# VANTAGE DRILLING INTERNATIONAL LTD.

QUARTERLY REPORT FOR THE QUARTER ENDED MARCH 31, 2026

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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, 2025, 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;
- risks associated with upgrades, repairs and maintenance of any of our drilling rigs;
- our small number of customers, related concentration and/or the loss of any customers;
- the short term nature of our drilling contracts and our inability to extend these or secure new contracts;
- 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;
- the risk of cost increases and variances for long-term contracts affecting profitability;
- not realizing revenue connected to framework, management and marketing agreements;
- our dependence on key personnel;
- the cost of reactivation or mobilization and our limited ability to mobilize our drilling units between geographic regions;
- 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;
- 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, each of which is currently being impacted by volatility related to ongoing conflict in the Middle East;
- levels of operating, maintenance costs, and capital expenditures that may be contractually or otherwise required to be allocated to any of our drilling rigs;
- competition within our industry;
- early termination, suspension, reduction in scope or renegotiation of our management, customer and vendor contracts, and the invoking of force majeure clauses;
- our inability to replace expiring or terminated contracts at economically feasible dayrates;
- availability of workers and the related labor costs;
- 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;
- lack of customer or counterparty indemnities;
- 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;

- conflicts, political disturbances, geopolitical instability and tensions, or terrorist attacks, associated changes in global trade policies and sanctions could adversely impact the business, operations and financial condition of our business and the business of critical counterparties;
- negative publicity may adversely affect us;
- our ability to address conflicts of interest;
- 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;
- the additional uncertainties inherent in international operations;
- the effect of litigation and other disputes including 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 ongoing matters (as discussed below in Item 1, Part II of this Quarterly Report), and any other appeal, cross-claim or counterclaim;
- evolving and expanding data security and privacy requirements;
- the effects of tariffs on the macroeconomic framework in which we operate;
- our ability to comply and maintain the listing of our securities on the OSE (as defined below);
- any non-compliance with the U.S. Foreign Corrupt Practices Act, as amended, and any other anti-corruption laws;
- 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;
- credit risks of our key customers and other third-parties we engage commercially;
- our current backlog may not be fully realized;
- the impact of high rates of global inflation and fluctuations in interest rates;
- our ability to incur or refinance future indebtedness in the near and long-term;
- our ability to identify and complete strategic and/or transformational transactions, including acquisitions, dispositions, joint ventures and mergers, as well as the impact that such transactions may have on our operations and financial condition;
- our limited ability to access capital markets and affect cost of capital;
- losses associated with foreign currency fluctuations or our inability to receive or repatriate certain currencies;
- adequacy of, or gaps in, insurance coverage;
- our recent lack of overall profitability and whether we will generate material revenues or profits in the near- and long-term;
- changes in tax laws, treaties or regulations;
- losses of tax disputes or a successful tax challenge to our operating structure; and
- the sufficiency of our internal controls.

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 Notes | The Company's 9.50% Senior Secured First Lien Notes due February 15, 2028 |
| ADES | ADES International Holding Ltd, an offshore and onshore provider of oil and gas drilling and production services in the Middle East, India and Africa |
| ADVantage | ADVantage Drilling Services SAE, a joint venture owned 51% by the Company and 49% by ADES |
| ASC | Accounting Standards Codification |
| ASU | Accounting Standards Update |
| 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 three months ended March 31, 2025 |
| Current Period | The three months ended March 31, 2026 |
| DOJ | U.S. Department of Justice |
| EDC | Emerald Driller Company, which owns the *Emerald Driller*, *Sapphire Driller* and *Aquamarine Driller* |
| EPS | Earnings per share |
| Exchange Act | Securities Exchange Act of 1934, as amended |
| FASB | Financial Accounting Standards Board |
| 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 |
| MPD | Managed pressure drilling |
| NOA | Notification of Award |
| 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 |
| PSU | Phantom Stock Units with time-based and performance-based vesting conditions |
| QLE | A qualified liquidity event as defined in the 2016 Amended MIP |
| ROU | Right-of-use |
| RSU | PBGs and TBGs with both a time condition and/or IPO or performance condition |
| Securities Act | Securities Act of 1933, as amended |
| TBGs | Time-based restricted stock units |
| 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 |
| TEVA Sale Transaction | The sale of the *Tungsten Explorer* to TEVA |
| TEVA Shareholder Loan | The loan provided to TEVA by the Company. |
| U.S. | United States of America |
| U.S. GAAP | Accounting principles generally accepted in the United States of America |
| USD or $ | U.S. Dollar |
| VDC | Vantage Drilling Company, the Company's former parent company |
| VDI | Vantage Drilling International Ltd. |
| VHI | Vantage Holdings International, a subsidiary of VDI |
| VIE | Variable interest entity |

