. Furthermore, as anticipated, TEVA will contract with Vantage to operate the *Tungsten Explorer* for a 10-year term pursuant to a management agreement to be executed in connection with the TE-Vantage JV Transaction.

On December 31, 2024, the Company created TEVA with TotalEnergies in accordance with the terms of the TE-Vantage MOU. On January 2, 2025, TotalEnergies, Vantage and TEVA executed definitive agreements (the "TEVA Definitive Agreements") in support of the sale of the *Tungsten Explorer* and joint venture management, including a (i) sale and purchase agreement pursuant to which TEVA will acquire the *Tungsten Explorer* (the "TEVA Transaction") and (ii) management agreement (the "TEVA Management Agreement") pursuant to which Vantage will operate the *Tungsten Explorer* for a 10-year contract term commencing after the TE-Vantage JV Transaction is completed. The TEVA Management Agreement includes an option to extend for an additional five-year term.

On August 11, 2025, the Company completed the sale of *Tungsten Explorer* to TEVA (the "Tungsten Explorer Sale") for an aggregate total consideration of approximately \$265 million, comprised of \$198.8 million cash and 25% equity interest in TEVA, subject to customary purchase price adjustments.

The Tungsten Explorer Sale constitutes a "Vessel Sale" under the 9.50% First Lien Indenture, which requires mandatory redemption of the 9.50% First Lien Notes. Accordingly, the Company will be required to use a portion of the net proceeds to redeem the outstanding principal amount plus any accrued interest in the third quarter of 2025. The transaction, completed in August 2025, also constitutes a QLE, thereby triggering the accelerated vesting of certain outstanding RSUs and PSUs and forfeiture of PBGs, along with the payment of related dividend equivalents.

The Aquadrill Merger and the Termination of Certain Agreements

VHI previously entered into a framework agreement with Aquadrill LLC ("Aquadrill") on February 9, 2021, followed by related management and marketing agreements under which VHI subsidiaries provided services for the Capella, Polaris, and Aquarius floaters. These agreements allowed for termination by Aquadrill with 90 days' notice. Following Seadrill Ltd.'s acquisition of Aquadrill (renamed Seadrill LLC) on April 3, 2023, VHI received termination notices for the Aquarius, Polaris, and Capella agreements. VHI subsequently ceased management and marketing activities and became ineligible for related fees. As of June 30, 2025, the settlement of pre-funding and receivables remain outstanding and pending to fully resolve and conclude our relationship with Seadrill.

2. Basis of Presentation and Significant Accounting Policies

Basis of Consolidation: The accompanying Condensed Consolidated Financial Statements and related information have been prepared in accordance with U.S. GAAP, and include our accounts and those of our majority owned subsidiaries and VIE(s) discussed below. All significant intercompany transactions and accounts have been eliminated.

In addition to the consolidation of our majority owned subsidiaries, we also consolidate VIE(s) when we are determined to be the primary beneficiary of a VIE. Determination of the primary beneficiary of a VIE is based on whether an entity has the (1) power to direct activities that most significantly impact the economic performance of the VIE and (2) obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Our determination of the primary beneficiary of a VIE considers all relationships between us and the VIE.

ADVantage is a joint venture company formed to operate deepwater drilling rigs in Egypt. We determined that ADVantage met the criteria of a VIE for accounting purposes because its equity at risk was insufficient to permit it to carry on its activities without additional subordinated financial support from us. We also determined that we are the primary beneficiary for accounting purposes since we are entitled to use ADVantage for deepwater drilling contract opportunities rejected by ADES, and have the (a) power to direct the operating activities associated with the deepwater drilling rigs, which are the activities that most significantly impact the entity's economic performance, and (b) obligation to absorb losses or the right to receive a majority of the benefits that could be potentially significant to the VIE. As a result, we consolidate ADVantage in our Condensed Consolidated Financial Statements, we eliminate intercompany transactions, and we present the interests that are not owned by us as "Non-controlling interests" in the Condensed Consolidated Balance Sheets. The carrying amount associated with ADVantage was as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
(unaudited, in thousands)		
Current assets	\$ 1,882	\$ 1,977
Non-current assets	533	539
Current liabilities	242	371
Non-current liabilities	141	277
Net carrying amount	<u>\$ 2,032</u>	<u>\$ 1,868</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.

Equity Method Investments: Investments in affiliates and joint ventures over which the Company exercises significant influence, but does not control, that in each case (a) does not meet the variable interest entity criteria or (b) meets the variable interest entity criteria, but for which we are not deemed to be the primary beneficiary are accounted for under the equity method. Generally, significant influence is presumed to exist when the Company holds 20% to 50% of the voting interest of an investee, or when other factors indicate the ability to participate in the financial and operating policy decisions of the investee.

Under the equity method, the Company records its proportionate share of the investee's net income or loss, which is included in "Equity in earnings of unconsolidated affiliates" in our Condensed Consolidated Statements of Operations. The carrying amount of equity method investments is recorded in "Investments in unconsolidated affiliates" in our Condensed Consolidated Balance Sheets and is adjusted for the Company's share of net income or loss, dividends received, and other adjustments, including impairment charges when necessary. We account for our interest in TEVA using the equity method of accounting and only recognize our portion of equity in earnings in our Condensed Consolidated Financial Statements.

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 Condensed Consolidated Statements of Operations, depending on the nature of the asset. For the three and six months ended June 30, 2025 and 2024, the loss related to the sale of assets and disposal of property and equipment were immaterial. 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 six months ended June 30, 2025, no impairment loss was recorded.

The Company completed the Tungsten Explorer Sale to TEVA on August 11, 2025. The asset was not classified as held for sale in our Quarterly Report based on an interpretation of the relevant accounting standards under U.S. GAAP which indicates that the “available for immediate sale” criteria required to classify the asset as “held for sale” was not met as of June 30, 2025. Accordingly, the *Tungsten Explorer* remains presented as an operating asset in the Company’s consolidated financial statements as of June 30, 2025.

Interest costs and the amortization of debt financing costs related to the financing of our drilling rigs are capitalized as part of the cost while they are under construction and prior to the commencement of each vessel’s first contract. We did not capitalize any interest for the reported periods.

Debt Financing Costs: 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 effective interest method. Debt issuance costs and discounts related to a recognized debt liability are presented in the Condensed 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 Condensed Consolidated Financial Statements” for further information.

Income Taxes: Income taxes are provided for based upon the tax laws and rates in effect in the countries in which our operations are conducted and income is earned. Deferred income tax assets and liabilities are computed for differences between the financial statement basis and tax basis of assets and liabilities that will result in future taxable or tax-deductible amounts and are based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. We do not establish deferred tax liabilities for certain of our foreign earnings that we intend to indefinitely reinvest to finance foreign activities. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized. We recognize interest and penalties related to income taxes as a component of income tax expense.

Concentrations of Credit Risk: Financial instruments that potentially subject us to a significant concentration of credit risk consist primarily of cash and cash equivalents, restricted cash and accounts receivable. We maintain deposits in federally insured financial institutions in excess of federally insured limits. We monitor the credit ratings and our concentration of risk with these financial institutions on a continuing basis to safeguard our cash deposits. We have a limited number of key customers, who are primarily large international oil and gas operators, national oil companies and other international oil and gas companies. Our contracts provide for monthly billings as services are performed and we monitor compliance with contract payment terms on an ongoing basis. Payment terms

on customer invoices typically range from 30 to 45 days. Outstanding receivables beyond payment terms are promptly investigated and discussed with the specific customer.

Two customers accounted for approximately 66% and 21% of our consolidated trade receivables, net as of June 30, 2025, and two customers accounted for approximately 59% and 21% of our consolidated trade receivables, net as of December 31, 2024.

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:

	June 30, 2025	December 31, 2024
(unaudited, in thousands)		
Beginning balance	\$ 5,798	\$ 5,434
Additions charged to expenses	—	371
Write-off of uncollectible amounts	—	(7)
Ending balance	<u>\$ 5,798</u>	<u>\$ 5,798</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 RSUs granted to employees that contain non-forfeitable rights to dividends as such grants are considered participating securities. Basic earnings (loss) per share are based on the weighted average number of Ordinary Shares outstanding during the applicable period. Diluted EPS are computed based on the weighted average number of Ordinary Shares and Ordinary Share-equivalents outstanding in the applicable period, as if all potentially dilutive securities were converted into Ordinary Shares (using the treasury stock method).

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

	Three Months Ended June 30, 2025	2024	Six Months Ended June 30, 2025	2024
(unaudited, in thousands)				
Weighted average Ordinary Shares outstanding for basic EPS	13,349	13,295	13,327	13,266
Weighted restricted share equity awards	—	—	—	—
Adjusted weighted average Ordinary Shares outstanding for diluted EPS	<u>13,349</u>	<u>13,295</u>	<u>13,327</u>	<u>13,266</u>

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

	Three Months Ended June 30, 2025	2024	Six Months Ended June 30, 2025	2024
(unaudited, in thousands)				
Weighted average restricted share equity awards	584	673	610	702
Future potentially dilutive Ordinary Shares excluded from diluted EPS	<u>584</u>	<u>673</u>	<u>610</u>	<u>702</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 Condensed Consolidated Statements of Operations. For the three and six months ended June 30, 2025, we recognized a net gain of \$0.7 million and \$0.2 million, respectively, related to currency exchange rates. For the three and six months ended June 30, 2024, we recognized a net loss of approximately \$0.4 million and \$1.0 million, respectively, related to currency exchange rates.

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 June 30, 2025, 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 Condensed Consolidated Financial Statements” for additional information on the 9.50% First Lien Notes.

Share-based Compensation: Share-based compensation awards may contain a combination of time based, performance based and/or market based vesting conditions. Share-based compensation is recognized in the Condensed Consolidated Statements of Operations based on the grant date fair value and the estimated number of RSUs that are ultimately expected to vest.

The fair value of granted service-based RSUs is measured using the market price of our Ordinary Shares on the grant date. Grant date fair values of RSUs with market based vesting conditions is measured using the Monte-Carlo valuation technique, using inputs and assumptions, including the market price of the Ordinary Shares on the date of grant, the risk-free interest rate, expected volatility and expected dividend yield over a period commensurate with the remaining term prior to vesting. For awards with a market condition, compensation cost is recognized over the service period regardless of whether the market conditions are ultimately achieved. For awards which vest only after a specific event, compensation expense is recognized upon the occurrence of the specified event and the remaining period of any time-vesting conditions. The Company classified certain awards that will be settled in cash as liability awards. The fair value of a liability-classified award is determined on a quarterly basis beginning at the grant date until final vesting. Changes in the fair value of liability-classified awards are expensed over the vesting period of the award.

Under the provisions of ASC 718 *Compensation – Stock Compensation*, share-based compensation expense is recognized on a straight-line basis over the service period through the date the employee or non-employee director is no longer required to provide service to earn the award. See “[Note 6. Shareholders’ Equity](#)” of these “Notes to Condensed Consolidated Financial Statements” for additional information on share-based compensation. Forfeitures of all equity-based awards are recognized as they occur.

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 Condensed Consolidated Financial Statements.

Subsequent Events: The Company evaluates events and transactions occurring after the balance sheet date but before the financial statements are available to be issued. The Company evaluated such events and transactions through August 28, 2025, the date the financial statements were available for issuance and, except noted immediately below, no recognized subsequent events were identified.

As disclosed in “[Note 1. Organization and Recent Events](#)” of these “Notes to Condensed Consolidated Financial Statements”, in August 2025, subsequent to the reporting period but prior to the delivery of this Quarterly Report, the Company completed the Tungsten Explorer Sale, subject to customary purchase price adjustments.

Recently Adopted Accounting Standards

There have been no new accounting standards adopted for the six month period ended June 30, 2025.

Recently Issued Accounting Standards

In November 2024, the FASB issued ASU No. 2024-03, Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (“ASU 2024-03”), requires disaggregation of certain costs and expenses included in each relevant expense caption on our Condensed Consolidated Statements of Operations in a separate note to the financial statements at each interim and annual reporting period, including the amount of purchases of inventory, employee compensation, depreciation, and intangible asset amortization. ASU 2024-03 will become 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 ASU 2024-03 on our disclosures and, once adopted, such standard will result in additional disclosures about certain expenses in the notes to our Condensed Consolidated 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 (“ASU 2024-01”), 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 Condensed Consolidated Financial Statements.

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. Effective for the year ending December 31, 2025, we will adopt the accounting standards update. Although our adoption of ASU 2023-09 will require us to augment certain disclosures in the notes to our consolidated financial statements, we do not expect such adoption to have a material effect on our consolidated statements of financial position, operations or cash flows.

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 the commencement of drilling operations are recorded as a contract liability and amortized on a straight-line basis over the initial contract period. Demobilization fees expected to be received upon contract completion are estimated at contract inception and recognized on a straight-line basis over the initial contract term, with an offset to an accretive contract asset. In many contracts, demobilization fees are contingent upon the occurrence or non-occurrence of a future event and the estimate for such revenue may therefore be constrained. In such cases, this may result in cumulative-effect adjustments to demobilization revenues upon changes in our estimates of future events during the contract term. Postponement fees received that are contingent upon the occurrence or non-occurrence of a future event are recognized on a straight-line basis over the contract term. Fees received for the mobilization or demobilization of equipment and personnel are included in "Contract drilling services" in our Condensed Consolidated Statements of Operations.

Capital Upgrade/Contract Preparation Revenue. In connection with certain contracts, we receive lump-sum fees or similar compensation for requested capital upgrades to our drilling rigs or for other contract preparation work. These activities are not considered to be distinct within the context of the contract and therefore, fees received are recorded as a contract liability and amortized to contract drilling revenues on a straight-line basis over the initial contract term.

Charter Lease Revenue. In relation to certain bareboat charter agreements where we lease our owned rigs to 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 or other methodology as may be agreed.

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 with requested goods and services.

Disaggregation of Revenue

The following tables present our revenue disaggregated by revenue source as follows:

	Three Months Ended June 30, 2025				Three Months Ended June 30, 2024			
	Jackups	Deepwater	Managed	Consolidated	Jackups	Deepwater	Managed	Consolidated
(unaudited, in thousands)								
Dayrate revenue	\$ —	\$ 24,523	\$ 1,719	\$ 26,242	\$ 10,763	\$ 16,293	\$ 5,697	\$ 32,753
Amortized revenue	—	—	—	—	187	6,857	—	7,044
Reimbursable revenue	—	3,611	4,551	8,162	261	1,537	8,217	10,015
Total revenue	\$ —	\$ 28,134	\$ 6,270	\$ 34,404	\$ 11,211	\$ 24,687	\$ 13,914	\$ 49,812

	Six Months Ended June 30, 2025				Six Months Ended June 30, 2024			
	Jackups	Deepwater	Managed	Consolidated	Jackups	Deepwater	Managed	Consolidated
(unaudited, in thousands)								
Dayrate revenue	\$ —	\$ 48,835	\$ 3,948	\$ 52,783	\$ 30,486	\$ 43,055	\$ 16,791	\$ 90,332
Amortized revenue	—	—	—	—	8,363	6,857	—	15,220
Reimbursable revenue	56	5,820	7,682	13,558	1,474	3,799	15,135	20,408
Total revenue	\$ 56	\$ 54,655	\$ 11,630	\$ 66,341	\$ 40,323	\$ 53,711	\$ 31,926	\$ 125,960

Dayrate revenue and amortized revenue for “Jackups” and “Deepwater” are included within “Contract drilling services” in our Condensed Consolidated Statements of Operations. Dayrate revenue for “Managed” is included within “Contract drilling services” and “Management fees” within our Condensed Consolidated Statements of Operations. All other revenue is included within “Reimbursables and other” in our Condensed Consolidated Statements of Operations.

Accounts Receivable, Contract Liabilities and Contract Costs

Accounts receivable are recognized when the right to consideration becomes unconditional based upon contractual billing schedules. Payment terms on customer invoices typically range from 30 to 45 days. As of January 1, 2024, “Trade receivables, net of allowance for credit losses” was \$74.1 million.

We recognize contract liabilities, recorded in “Other current liabilities” and “Other long-term liabilities” on our Condensed Consolidated Balance Sheets, for prepayments received from customers and for deferred revenue received for mobilization, contract preparation and capital upgrades.

Certain direct and incremental costs incurred for contract preparation, initial mobilization and modifications of contracted rigs represent contract fulfillment costs as they relate directly to a contract, enhance resources that will be used to satisfy our performance obligations in the future and are expected to be recovered. These costs are deferred as a current or noncurrent asset depending on the length of the initial contract term and are amortized on a straight-line basis to operating costs as services are rendered over the initial term of the related drilling contract. Costs incurred for capital upgrades are capitalized and depreciated over the useful life of the asset.