**PART I—FINANCIAL INFORMATION**

***Item 1. Financial Statements***

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

| | March 31, 2026 | December 31, 2025 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | $ 61,351 | $ 92,981 |
| Restricted cash | 3,512 | 3,547 |
| Trade receivables, net of allowance for credit losses of $2,336, each period | 47,352 | 41,615 |
| Materials and supplies | 19,566 | 19,436 |
| Prepaid expenses and other current assets | 57,717 | 53,268 |
| Total current assets | 189,498 | 210,847 |
| Property and equipment | | |
| Property and equipment | 233,198 | 244,591 |
| Accumulated depreciation | (172,850) | (178,860) |
| Property and equipment, net | 60,348 | 65,731 |
| Operating lease ROU assets | 393 | 464 |
| Investment in unconsolidated affiliate | 77,140 | 79,274 |
| Other assets | 39,452 | 16,443 |
| Total assets | $ 366,831 | $ 372,759 |
| | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities | | |
| Accounts payable | $ 50,970 | $ 43,121 |
| Other current liabilities | 57,106 | 71,405 |
| Total current liabilities | 108,076 | 114,526 |
| Other long-term liabilities | 4,368 | 4,230 |
| Commitments and contingencies (see Note 8) | | |
| Shareholders' equity | | |
| Ordinary Shares, $0.001 par value, 50 million shares authorized; 13,559,071 shares issued and outstanding, each period | 14 | 14 |
| Additional paid-in capital | 573,433 | 573,333 |
| Accumulated deficit | (320,017) | (320,370) |
| Controlling interest shareholders' equity | 253,430 | 252,977 |
| Non-controlling interests | 957 | 1,026 |
| Total equity | 254,387 | 254,003 |
| Total liabilities and shareholders' equity | $ 366,831 | $ 372,759 |

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 March 31, | |
|---|---|---|
| | **2026** | **2025** |
| Revenue | | |
| Contract drilling services | $ 37,179 | $ 25,803 |
| Management fees | 5,258 | 738 |
| Reimbursables and other | 4,784 | 5,396 |
| Total revenue | 47,221 | 31,937 |
| Operating costs and expenses | | |
| Operating costs | 43,964 | 29,436 |
| General and administrative | 4,225 | 8,257 |
| Depreciation | 2,482 | 8,920 |
| Equity in losses of unconsolidated affiliate | 2,134 | — |
| Gain on sale of assets | (27) | (173) |
| Total operating costs and expenses | 52,778 | 46,440 |
| Loss from operations | (5,557) | (14,503) |
| Other income (expense) | | |
| Interest income | 920 | 229 |
| Interest expense and other financing charges | — | (1,603) |
| Other, net | (421) | (546) |
| Total other income (expense) | 499 | (1,920) |
| Loss before income taxes | (5,058) | (16,423) |
| Income tax (benefit) provision | (5,342) | 2,449 |
| Net income (loss) | 284 | (18,872) |
| Net (loss) income attributable to non-controlling interests | (69) | 5 |
| Net income (loss) attributable to shareholders | $ 353 | $ (18,877) |
| Earnings (loss) per share | | |
| Basic and diluted | $ 0.03 | $ (1.42) |

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)

| | Three Months Ended March 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Ordinary Shares | | | | | |
| | Shares | Amount | Additional Paid-in Capital | Accumulated Deficit | Non-Controlling Interests | Total Equity |
| **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 | — | — | 3,482 | — | — | 3,482 |
| Net (loss) income | — | — | — | (18,877) | 5 | (18,872) |
| **Balance March 31, 2025** | 13,348 | $ 13 | $ 638,231 | $ (379,586) | $ 933 | $ 259,591 |

| | Three Months Ended March 31, 2026 | | | | | |
|---|---|---|---|---|---|---|
| | Ordinary Shares | | | | | |
| | Shares | Amount | Additional Paid-in Capital | Accumulated Deficit | Non-Controlling Interests | Total Equity |
| **Balance January 1, 2026** | 13,559 | $ 14 | $ 573,333 | $ (320,370) | $ 1,026 | $ 254,003 |
| Share-based compensation | — | — | 100 | — | — | 100 |
| Net income (loss) | — | — | — | 353 | (69) | 284 |
| **Balance March 31, 2026** | 13,559 | $ 14 | $ 573,433 | $ (320,017) | $ 957 | $ 254,387 |