Costs incurred for the demobilization of rigs at contract completion are recognized as incurred during the demobilization process. Costs incurred to mobilize a rig without a contract are expensed as incurred.

The following table provides information about contract cost assets and contract revenue liabilities from contracts with customers as follows:

		June 30, 2025	December 31, 2024
(unaudited, in thousands)	Classification in the Condensed Consolidated Balance Sheets		
Current contract cost assets	Prepaid expenses and other current assets	\$ —	\$ —
Noncurrent contract cost assets	Other assets	—	—
Current contract revenue liabilities	Other current liabilities	20,000	24,433
Noncurrent contract revenue liabilities	Other long-term liabilities	—	—

Significant changes in contract cost assets and contract revenue liabilities during the six months ended June 30, 2025 were as follows:

	<u>Contract Cost Assets</u>	<u>Contract Revenues Liabilities (2)</u>
(unaudited, in thousands)		
Balance as of December 31, 2024	\$ —	\$ 24,433
Increase due to contractual changes	—	—
Decrease due to recognition of revenue/costs or transfer to payables	—	(4,433)
Balance as of June 30, 2025 ⁽¹⁾	<u>\$ —</u>	<u>\$ 20,000</u>

- (1) We expect to recognize contract revenues of approximately \$5.8 million during the remaining six months and \$14.2 million thereafter related to unsatisfied performance obligations existing as of June 30, 2025.
- (2) Revenue recognized during the three and six months ended June 30, 2025, which was included in the deferred revenue balance at the beginning, was nil and \$1.6 million, respectively.

Significant changes in contract cost assets and contract revenue liabilities during the six months ended June 30, 2024 were as follows:

	<u>Contract Cost Assets</u>	<u>Contract Revenues Liabilities (1)</u>
(unaudited, in thousands)		
Balance as of December 31, 2023	\$ 4,317	\$ 15,994
Increase due to contractual changes	14,273	21,498
Decrease due to recognition of revenue/costs or transfer to payables	(4,258)	(27,199)
Balance as of June 30, 2024	<u>\$ 14,332</u>	<u>\$ 10,293</u>

- (1) Revenue recognized during the three and six months ended June 30, 2024, which was included in the deferred revenue balance at the beginning, was \$0.4 million and \$12.2 million, respectively.

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 Condensed Consolidated Balance Sheets. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at commencement date. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made prior to or at the commencement date and is reduced by lease incentives received and initial direct costs incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense is recognized on a straight-line basis over the lease term. We have lease agreements with lease and non-lease components, which are generally not accounted for separately. Certain of our leases include provisions for variable payments. These variable payments are not included in the calculation of lease liability and ROU assets.

The components of lease expense for the periods indicated were as follows:

		<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
(unaudited, in thousands)	Classification in the Condensed Consolidated Statements of Operations	2025	2024	2025	2024
Operating lease cost ⁽¹⁾	Operating costs	\$ 141	\$ 180	\$ 271	\$ 439
Operating lease cost ⁽¹⁾	General and administrative	3	3	6	6
Total operating lease cost		<u>\$ 144</u>	<u>\$ 183</u>	<u>\$ 277</u>	<u>\$ 445</u>

- (1) Short-term lease costs which includes bareboat charter expenses for a third party owned rig operated by the Company were immaterial and approximately \$0.1 million during the three and six months ended June 30, 2025, respectively. For the three and six months ended June 30,

2024, short-term lease costs were approximately \$0.1 million and \$0.2 million, respectively. Operating cash flows used for operating leases approximates lease expense.

(unaudited, in thousands)	Classification in the Condensed Consolidated Balance Sheets	June 30, 2025	December 31, 2024
Assets:			
Operating lease assets	Operating lease ROU assets	\$ 139	\$ 402
Total leased assets		\$ 139	\$ 402
Liabilities:			
Current operating	Other current liabilities	\$ 45	\$ 119
Total lease liabilities		\$ 45	\$ 119

As of June 30, 2025, maturities of lease liabilities were as follows:

(unaudited, in thousands)	Operating Leases
Remaining six months of 2025	\$ 45
2026	-
Total future lease payments	\$ 45
Less: imputed interest	—
Present value of lease obligations	\$ 45

The weighted average discount rate for operating leases was 9.50% as of both June 30, 2025 and December 31, 2024. The weighted average remaining lease term for operating leases was 0.64 years and 0.94 years as of June 30, 2025 and December 31, 2024, respectively.

5. Debt

Our debt was composed of the following as follows:

(unaudited, in thousands)	June 30, 2025	December 31, 2024
9.50% First Lien Notes, net of unamortized issue costs and discounts of \$584 and \$694, respectively	\$ 64,561	\$ 64,451
Long-term debt, net	\$ 64,561	\$ 64,451

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% Senior Secured First Lien Notes due November 15, 2023, (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 redemption at the option of the Company, including upon certain change of control events occurring on or after February 15, 2025, and in certain circumstances upon the occurrence of certain events, as further described in the 9.50% First Lien Indenture. The 9.50% First Lien Indenture contains customary covenants that will limit the Company’s ability and, in certain instances, the ability of the Company’s subsidiaries, to borrow money, create liens on assets, make distributions and pay dividends on or redeem or repurchase stock, make certain types of investments, enter into agreements that restrict dividends or other payments from subsidiaries, enter into transactions with affiliates, issue guarantees of debt, and sell assets or merge with other companies. These limitations are subject to several important exceptions and qualifications set forth in the 9.50% First Lien Indenture.

Events of default under the 9.50% First Lien Indenture include, among other events, the following with respect to the 9.50% First Lien Notes: default for 30 days in the payment when due of interest on the 9.50% First Lien Notes; default in payment when due of the

principal of, or premium, if any, on the 9.50% First Lien Notes; failure to comply with certain covenants in the 9.50% First Lien Indenture for 30 days (or 60 days in respect of the reporting covenant contained therein) after the receipt of notice from the trustee or holders of 25.0% in aggregate principal amount of the 9.50% First Lien Notes; acceleration or payment default of debt of the Company or a restricted subsidiary in excess of \$30.0 million (subject to a cure right within 60 days); certain judgments in excess of \$50.0 million subject to certain exceptions; and certain events of bankruptcy or insolvency. In the case of an event of default arising from certain events of bankruptcy or insolvency, all 9.50% First Lien Notes then outstanding will become due and payable immediately without further action or notice. If any other event of default occurs with respect to the 9.50% First Lien Notes, the trustee or holders of 25.0% in aggregate principal amount of the 9.50% First Lien Notes may declare all the 9.50% First Lien Notes to be due and payable immediately.

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, and (ii) 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 \$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% issuance price pursuant to a supplemental indenture to the 9.50% First Lien Indenture.

The Tungsten Explorer Sale, which was completed in August 2025 constitutes a "Vessel Sale" under the 9.50% First Lien Indenture, which requires mandatory redemption of the 9.50% First Lien Notes. The Company will be required to use a portion of the net proceeds, approximately \$198.8 million less transaction costs, to redeem the outstanding principal amount plus any accrued interest in the third quarter of 2025.

Letter of Credit and Bank Guarantees

Letters of credit and bank guarantees for performance obligations are provided by reputable financial institutions. As of June 30, 2025, we maintained letters of credit and bank guarantees in the aggregate amount of \$2.0 million.

6. Shareholders' Equity

Stock Issuance

VDI has 50,000,000 authorized Ordinary Shares. As of June 30, 2025, 13,348,726 Ordinary Shares were issued and outstanding.

Share-based Compensation

On August 9, 2016, the Company adopted the 2016 Amended MIP to align the interests of participants with those of the Company's shareholders by providing incentive compensation opportunities tied to the performance of the Company's equity securities. Pursuant to the 2016 Amended MIP, the Compensation Committee may grant to employees, directors and consultants stock options, restricted stock, restricted stock units or other awards. As of June 30, 2025, there were 93,997 Ordinary Shares available for future grant under the 2016 Amended MIP.

During the six months ended June 30, 2025, 72,190 of previously granted RSUs were issued as Ordinary Shares to current or former employees or directors of the Company, of which 18,726 Ordinary Shares were repurchased to settle withholding taxes. During the six months ended June 30, 2024, 81,744 of previously granted TBGs were issued as Ordinary Shares to current or former employees or directors of the Company, of which 15,762 Ordinary Shares were repurchased to settle withholding taxes.

RSUs with Time or Performance Conditions

TBGs granted under the 2016 Amended MIP vest annually, ratably over a vesting period in accordance with the individual award agreements; however, accelerated vesting is provided under certain circumstances as set forth in each individual award letter. Otherwise, the settlement of any vested TBGs occurs upon the earlier of (i) the set anniversary of the effective date or (ii) a QLE as set forth in each individual award letter.

A summary of the status of non-vested TBGs and changes occurring within the periods indicated is as follows:

	TBGs Outstanding	Weighted Average Award Date Unit Price
Nonvested restricted units at December 31, 2024	11,084	\$ 17.12
Awarded	12,880	\$ 25.44
Vested	(11,084)	\$ 17.12
Nonvested restricted units at June 30, 2025	<u>12,880</u>	<u>\$ 25.44</u>

Both the TBGs and PBGs are classified as equity awards. For the six months ended June 30, 2025 and 2024, share-based compensation expense related to the TBGs was \$0.3 million and immaterial, respectively. As of June 30, 2025, there was approximately \$0.2 million of total unrecognized share-based compensation expense related to TBGs, which is expected to be recognized over the remaining weighted average vesting period of approximately 0.61 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 (the “IPO Condition”) prior to the earlier of a QLE and the seventh anniversary of the effective date. In February 2025, the Company's 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, 2024	316,020	\$ 25.50	305,000	\$ 24.21
Vested	(79,770)	\$ 25.50	—	—
Nonvested restricted units at June 30, 2025	<u>236,250</u>	<u>\$ 25.50</u>	<u>305,000</u>	<u>\$ 24.21</u>

In February 2025, the Company's Compensation Committee amended the criteria to achieve the IPO Condition to exclude an underwritten public offering and as such the listing on the OSE was sufficient to meet the IPO Condition. This resulted in recording a cumulative expense for RSU TBGs due to achievement of the IPO Condition. For the six months ended June 30, 2025, we recognized share-based compensation related to RSU TBGs of approximately \$3.3 million of which \$2.6 million is related to cumulative expense. For the six months ended June 30, 2024, no expense was recorded as the IPO Condition had not been met. As of June 30, 2025, there was approximately \$4.7 million of total unrecognized share-based compensation expense related to equity classified RSU TBGs, with a remaining weighted average vesting period of approximately 2.45 years.

For the six months ended June 30, 2025 and 2024, we recognized share-based compensation related to the equity classified RSU PBGs of approximately \$0.9 million and \$1 million, respectively. As of June 30, 2025, there was approximately \$4.5 million of total unrecognized share-based compensation expense related to equity classified RSU PBGs, with a remaining weighted average vesting period of approximately 2.42 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, 2024	23,600	\$ 25.54	23,600	\$ 23.14
Vested	(5,900)	\$ 25.54	—	—
Nonvested restricted units at June 30, 2025	<u>17,700</u>	<u>\$ 24.78</u>	<u>23,600</u>	<u>\$ 23.14</u>

In February 2025, the Company's Compensation Committee amended the criteria to achieve the IPO Condition to exclude underwritten public offering and as such the listing on the OSE was sufficient to meet the IPO Condition. This resulted in recording a cumulative expense for PSU TBGs due to achievement of the IPO Condition. For the six months ended June 30, 2025, we recognized share-based compensation related to the liability-classified PSU TBGs of approximately \$0.2 million. For the six months ended June 30, 2024, no expense was recorded as the IPO Condition had not been met. As of June 30, 2025, there was approximately \$0.4 million of total unrecognized share-based compensation expense related to liability-classified PSU TBGs, with a remaining weighted average vesting period of approximately 2.50 years. During the six months ended June 30, 2025, 5,900 of previously granted PSU TBGs were settled in cash to current employees of the Company.

For the six months ended June 30, 2025 and 2024, we recognized approximately \$0.1 million of share-based compensation related to the liability-classified PSU PBGs in each period. As of June 30, 2025, there was approximately \$0.3 million of total unrecognized share-based compensation expense related to liability-classified PSU PBGs, with a remaining weighted average vesting period of approximately 2.50 years.

Dividend Equivalents

Pursuant to the 2016 Amended MIP and the terms of the applicable unit awards, participants holding RSUs are contractually entitled to receive all dividends or other distributions that are paid to VDI shareholders provided that any such dividends will be subject to the same vesting requirements of the underlying units. Dividend payments accrue to outstanding awards (both vested and unvested) in the form of “Dividend Equivalents” equal to the dividend per share underlying the applicable MIP award. On November 18, 2019, the Company announced that its Board of Directors had declared a special cash distribution in the aggregate amount of \$525.0 million, or \$40.03 per share, which was paid on December 17, 2019, to shareholders of record as of the close of business on December 10, 2019 (the “Special Cash Distribution”). During the six months ended June 30, 2025 and June 30, 2024, portions of the Special Cash Distribution were paid to current or former employees or directors as a result of the settlement of the TBGs in the amounts of \$0.1 million and \$3.3 million, respectively. As of June 30, 2025, a de minimis amount remains unpaid and is presented as other current liabilities in the Condensed Consolidated Balance Sheets.

The Tungsten Explorer Sale's Qualification as a QLE

As discussed in “[Note 1. Organization and Recent Events](#)” of these “Notes to Condensed Consolidated Financial Statements”, the Tungsten Explorer Sale occurred in August 2025 and qualifies as a QLE, thereby triggering the accelerated vesting of certain outstanding RSUs and PSUs and forfeiture of PBGs, along with the payment of related dividend equivalents. The accelerated vesting will also increase the Company’s outstanding shares to approximately 13.6 million.

7. Income Taxes

VDI is an exempted company in Bermuda, operating in multiple countries through its subsidiaries. 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 regularly monitors its business and developments to assess the applicability of the CIT Act, which does not impact VDI’s financial statements for the six month period ended June 30, 2025.

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.

Deferred income tax assets and liabilities are recorded for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. We provide for deferred taxes on temporary differences between the financial statements and tax bases of assets and liabilities using the enacted tax rates which are expected to apply to taxable income when the temporary differences are expected to reverse. Deferred tax assets are also provided for certain tax losses and tax credit carryforwards. A valuation allowance is established to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized. We do not establish deferred tax liabilities for certain of our foreign earnings that we intend to indefinitely reinvest to finance foreign activities.

In certain jurisdictions we are taxed under preferential tax regimes, which may require our compliance with specified requirements to sustain the tax benefits. We believe we are in compliance with the specified requirements and will continue to make all reasonable efforts to comply; however, our ability to meet the requirements of the preferential tax regimes may be affected by changes in laws or administrative practices, our business operations and other factors affecting the Company and industry, many of which are beyond our control.

Our periodic tax returns are subject to examination by taxing authorities in the jurisdictions in which we operate in accordance with the normal statute of limitations in the applicable jurisdiction. These examinations may result in assessments of additional taxes that are resolved with the authorities or through the courts. Resolution of these matters involves uncertainties and there are no assurances as to the outcome. In some cases, to continue defending the position taken in the course of tax controversy proceedings, mandatory pre deposits or bank guarantees may be required. Our tax years from 2015 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 our former parent company, VDC, used in the contracting of the Titanium Explorer drillship to Petrobras, and Mr. Hsin-Chi Su, a former member of VDC’s board of directors and a significant shareholder of VDC. 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. The Brazilian Federal Government and Petrobras filed their responses on March 19, 2025 and March 25, 2025, respectively. On April 3, 2025, Vantage filed a statement reiterating a request to reassign the Special Appeals to Justice Francisco Falcão pursuant to an opinion issued by the Federal Prosecutor’s Office in the records of the Special Appeals regarding the asset freeze order (see below). On June 30, 2025, in the ordinary course the Brazilian Federal Government and Petrobras were notified to respond to Vantage’s latest statement. As of the date of the financial statements, 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 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 June 30, 2025, the damages claimed in the proceeding are in the amount of BRL 102.8 million (approximately \$19.5 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.