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)**

| | Three Months Ended March 31, 2026 | Three Months Ended March 31, 2025 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | $ 284 | $ (18,872) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities | | |
| Depreciation expense | 2,482 | 8,920 |
| Amortization of debt issuance costs and discounts | — | 55 |
| Share-based compensation expense | 100 | 3,696 |
| Deferred income tax (benefit) expense | (8,903) | 44 |
| Loss on disposal of property and equipment | 984 | 260 |
| Gain on sale of assets | (27) | (173) |
| Equity in losses of unconsolidated affiliates | 2,134 | — |
| Changes in operating assets and liabilities: | | |
| Trade receivables, net | (5,737) | 3,637 |
| Materials and supplies | (130) | (384) |
| Prepaid expenses and other current assets | (4,449) | (4,225) |
| Other assets | (14,005) | (5,230) |
| Accounts payable | 7,849 | 3,288 |
| Other current liabilities and other long-term liabilities | (14,162) | (3,111) |
| Net cash used in operating activities | (33,580) | (12,095) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to property and equipment | (671) | (4,561) |
| Proceeds from sale of assets | 2,617 | 3,986 |
| Net cash provided by (used in) investing activities | 1,946 | (575) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Shares repurchased for tax withholdings on settlement of RSUs | — | (483) |
| Payments of dividend equivalents | — | (138) |
| Net cash used in financing activities | — | (621) |
| Net decrease in unrestricted and restricted cash and cash equivalents | (31,634) | (13,291) |
| Unrestricted and restricted cash and cash equivalents—beginning of period | 96,953 | 89,646 |
| Unrestricted and restricted cash and cash equivalents—end of period | $ 65,319 | $ 76,355 |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Cash paid for: | | |
| Interest | $ — | $ 1,722 |
| Income taxes (net of refunds) | 4,010 | 2,654 |

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 that operates, manages and supports a fleet of modern, high specification drilling units. Our principal business is (1) to contract drilling units, related equipment and work crews, primarily on a dayrate basis to drill oil and gas wells for our customers and (2) for third-party owned drilling units, to provide operation and marketing services for operating and stacked rigs, construction supervision services for rigs that are under construction, and preservation management services for stacked rigs. Through our fleet of drilling units, we are a provider of offshore contract drilling services to major, national and independent oil and gas companies, with a primary focus on international markets.

*ONGC Notification of Award*

On February 10, 2026, the Company received a binding Notification of Award ("NOA") from ONGC for the drillship *Platinum Explorer* following the conclusion of its tender for a deepwater drillship for a three-year firm contract valued at approximately $261 million exclusive of MPD Services, plus one-year optional campaign in India. The contract shall commence no later than 180-days after the issuance of the NOA in line with the requirements of the tender.

## 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 the opinion of the management of the Company, the accompanying unaudited Condensed Consolidated Financial Statements contain adjustments (consisting of only normal recurring adjustments) necessary to present fairly the Company's financial position as of March 31, 2026, the results of operations for the three months ended March 31, 2026 and 2025 and cash flows for the three months then ended. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's 2025 Annual Report available on our website at www.vantagedrilling.com.

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:

| **(unaudited, in thousands)** | **March 31, 2026** | **December 31, 2025** |
|---|---|---|
| Current assets | $ 1,765 | $ 1,921 |
| Non-current assets | 523 | 526 |
| Current liabilities | (235) | (259) |
| Non-current liabilities | (125) | (120) |
| Net carrying amount | $ 1,928 | $ 2,068 |

*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 losses of unconsolidated affiliate" in our Condensed Consolidated Statements of Operations. The carrying amount of equity method investments is recorded in "Investment in unconsolidated affiliate" 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.

TEVA is a joint venture that owns the *Tungsten Explorer* and was formed by the Company and TotalEnergies. The Company owns a 25% interest in TEVA and TotalEnergies owns the remaining 75% interest. Below is summarized financial information for TEVA. See further information related to transactions with TEVA in "*Note 9. Supplemental Financial Information*."

| (unaudited, in thousands) | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Current assets | $ 53,774 | $ 50,147 |
| Non-current assets | 283,061 | 289,691 |
| Current liabilities | (26,277) | (20,532) |
| Non-current liabilities | (149,000) | (149,211) |
| Equity | $ 161,558 | $ 170,095 |

| (unaudited, in thousands) | Three Months Ended March 31, 2026 | Three Months Ended March 31, 2025 |
|---|---|---|
| Revenue | $ 4,603 | $ — |
| Expenses | (14,808) | — |
| Other income | 1,669 | — |
| Net Loss | $ (8,536) | $ — |

*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.

*Restricted cash:* Restricted cash represents cash balances that are subject to contractual or legal restrictions and are therefore not available for general corporate use. These amounts primarily relate to cash pledged as collateral for performance guarantees, letters of credit, and other contractual obligations under drilling contracts and related agreements.

*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 months ended March 31, 2026 and 2025, the loss related to the sale of assets and the disposal of property and equipment was approximately $1.0 million and $0.1 million, respectively.

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 both the three months ended March 31, 2026 and 2025, no impairment loss was recorded.

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 77% and 11% of our consolidated trade receivables, net as of March 31, 2026, and two customers accounted for approximately 61% and 25% of our consolidated trade receivables, net as of December 31, 2025.

*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:

| **(unaudited, in thousands)** | **March 31, 2026** | **December 31, 2025** |
|---|---|---|
| Beginning balance | $ 2,336 | $ 5,798 |
| Recovery of credit losses | — | (2,802) |
| Additions | — | 58 |
| Write-off of uncollectible amounts | — | (718) |
| Ending balance | $ 2,336 | $ 2,336 |

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 is 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 March 31, | |
|---|---|---|
| | **2026** | **2025** |
| **(unaudited, in thousands)** | | |
| Weighted average Ordinary Shares outstanding for basic EPS | 13,559 | 13,305 |
| Weighted restricted share equity awards | 15 | — |
| Adjusted weighted average Ordinary Shares outstanding for diluted EPS | 13,574 | 13,305 |

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

| | Three Months Ended March 31, | |
|---|---|---|
| | **2026** | **2025** |
| **(unaudited, in thousands)** | | |
| Weighted average restricted share equity awards | — | 636 |
| Future potentially dilutive Ordinary Shares excluded from diluted EPS | — | 636 |

*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 months ended March 31, 2026 and 2025, we recognized a net loss of $0.4 million and $0.5 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.

*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 May 26, 2026, the date the financial statements were available for issuance and no recognized subsequent events were identified.

*Recently Adopted Accounting Standards*

In July 2025, the FASB issued ASU No. 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets ("ASU 2025-05"). The update permits entities to apply a practical expedient to estimate expected credit losses on certain short-term receivables by assuming current economic conditions remain unchanged over the asset's life. Effective January 1, 2026, we adopted this accounting standards update and this did not have a material impact on our Condensed Consolidated Financial Statements.

*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. The 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.

**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.

*Management Revenue.* Management revenue represents fees earned by the Company for providing management, administrative, and technical services to related parties, joint ventures, or third parties. Such revenue is recognized in the period in which the services are rendered, in accordance with the underlying service agreements.

*Charter Lease Revenue.* In relation to certain bareboat charter agreements where we lease our owned rig 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 March 31, 2026 | | | Three Months Ended March 31, 2025 | | |
|---|---|---|---|---|---|---|
| | **Drilling Services** | **Managed Services** | **Consolidated** | **Drilling Services** | **Managed Services** | **Consolidated** |
| **(unaudited, in thousands)** | | | | | | |
| Dayrate revenue | $ — | $ 32,150 | $ 32,150 | $ 24,312 | $ 1,491 | $ 25,803 |
| Amortized revenue | — | 5,029 | 5,029 | — | — | — |
| Management revenue | — | 5,258 | 5,258 | — | 738 | 738 |
| Reimbursable revenue | — | 4,784 | 4,784 | 2,265 | 3,131 | 5,396 |
| Total revenue | $ — | $ 47,221 | $ 47,221 | $ 26,577 | $ 5,360 | $ 31,937 |