In addition to the discussion regarding the early dismissal of the Improbability Action as to VDI, 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 \$77.8 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 \$77.8 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. On February 19, 2025, Vantage requested the reassignment of the Special Appeals to Justice Francisco Falcão because he already serves as Reporting Justice in a previous Special Appeal originating from the Improbability Action filed by a codefendant. On March 18, 2025, the Federal Prosecutor's Office stated its agreement with Vantage's reassignment request. On May 12, 2025, reporting Justice Regina Helena Costa remitted the case records to Justice Francisco Falcão, so he may determine whether or not he holds precedence of jurisdiction in light of Vantage's allegations. As of the date of the financial statements, Justice Francisco Falcão has not yet ruled on the jurisdiction issue raised by Vantage, which is a preliminary step before the merits of the Special Appeal can be analyzed. 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 (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 statements, 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 June 30, 2025, we had purchase commitments of \$50.5 million. Our purchase commitments consist of obligations outstanding to external vendors primarily related to capital upgrades, materials, spare parts, consumables and related supplies for our drilling rigs. These commitments also include purchase commitments on behalf of our managed services line of business.

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:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
(unaudited, in thousands)		
Current sales tax receivable	\$ 6,642	\$ 6,720
Down payment to vendors	8,457	6,510
Other receivables	5,260	1,985
Income tax receivable	3,293	3,490
Prepaid fuel	1,550	1,312
Receivable from sale of assets	1,456	5,273
Other	1,681	873
	<u>\$ 28,339</u>	<u>\$ 26,163</u>

Property and Equipment, Net

Property and equipment, net, consisted of the following:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
(unaudited, in thousands)		
Drilling equipment	\$ 504,163	\$ 505,542
Assets under construction	28,715	21,159
Office and technology equipment	13,450	13,450
Leasehold improvements	92	92
	<u>546,420</u>	<u>540,243</u>
Accumulated depreciation	(345,174)	(329,228)
Property and equipment, net	<u>\$ 201,246</u>	<u>\$ 211,015</u>

Other Assets

Other assets consisted of the following:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
(unaudited, in thousands)		
Deferred certification costs	\$ 23,013	\$ 7,703
Noncurrent sales tax receivable	15,281	15,144
Noncurrent deposits	3,416	3,411
Noncurrent restricted cash	2,317	5,326
Deferred income taxes	183	200
	<u>\$ 44,210</u>	<u>\$ 31,784</u>

Other Current Liabilities

Other current liabilities consisted of the following:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
(unaudited, in thousands)		
Current deferred revenue	\$ 20,000	\$ 24,433
Current customer prefunding	12,296	9,984
Compensation	6,170	6,385
Income taxes payable	5,204	3,972
Interest	2,351	978
Current portion of operating lease liabilities	45	119
Other	1,924	1,499
	<u>\$ 47,990</u>	<u>\$ 47,370</u>

Other Long-term Liabilities

Other long-term liabilities consisted of the following:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
(unaudited, in thousands)		
Noncurrent customer prefunding	\$ 15,400	\$ 15,453
Indirect tax contingencies	2,905	2,841
Other non-current liabilities	305	320
	<u>\$ 18,610</u>	<u>\$ 18,614</u>

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of the same amounts shown in the Condensed Consolidated Statements of Cash Flows as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
(unaudited, in thousands)		
Cash and cash equivalents	\$ 50,468	\$ 83,407
Restricted cash	106	913
Restricted cash included within Other Assets	2,317	5,326
Total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows	<u>\$ 52,891</u>	<u>\$ 89,646</u>

Restricted cash represents cash held by banks as collateralizing letters of credit and bank guarantees.

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 exploration and production companies that operate globally. As the result of an increase in activity related to operating, management and marketing services for rigs owned by third parties, the Company has two reportable segments: (1) "Drilling Services," which includes activities related to owned jackup rigs and drillships; and (2) "Managed Services," which consists of activities related to rigs owned by third parties that we manage, support or operate through bareboat charters. Our Chief Executive Officer serves as our chief operating decision maker 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:

	Three Months Ended June 30, 2025		
	Drilling Services	Managed Services	Consolidated
(in thousands)			
Revenue			
Contract drilling services	\$ 24,523	\$ 609	\$ 25,132
Management fees	—	1,110	1,110
Reimbursables and other	3,611	4,551	8,162
Total revenue	28,134	6,270	34,404
Significant segment expenses			
Operating costs	26,843	5,007	31,850
Segment EBITDA	1,291	1,263	2,554
Reconciliation of segment EBITDA			
General and administrative			5,804
Depreciation			8,920
Equity in earnings of unconsolidated affiliates			574
Gain on sale of assets			(66)
Interest income			(207)
Interest expense and financing charges			1,602
Other, net			(711)
Loss before income taxes			\$ (13,362)

	Three Months Ended June 30, 2024		
	Drilling Services	Managed Services	Consolidated
(in thousands)			
Revenue			
Contract drilling services	\$ 34,100	\$ —	\$ 34,100
Management fees	—	5,697	5,697
Reimbursables and other	1,798	8,217	10,015
Total revenue	35,898	13,914	49,812
Significant segment expenses			
Operating costs	30,374	9,187	39,561
Segment EBITDA	5,524	4,727	10,251
Reconciliation of segment EBITDA			
General and administrative			5,225
Depreciation			11,257
Equity in earnings of unconsolidated affiliates			—
Loss (gain) on sale of assets			—
Interest income			(200)
Interest expense and financing charges			5,656
Other, net			383
Loss before income taxes			\$ (12,070)

	Six Months Ended June 30, 2025		
	Drilling Services	Managed Services	Consolidated
(in thousands)			
Revenue			
Contract drilling services	\$ 48,835	\$ 2,100	\$ 50,935
Management fees	—	1,848	1,848
Reimbursables and other	5,876	7,682	13,558
Total revenue	54,711	11,630	66,341
Significant segment expenses			
Operating costs	52,342	8,944	61,286
Segment EBITDA	2,369	2,686	5,055
Reconciliation of segment EBITDA			
General and administrative			14,061
Depreciation			17,840
Equity in earnings of unconsolidated affiliates			574
Gain on sale of assets			(239)
Interest income			(436)
Interest expense and financing charges			3,205
Other, net			(165)
Loss before income taxes			\$ (29,785)

	Six Months Ended June 30, 2024		
	Drilling Services	Managed Services	Consolidated
(in thousands)			
Revenue			
Contract drilling services	\$ 88,760	\$ 5,569	\$ 94,329
Management fees	—	11,223	11,223
Reimbursables and other	5,274	15,134	20,408
Total revenue	94,034	31,926	125,960
Significant segment expenses			
Operating costs	70,387	21,897	92,284
Segment EBITDA	23,647	10,029	33,676
Reconciliation of segment EBITDA			
General and administrative			12,479
Depreciation			22,492
Equity in earnings of unconsolidated affiliates			—
Loss (gain) on sale of assets			—
Interest income			(494)
Interest expense and financing charges			11,000
Other, net			978
Loss before income taxes			\$ (12,779)

For the three and six months ended June 30, 2025 and 2024, a substantial amount of our revenue was derived from countries outside of the U.S. Our revenue by country and segment was as follows:

Country (unaudited, in thousands)	Segment	Three Months Ended June 30,		Six Months Ended June 30,	
		2025	2024	2025	2024
Republic of the Congo	Drilling Services	\$ 26,355	\$ 20,617	\$ 52,876	\$ 20,617
Indonesia	Drilling Services and Managed Services	5,334	19,611	9,121	37,311
UAE	Managed Services	1,909	5,903	2,490	11,277
Namibia	Drilling Services	—	4,070	—	26,069
Ivory Coast	Drilling Services	—	44	—	17,534
India	Drilling Services and Managed Services	—	—	—	12,606
Other countries ⁽¹⁾	Drilling Services and Managed Services	806	(433)	1,854	546
Total revenue		\$ 34,404	\$ 49,812	\$ 66,341	\$ 125,960

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

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

(unaudited)	Segment	Three Months Ended June 30,		Six Months Ended June 30,	
		2025	2024	2025	2024
TotalEnergies ⁽¹⁾	Drilling Services	82%	50%	82%	37%
ADES	Managed Services	13%	0%	12%	0%
Medco ⁽²⁾	Drilling Services and Managed Services	5%	23%	5%	18%
Seadrill	Managed Services	0%	27%	0%	19%
Foxtrot	Drilling Services	0%	0%	0%	14%
Premier Oil	Drilling Services	0%	12%	0%	1%
Oil & Natural Gas Corporation	Drilling Services	0%	0%	0%	10%

- (1) Includes Total E&P Cyprus B.V., Total E&P Qatar, TotalEnergies EP Namibia BV and TotalEnergies EP Congo.
(2) Includes Medco E&P Natuna Ltd, Medco Energi Madura Offshore Pty. Ltd and PT Medco Energy Beluga.