"Drilling Services," consists of activities related to our owned rigs; and "Managed Services," consists of activities related to rigs owned by third parties that we manage, support or operate through bareboat charters. Dayrate revenue and amortized revenue for both "Drilling Services" and "Managed Services" are included within "Contract drilling services" in our Condensed Consolidated Statements of Operations. Management revenue for "Managed Services" is included within "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, 2025, "Trade receivables, net of allowance for credit losses" was $35.4 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:

| **(unaudited, in thousands)** | **Classification in the Condensed Consolidated Balance Sheets** | **March 31, 2026** | **December 31, 2025** |
|---|---|---|---|
| Current contract cost assets | Prepaid expenses and other current assets | $ 1,278 | $ 4,834 |
| Current contract revenue liabilities | Other current liabilities | 1,648 | 5,665 |

Significant changes in contract cost assets and contract revenue liabilities during the three months ended March 31, 2026 were as follows:

| (unaudited, in thousands) | Contract Cost Assets | Contract Revenues Liabilities (2) |
|---|---|---|
| Balance as of December 31, 2025 | $ 4,834 | $ 5,665 |
| Increase due to contractual changes | 1,278 | 2,198 |
| Decrease due to recognition of revenue/costs or transfer to payables | (4,834) | (6,215) |
| Balance as of March 31, 2026 (1) | $ 1,278 | $ 1,648 |

(1) We expect to recognize contract revenues of approximately $1.6 million during the remaining nine months of 2026 and nil thereafter related to unsatisfied performance obligations existing as of March 31, 2026.
(2) Revenue recognized during the three months ended March 31, 2026, which was included in the deferred revenue balance at the beginning of the period was $5.7 million.

Significant changes in contract cost assets and contract revenue liabilities during the three months ended March 31, 2025 were as follows:

| (unaudited, in thousands) | Contract Cost Assets | Contract Revenues Liabilities (1) |
|---|---|---|
| Balance as of December 31, 2024 | $ — | $ 24,433 |
| Increase due to contractual changes | — | 851 |
| Decrease due to recognition of revenue/costs or transfer to payables | — | (3,548) |
| Balance as of March 31, 2025 (1) | $ — | $ 21,736 |

(1) Revenue recognized during the three months ended March 31, 2025, which was included in the deferred revenue balance at the beginning of the period was $1.6 million.

We have elected to utilize an optional exemption that permits us to exclude disclosure of the estimated transaction price related to the variable portion of unsatisfied performance obligations at the end of the reporting period, as our transaction price is based on a single performance obligation consisting of a series of distinct hourly increments, the variability of which will be resolved at the time the future services are rendered.

**4. Leases**

We have operating leases expiring at various dates, principally for office space, onshore storage yards and certain operating equipment. Additionally, we sublease certain office space to third parties. We determine if an arrangement is a lease at inception. Operating leases with an initial term greater than 12 months are included in “Operating lease ROU assets”, “Other current liabilities”, and “Other long-term liabilities” on our 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:

| (unaudited, in thousands) | Classification in the Condensed Consolidated Statements of Operations | Three Months Ended March 31, 2026 | Three Months Ended March 31, 2025 |
|---|---|---|---|
| Operating lease cost (1) | Operating costs | $ 158 | $ 130 |
| Operating lease cost (1) | General and administrative | 3 | 3 |
| Total operating lease cost | | $ 161 | $ 133 |

(1) Short-term lease costs which includes bareboat charter expenses for a third party owned rig operated by the Company were approximately $0.1 million and $0.1 million during the three months ended March 31, 2026 and 2025, respectively. Operating cash flows used for operating leases approximates lease expense.

| (unaudited, in thousands) | Classification in the Condensed Consolidated Balance Sheets | March 31, 2026 | December 31, 2025 |
|---|---|---|---|
| Assets: | | | |
| Operating lease assets | Operating lease ROU assets | $ 393 | $ 464 |
| Total leased assets | | $ 393 | $ 464 |
| Liabilities: | | | |
| Current operating | Other current liabilities | $ 152 | $ 136 |
| Noncurrent operating | Other long-term liabilities | 42 | 26 |
| Total lease liabilities | | $ 194 | $ 162 |

As of March 31, 2026, maturities of lease liabilities were as follows:

| (unaudited, in thousands) | Operating Leases |
|---|---|
| Remaining nine months of 2026 | $ 123 |
| 2027 | 75 |
| 2028 | 8 |
| Total future lease payments | $ 206 |
| Less: imputed interest | (12) |
| Present value of lease obligations | $ 194 |

The weighted average discount rate for operating leases was 9.50% as of both March 31, 2026 and December 31, 2025. The weighted average remaining lease term for operating leases was 1.40 years and 1.19 years as of March 31, 2026 and December 31, 2025, respectively.