Information related to the Company’s “Total Assets” as reported on the Condensed Consolidated Balance Sheets is not available by reportable segment; however, a substantial portion of our assets are mobile drilling units included in the Drilling Services segment. Asset locations at the end of the 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:

	June 30, 2025	December 31, 2024
Republic of the Congo	\$ 127,758	\$ 129,203
Malaysia	68,589	70,545
Other countries ⁽¹⁾	4,899	11,267
Total property and equipment	<u>\$ 201,246</u>	<u>\$ 211,015</u>

- (1) “Other countries” represent countries in which we individually had property and equipment, net, representing less than 10% of total property and equipment, net.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to assist you in understanding our financial position as of June 30, 2025, and our results of operations for the three and six months ended June 30, 2025 and 2024. The discussion should be read in conjunction with the financial statements and notes thereto included in our Annual Report for the year ended December 31, 2024, which has been made available on our website at www.vantagedrilling.com. The results of operations for the interim periods are not necessarily indicative of the operating results for the full fiscal year or any portion of any future period.

Overview

We are an international offshore drilling company focused on operating a fleet of modern, high specification drilling units. Our principal business is to contract drilling units, related equipment and work crews, primarily on a dayrate basis, to drill oil and gas wells for our customers. Through our fleet of drilling units, we provide offshore contract drilling services to major, national and independent oil and gas companies, focused on international markets. Additionally, for third party owned drilling units, we provide operations and marketing services for operating and stacked rigs, construction supervision services for rigs that are under construction and preservation management services for rigs that are stacked.

The following table sets forth certain current information concerning our owned, managed and supported offshore drilling fleet as of August 20, 2025:

Name	Year Built	Water Depth Rating (feet)	Drilling Depth Capacity (feet)	Location	Status
Owned Rig:					
Drillship ⁽¹⁾					
<i>Platinum Explorer</i>	2010	12,000	40,000	Malaysia	Warm stacked ⁽³⁾
TEVA Owned Rig:					
Drillship ⁽¹⁾					
<i>Tungsten Explorer ⁽²⁾</i>	2013	12,000	40,000	Spain	Contract Preparation
Third Party Owned Rigs:					
Jackups					
<i>Topaz Driller</i>	2009	375	30,000	Joint Development Area of Malaysia and Thailand	Operating
<i>Soehanah</i>	2007	375	30,000	Malaysia	Warm stacked ⁽³⁾
<i>Emerald Driller</i>	2008	375	30,000	Indonesia	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 *Tungsten Explorer*, previously wholly owned by the Company, was sold in August 2025 to TEVA. Following completion of the Tungsten Explorer Sale, the Company retained a 25% equity interest in TEVA. Under the terms of a management agreement, the Company manages the *Tungsten Explorer* on behalf of TEVA under a 10-year contract term, with an option to extend for an additional five years.
- (3) Rigs are maintaining basic operations and most of the crew, and can be put to use once the rig gets a contract.

Backlog

The following table reflects a summary of our contract backlog coverage of days contracted and related revenue as of June 30, 2025 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	13%	0%	0%	\$ 10,702	—	—
Third party owned rigs ⁽¹⁾	63%	100%	100%	\$ 9,559	\$ 25,511	\$ 154,073

- (1) These 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 ADES Support Services Agreements; and/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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025 ⁽⁵⁾	2024 ⁽⁵⁾	2025 ⁽⁵⁾	2024 ⁽⁵⁾
Deepwater				
Rigs available	2	2	2	2
Available days ⁽¹⁾	182	182	362	364
Utilization ⁽²⁾	50.0%	43.4%	50.0%	55.5%
Average daily revenues ⁽³⁾	\$ 269,694	\$ 293,408	\$ 269,915	\$ 247,066
Sold Rigs ⁽⁴⁾				
Rigs available	—	2	—	2
Available days ⁽¹⁾	—	182	—	364
Utilization ⁽²⁾	N/A	50.0%	N/A	69.9%
Average daily revenues ⁽³⁾	N/A	\$ 120,326	N/A	\$ 152,763

- (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) Represents results for rigs sold during 2024 up to the date of sale.
- (5) Excludes third party owned rigs operated by the Company.

For the Three Months Ended June 30, 2025 and 2024

Net loss attributable to shareholders for the Current Quarter was \$16.0 million, or \$1.20 per basic share, on operating revenues of \$34.4 million, as compared to net loss attributable to shareholders for the Comparable Quarter of \$14.2 million, or \$1.07 per basic share, on operating revenues of \$49.8 million.

The following table contains an analysis of our operating results for the three months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Favorable/(unfavorable)	
	2025	2024	\$	%
(unaudited, in thousands)				
Consolidated:				
Revenues				
Contract drilling services	\$ 25,132	\$ 34,100	\$ (8,968)	(26%)
Management fees	1,110	5,697	(4,587)	(81%)
Reimbursables and other	8,162	10,015	(1,853)	(19%)
Total revenues	34,404	49,812	(15,408)	(31%)
Operating costs and expenses:				
Operating costs	31,850	39,561	7,711	19%
General and administrative	5,804	5,225	(579)	(11%)
Depreciation	8,920	11,257	2,337	21%
Equity in earnings of unconsolidated affiliates	574	—	(574)	n/m
Gain on sale of assets	(66)	—	66	n/m
Total operating costs and expenses	47,082	56,043	8,961	16%
(Loss) income from operations	(12,678)	(6,231)	(6,447)	103%
Other (expense) income				
Interest income	207	200	7	4%
Interest expense and financing charges	(1,602)	(5,656)	4,054	72%
Other, net	711	(383)	1,094	286%
Total other expense	(684)	(5,839)	5,155	88%
Loss before income taxes	(13,362)	(12,070)	(1,292)	11%
Income tax provision	2,601	2,141	(460)	(21%)
Net loss	(15,963)	(14,211)	(1,752)	(12%)
Net income attributable to noncontrolling interests	75	10	65	(650%)
Net loss attributable to shareholders	\$ (16,038)	\$ (14,221)	\$ (1,817)	(13%)
Drilling Services:				
Revenue				
Contract drilling services	\$ 24,523	\$ 34,100	\$ (9,577)	(28%)
Reimbursables and other	3,611	1,798	1,813	101%
Total revenue	28,134	35,898	(7,764)	(22%)
Operating costs and expenses:				
Operating costs	26,843	30,374	3,531	12%
Depreciation	8,920	10,844	1,924	18%
Total operating costs and expenses	35,763	41,218	5,455	13%
(Loss) income from operations	(7,629)	(5,320)	(2,309)	(43%)
Managed Services:				
Revenue				
Contract drilling services	\$ 609	\$ —	\$ 609	n/m
Management fees	1,110	5,697	(4,587)	(81%)
Reimbursables and other	4,551	8,217	(3,666)	(45%)
Total revenue	6,270	13,914	(7,644)	(55%)
Operating costs and expenses:				
Operating costs	5,007	9,187	4,180	45%
Total operating costs and expenses	5,007	9,187	4,180	45%
Income from operations	1,263	4,727	(3,464)	(73%)
n/m = not meaningful				

Consolidated Revenue: Total revenue decreased \$15.4 million primarily due to changes in operating activities in the Current Quarter (as discussed immediately below).

Drilling Services Revenue: Contract drilling revenue decreased \$9.6 million in the Current Quarter as compared to the Comparable Quarter primarily due to (i) decreased revenue as a result of the sale (ADES Sale Transactions) of the *Soehanah* and *Topaz Driller* in November 2024 which are now managed by the Company, and (ii) decreased mobilization revenue on the *Tungsten Explorer*, partially offset by (iii) higher revenue efficiency and operating days on the *Tungsten Explorer*. Reimbursables and other revenue increased \$1.8 million in the Current Quarter as compared to the Comparable Quarter as a result of higher reimbursable revenue on the *Tungsten Explorer*, partially offset lower reimbursables due to the sale of the *Soehanah* and *Topaz Driller*.