**5. Debt**

As of March 31, 2026, the Company had no outstanding borrowings under any credit facilities, term loans, or other financing arrangements except as noted below. The Company may utilize debt financing in the future to support strategic initiatives.

*Letter of Credit and Bank Guarantees*

Letters of credit and bank guarantees for performance obligations are provided by reputable financial institutions. As of March 31, 2026, we maintained letters of credit and bank guarantees in the aggregate amount of $3.5 million. As of March 31, 2026, we had collateral deposits in the amount of $3.6 million with respect to these agreements.

**6. Shareholders' Equity**

*Stock Issuance*

VDI has 50,000,000 authorized Ordinary Shares. As of March 31, 2026, 13,559,071 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 March 31, 2026, there were 372,862 Ordinary Shares available for future grant under the 2016 Amended MIP.

During the three months ended March 31, 2026, no RSUs were issued as Ordinary Shares to current or former employees or directors of the Company and no Ordinary Shares were repurchased to settle withholding taxes. During the three months ended March 31, 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.

*RSUs with Time 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, 2025 | — | | — |
| Awarded | 23,994 | $ | 16.67 |
| Nonvested restricted units at March 31, 2026 | 23,994 | $ | 16.67 |

The TBGs are classified as equity awards. In the three months ended March 31, 2025, the TBGs that vested had an aggregate grant-date fair value of $0.2 million. Subsequently, the TEVA Sale Transaction in 2025 qualified as a QLE and triggered the accelerated vesting of the remaining TBGs. In January 2026, the Company granted an aggregate of 23,994 TBGs.

For the three months ended March 31, 2026 and 2025, share-based compensation expense related to the TBGs was approximately $0.1 million and $0.2 million, respectively. As of March 31, 2026, there was $0.3 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 0.76 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 an 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.

There were no non-vested equity classified RSUs and changes occurring within the Current Period. In the three months ended March 31, 2025, the RSU TBGs that vested had an aggregate grant-date fair value of $2 million.

In connection with the satisfaction of the IPO Condition, a cumulative adjustment for RSU TBGs was recorded. Subsequently, the TEVA Sale Transaction in 2025 qualified as a QLE and triggered the accelerated vesting of the remaining RSU TBGs. No RSU TBGs were granted subsequent to the TEVA Sale Transaction.

For the three months ended March 31, 2026, no share-based compensation expense related to RSU TBGs was recorded or remained unrecognized. For the three months ended March 31, 2025, the Company recognized share-based compensation expense related to RSU TBGs of approximately $2.8 million of which $2.6 million is related to the cumulative adjustment following satisfaction of the IPO Condition.

For the three months ended March 31, 2026, no share-based compensation expense related to equity classified RSU PBGs was recorded or remained unrecognized. For the three months ended March 31, 2025, the Company recognized share-based compensation expense related to equity classified RSU PBGs of approximately $0.5 million.

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.

There were no non-vested liability-classified PSUs and changes occurring within the Current Period. In the three months ended March 31, 2025, the PSU TBGs that vested and paid had an aggregate grant-date fair value of $0.2 million.

In connection with the satisfaction of the IPO Condition, a cumulative adjustment was recorded related to PSU TBGs. Subsequently, the TEVA Sale Transaction in 2025 qualified as a QLE and triggered the accelerated vesting of the remaining PSU TBGs. No PSU TBGs were granted after the TEVA Sale Transaction. For the three months ended March 31, 2026, no share-based compensation expense related to the liability-classified PSU TBGs was recorded or remained unrecognized. For the three months ended March 31, 2025, the Company recognized share-based compensation expense related to the liability-classified PSU TBGs of approximately $0.2 million.

The TEVA Sale Transaction in 2025 triggered the forfeiture of the PSU PBGs, and no PSU PBGs were granted subsequent to the transaction. For the three months ended March 31, 2026, no share-based compensation expense related to the liability-classified PSU PBGs was recorded or remained unrecognized. For the three months ended March 31, 2025, the Company recognized share-based compensation expense related to the liability-classified PSU PBGs of an immaterial amount.