Managed Services Revenue: Contract drilling revenue increased \$0.6 million in the Current Quarter as compared to the Comparable Quarter primarily due to the *Soehanah* and *Topaz Driller* being managed versus owned. Management fees decreased \$4.6 million primarily due to the conclusion of the *Capella* campaign in September 2024, and reduced fee rates and conclusion of support agreement on the EDC rigs, partially offset by the management fees on the *Soehanah* and *Topaz Driller*. Reimbursables and other revenue decreased \$3.7 million in the Current Quarter as compared to the Comparable Quarter primarily as a result of the conclusion of the *Capella* campaign in September 2024, offset by management of the *Soehanah* and *Topaz Driller*.

Consolidated Operating Costs: Total operating costs decreased \$7.7 million in the Current Quarter as compared to the Comparable Quarter primarily due to change in operating activities in the Current Quarter (as discussed below).

Drilling Services Operating Costs: Drilling Services operating costs decreased \$3.5 million in the Current Quarter as compared to the Comparable Quarter primarily due to (i) sale of the *Topaz Driller* and *Soehanah* partially offset by (ii) higher operating activity on the *Tungsten Explorer*.

Managed Services Operating Costs: Managed Services operating costs decreased \$4.2 million in the Current Quarter as compared to the Comparable Quarter as a result of the conclusion of the *Capella* campaign, partially offset by higher operating costs on the *Topaz Driller* and *Soehanah* (as discussed in “Managed Services Revenue” above).

General and Administrative Expenses: General and administrative expenses increased \$0.6 million in the Current Quarter as compared to the Comparable Quarter primarily due to non-cash share-based compensation and incentive compensation expense, offset by lower professional fees on strategic initiatives and travel expenses.

Depreciation Expense: Depreciation expense is primarily related to rigs owned by us which are included in our Drilling Services segment. The Managed Services segment does not currently own any depreciable assets. The decrease in depreciation expense in the Current Quarter as compared to the Comparable Quarter is mainly due to our reduced fleet from the sale of the *Soehanah* and *Topaz Driller*.

Equity in earnings of unconsolidated affiliates: Equity in earnings of unconsolidated affiliates decreased in the Current Quarter as compared to the Comparable Quarter as a result of costs incurred on TEVA prior to the sale of the *Tungsten Explorer*.

Gain on sale of Assets: Gain on sale of assets increased in the Current Quarter as compared to the Comparable Quarter primarily due to reconciliation of ADES Sale Transactions.

Interest Income: Interest income increase in the Current Quarter as compared to the Comparable Quarter were immaterial.

Interest Expense and Financing Charges: Interest expense and financing charges decreased \$4.1 million in the Current Quarter as compared to the Comparable Quarter were primarily due to the reduction in outstanding debt as a result of partial redemption in November 2024 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 gain of \$0.7 million and loss of \$0.4 million, primarily due to devaluation of local currency were included in “Other, net” for the Current Quarter and Comparable Quarter, respectively.

Income Tax Provision: We have historically calculated the provision for income taxes during interim reporting periods by applying an estimate of the annual effective tax rate (“AETR”) for the full fiscal year to ordinary income or loss (pretax income or loss excluding unusual or infrequently occurring discrete items) for the reporting period.

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

In the Current and Comparable Quarter, the Company’s effective tax rate was negative 19.47% and negative 17.74% respectively, in each case including the effects of discrete items. Income tax expense increased in the Current Quarter compared to Comparable Quarter, primarily as a result of change in jurisdictions in which we operate.

For the Six Months Ended June 30, 2025 and 2024

Net loss attributable to shareholders for the Current Period was \$34.9 million, or \$2.62 per basic share, on operating revenues of \$66.3 million, as compared to net loss attributable to shareholders for the Comparable Period of \$17.1 million, or \$1.29 per basic share, on operating revenues of \$126.0 million.

The following table sets forth our operating results for the six months ended June 30, 2025 and 2024:

	Six Months Ended June 30,		Favorable/(unfavorable)	
	2025	2024	\$	%
(unaudited, in thousands)				
Consolidated:				
Revenues				
Contract drilling services	\$ 50,935	\$ 94,329	\$ (43,394)	(46%)
Management fees	1,848	11,223	(9,375)	(84%)
Reimbursables and other	13,558	20,408	(6,850)	(34%)
Total revenues	66,341	125,960	(59,619)	(47%)
Operating costs and expenses:				
Operating costs	61,286	92,284	30,998	34%
General and administrative	14,061	12,479	(1,582)	(13%)
Depreciation	17,840	22,492	4,652	21%
Equity in earnings of unconsolidated affiliates	574	—	(574)	n/m
Gain on sale of assets	(239)	—	239	n/m
Total operating costs and expenses	93,522	127,255	33,733	27%
Loss from operations	(27,181)	(1,295)	(25,886)	n/m
Other (expense) income				
Interest income	436	494	(58)	(12%)
Interest expense and financing charges	(3,205)	(11,000)	7,795	71%
Other, net	165	(978)	1,143	117%
Total other expense	(2,604)	(11,484)	8,880	77%
Loss before income taxes	(29,785)	(12,779)	(17,006)	(133%)
Income tax provision	5,050	4,622	(428)	(9%)
Net loss	(34,835)	(17,401)	(17,434)	(100%)
Net (loss) income attributable to noncontrolling interests	80	(309)	389	126%
Net loss attributable to shareholders	\$ (34,915)	\$ (17,092)	\$ (17,823)	(104%)
Drilling Services:				
Revenue				
Contract drilling services	\$ 48,835	\$ 88,760	\$ (39,925)	(45%)
Reimbursables and other	5,876	5,274	602	11%
Total revenue	54,711	94,034	(39,323)	(42%)
Operating costs and expenses:				
Operating costs	52,342	70,387	18,045	26%
Depreciation	17,840	21,651	3,811	18%
Total operating costs and expenses	70,182	92,038	21,856	24%
Income (loss) from operations	(15,471)	1,996	(17,467)	(875%)

Managed Services:

Revenue

Contract drilling services	\$ 2,100	\$ 5,569	\$ (3,469)	(62%)
Management fees	1,848	11,223	(9,375)	(84%)
Reimbursables and other	7,682	15,134	(7,452)	(49%)
Total revenue	11,630	31,926	(20,296)	(64%)

Operating costs and expenses:

Operating costs	8,944	21,897	12,953	59%
Total operating costs and expenses	8,944	21,897	12,953	59%

Income from operations	2,686	10,029	(7,343)	(73%)
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n/m = not meaningful

Consolidated Revenue: Total revenue decreased \$59.6 million primarily due to changes in operating activities in the Current Period (as discussed immediately below).

Drilling Services Revenue: Contract drilling revenue decreased \$39.9 million in the Current Period as compared to the Comparable Period primarily due to (i) decreased revenue as a result of the sale (ADES Sale Transactions) of *Soehanah* and *Topaz Driller* in November 2024 which are now managed by the Company, and (ii) decreased operating days on the *Platinum Explorer*, partially offset by (iii) higher revenue efficiency and operating days on the *Tungsten Explorer*. Reimbursables and other revenue increased \$0.6 million in the Current Period as compared to the Comparable Period primarily as a result of the higher reimbursable revenue on the *Tungsten Explorer* partially offset lower reimbursables due to the sale of the *Soehanah* and *Topaz Driller*.

Managed Services Revenue: Contract drilling revenue decreased \$3.5 million in the Current Period as compared to the Comparable Period primarily due to the *Polaris* concluding its drilling campaign in January 2024, offset by higher drilling revenue due to the *Soehanah* being managed versus owned. Management fees decreased \$9.4 million in the Current Period as compared to the Comparable Period primarily due to the conclusion of the *Capella* campaign in September 2024 and *Polaris* in January 2024, and reduced fee rates and conclusion of support agreement on the EDC rigs, partially offset by the management fees on the *Soehanah* and *Topaz Driller*. Reimbursables and other revenue decreased \$7.5 million in the Current Period as compared to the Comparable Period primarily as a result of the conclusion of the *Capella* campaign in September 2024, offset by management of the *Soehanah* and *Topaz Driller*.

Consolidated Operating Costs: Total operating costs decreased \$31.0 million in the Current Period as compared to the Comparable Period primarily due to change in operating activities in the Current Period (as discussed below).

Drilling Services Operating Costs: Drilling Services operating costs decreased \$18.0 million in the Current Period as compared to the Comparable Period primarily due to (i) sale of the *Soehanah* and *Topaz Driller*, (ii) conclusion of the drilling contract on the *Platinum Explorer* in 2024, partially offset by (ii) higher operating activity on the *Tungsten Explorer*.

Managed Services Operating Costs: Managed Services operating costs decreased \$13.0 million in the Current Period as compared to the Comparable Period primarily due to conclusion of the *Capella* and *Polaris* campaigns, offset by higher operating costs on the *Topaz Driller* and *Soehanah* (as discussed in “Managed Services Revenue” above).

General and Administrative Expenses: General and administrative expenses increased \$1.6 million in the Current Period as compared to the Comparable Period primarily due to cumulative adjustment of non-cash share-based compensation and incentive compensation, offset by lower professional fees and strategic initiatives.

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

Equity in earnings of unconsolidated affiliates: Equity in earnings of unconsolidated affiliates decreased in the Current Period as compared to the Comparable Period as a result of costs incurred on TEVA prior to the sale of the *Tungsten Explorer*.

Gain on sale of Assets: Gain on sale of assets increased in the Current Period as compared to the Comparable Period primarily due to reconciliation of ADES Sale Transactions.

Interest Income: Interest Income decreases in the Current Period as compared to the Comparable Period were primarily due to lower cash balances in investment accounts.

Interest Expense and Financing Charges: Interest expense and financing charges decreased \$7.8 million in the Current Period as compared to the Comparable Period primarily due to the reduction in outstanding debt as a result of partial redemption in November 2024 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 gain of \$0.2 million and loss of \$1.0 million, primarily due to fluctuation of local currency were included in “Other, net” for the Current Period and Comparable Period, respectively.

Income Tax Provision: We have historically calculated the provision for income taxes during interim reporting periods by applying an estimate of the annual effective tax rate (“AETR”) for the full fiscal year to ordinary income or loss (pretax income or loss excluding unusual or infrequently occurring discrete items) for the reporting period.

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

In the Current and Comparable Periods, the Company’s effective tax rate was negative 16.96% and negative 36.17% respectively, in each case including the effects of discrete items. Income tax expense increased in the Current Period compared to Comparable Period, primarily as a result of 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.

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 June 30, 2025, we believe we maintain adequate cash reserves and are continuously managing our actual cash flow and cash forecasts.

As of June 30, 2025, we had working capital of approximately \$82.2 million, including approximately \$50.5 million of cash and cash equivalents available for general corporate purposes. Scheduled debt service requirements consist of interest payments of approximately \$3.1 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 and/or (ii) 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.

We anticipate that our capital expenditures through June 30, 2026 will be between approximately \$12.2 million and approximately \$14.9 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 Quarterly Report, incremental expenditures through June 30, 2026 for special periodic surveys, major repair and maintenance expenditures and equipment re-certifications are anticipated to be between approximately \$24.1 million and approximately \$29.4 million. As of June 30, 2025, we maintained letter of credit and bank guarantees in the aggregate amount of \$2.0 million.

In August 2025, the Company completed the Tungsten Explorer Sale for an aggregate total consideration of approximately \$265 million, comprised of \$198.8 million cash and 25% equity interest in TEVA, subject to customary purchase price adjustments. The Company will be required to use a portion of the net proceeds to redeem all of the outstanding principal amount of \$65.1 million plus any accrued interest of the 9.50% First Lien Notes in the third quarter of 2025. See “[Note 1. Organization and Recent Events](#)” of the “Notes to Condensed Consolidated Financial Statements” in Part I, Item 1 of this Quarterly Report for further information regarding the TE-Vantage MOU and the TEVA Definitive Agreements.

The following table summarizes our cash flow information for the periods indicated:

	Six Months Ended June 30,	
	2025	2024
(unaudited, in thousands)		
Cash flows used in:		
Operating activities	\$ (31,792)	\$ (11,288)
Investing activities	(4,342)	(17,326)
Financing activities	(621)	(4,550)

Cash Provided by or Used in Operating Activities

Net cash used in operating activities for the Current Period increased \$20.5 million as compared to the Comparable Period. This increase was primarily due to changes in net loss during the relevant periods (see the discussion of changes in "net loss" above in "Results of Operations" of this Part I, Item 2).

Cash Provided by or Used in Investing Activities

Net cash used in investing activities for the Current Period decreased \$13.0 million as compared to the Comparable Period. This decrease was due to reduced property and equipment additions offset by proceeds from sale of our assets.

Cash Provided by or Used in Financing Activities

Net cash used in financing activities for the Current Period decreased \$3.9 million from the Comparable Period. This decrease was primarily due to decreased dividend equivalent payments in the Current Period.

The significant elements of the 9.50% First Lien Notes are described in "[Note 5. Debt](#)" of the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report. The information discussed therein is incorporated by reference in its entirety into this Part I, Item 2.

We enter into operating leases in the normal course of business for office space, housing, vehicles and specified operating equipment. Some of these leases contain options that would cause our future cash payments to change if we exercised those options.

Commitments and Contingencies

We are subject to litigation, claims and disputes in the ordinary course of business, some of which may not be covered by insurance. Information regarding our legal proceedings is set forth in "[Note 8. Commitments and Contingencies](#)" of the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report. The information discussed therein is incorporated by reference in its entirety into this Part I, Item 2.

There is an inherent risk in any litigation, claim or dispute and therefore no assurance can be given as to the outcome of any such litigation, claim or dispute. We do not believe the ultimate resolution of any existing litigation, claims or disputes will have a material and adverse effect on our financial position, results of operations or cash flows.

Economic and Trade Policy Uncertainty

The Company continues to monitor the potential impact of evolving trade policies, including the threat and implementation of additional tariffs imposed by the U.S. and other jurisdictions. While no specific tariffs have been implemented during the reporting period covered by this Quarterly Report that directly and materially affect the Company's operations, the potential for future changes in cross-border trade arrangements and import/export duties contributes to broader economic uncertainty, and could impact the counterparties with whom we commercially engage. In addition, the Company continues to monitor the impact of ongoing oil price fluctuations, including as a result of perceptions of oversupply among oil market participants from OPEC+'s actual or contemplated increased output, the indirect impact of tariffs and trade barriers on the oil and gas industry more generally (including sudden and ongoing price fluctuations), and the risk of any potential rig suspensions attributable, in whole or in part, to such market factors. As of June 30, 2025, the Company's management has not identified any material and adverse effects on the Company's financial position, results of operations, or estimates related to credit losses or asset impairments as a result of the implementation of such tariffs and trade policies; however, the ultimate outcome and impact of such trade policies are not fully ascertainable as of the date hereof.

Critical Accounting Policies and Accounting Estimates

The preparation of Condensed Consolidated Financial Statements and related disclosures in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Our significant accounting policies are included in "[Note 2. Basis of Presentation and Significant Accounting Policies](#)" of the "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report. While management believes current

estimates are appropriate and reasonable, actual results could materially differ from those estimates. We have identified the policies below as critical to our business operations and the understanding of our financial operations. We have discussed the development, selection and disclosure of such policies and estimates with the Audit Committee.

Our critical accounting policies are those related to property and equipment, impairment of long-lived assets and income taxes. For a discussion of the critical accounting policies and estimates that we use in the preparation of our Condensed Consolidated Financial Statements, see “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates” in Part II of our Annual Report for the year ended December 31, 2024, which has been made available on our website at www.vantagedrilling.com. During the Current Quarter there were no material changes to the judgments, assumptions or policies upon which our critical accounting estimates are based.

Recent Accounting Pronouncements: See “[Note 2. Basis of Presentation and Significant Accounting Policies](#)” of the “Notes to Condensed Consolidated Financial Statements” in Part I, Item 1 of this Quarterly Report for further information. The information discussed therein is incorporated by reference in its entirety into this Part I, Item 2.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports we post to our website or otherwise make available to our investors and creditors is recorded, processed, summarized, and reported within the time periods required by our indebtedness agreements.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we post to our website or otherwise make available to our investors and creditors is recorded, processed, summarized, and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

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 June 30, 2025. Based upon this evaluation, such officers have concluded that these controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the Current Quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Information regarding the Company’s legal proceedings is set forth in “[Note 8. Commitments and Contingencies](#)” of the “Notes to Condensed Consolidated Financial Statements” in Part I, Item 1 of this Quarterly Report. The information discussed therein is incorporated by reference in its entirety into this Part II, Item 1.

Item 5. Other Information

Rule 10b5-1 Trading Arrangement

During the three month period covered by this Quarterly Report, none of the Company's directors or executive officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of any Company securities that was intended to satisfy the affirmative defense conditions of a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (each as defined in Item 408(a) of Regulation S-K).