*Dividend and 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, payable over time, in the aggregate amount of $525.0 million, or $40.03 per share, which was payable to shareholders of record as of the close of business on December 10, 2019 (the "Special Cash Distribution"). The Company's previously declared Special Cash Distribution has been fully paid and there are no outstanding dividend equivalents or unpaid dividends.

**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, 2026. The Company continuously monitors the developments to assess the applicability of the CIT Act, which does not impact VDI's financial statements for the three months ended March 31, 2026.

Consequently, we calculate income taxes based on the laws and tax rates in effect in the countries in which operations are 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 2016 onward remain open to examination in many of our jurisdictions and we are currently involved in several tax examinations in jurisdictions where we are operating or have previously operated. As information becomes available during the course of these examinations, we may increase or decrease our estimates of tax assessments and accruals.

**8. Commitments and Contingencies**

We are subject to litigation, claims and disputes in the ordinary course of business, some of which may not be covered by insurance. There is an inherent risk in any litigation or dispute and no assurance can be given as to the outcome of any claims.

*Brazil Improbity Action*

On April 27, 2018, the Company was added as an additional defendant in a legal proceeding (the "Improbity Action"), initiated by the Brazilian Federal Prosecutor's Office against certain individuals, including two executives 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 Improbity 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 Improbity 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 Improbity 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 Improbity Action as to the Company (the "Improbity Decision"). On January 30, 2023 and February 1, 2023, Petrobras and the Brazilian Federal Government filed respective motions to clarify the Improbity Decision, 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 Improbity 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 Improbity 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, the Brazilian Federal Government and Petrobras were notified to respond to Vantage's latest statement, but only the former submitted a response on July 15, 2025, standing against Vantage's request to reassign the Special Appeals to Justice Francisco Falcão. On August 11, 2025, Vantage informed Reporting Justice Regina Helena Costa that Justice Francisco Falcão's had acknowledged his precedence of jurisdiction to act as the Reporting Justice for the special appeals challenging the Asset Freeze Order Revocation and, on that basis, Vantage renewed its request to remit the Special Appeals to Justice Francisco Falcão's chambers, given the similar scope and background of the two cases. On October 28, 2025, Justice Regina Helena Costa reconsidered her prior decision that had partially granted the Special Appeals, and, as a result, dismissed Vantage's internal appeal challenging that decision as moot. In addition, Justice Regina Helena Costa referred the case to Justice Francisco Falcão to determine whether he has precedence of jurisdiction, in light of the multiple decisions previously issued in this regard. On October 30, 2025, the Special Appeals were remitted to Justice Francisco Falcão's chambers. As of the date of the financial statements, Justice Francisco Falcão has not yet ruled on the jurisdictional issue raised by Vantage. Once this issue is resolved, the Special Appeals will be analyzed 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 Improbity Decision.

Following the Improbity Decision, Judge Rogério Favreto of the Brazilian Appellate Court ordered the trial court, at Vantage's request, to remove Vantage from the list of defendants, which was effected on January 8, 2026. The Improbity Action remains pending in the trial court and is in the evidentiary phase. There are active rulings and appeals in relation to the proper venue for the filing of the Improbity Action. As of the date of the financial statements, the Improbity Action remains in Curitiba. Since VDI was removed from the list of defendants, any final jurisdiction decision will apply to VDI only if the Improbity Decision is ultimately reversed.

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

As of March 31, 2026, the damages claimed in the proceeding are in the historical amount of BRL 102.8 million (approximately $20.2 million, changes in the USD amounts result from foreign exchange rate fluctuations), together with a civil fine equal to that amount (as reduced by the New Administrative Improbity Law). The damages—and the civil fine—will be subject to interest in the event of a final monetary judgment against VDI. Originally, the amount corresponding to the fine was subject to the New Administrative Improbity Law's statute of limitations that was set to come into effect on October 27, 2025. However, on September 23, 2025, Justice Alexandre de Moraes of the Brazilian Supreme Court granted a preliminary injunction in Direct Action for Declaration of Unconstitutionality No. 7,236, suspending the effects of the statute of limitation, subject to further confirmation by the full Panel of Justices of the Brazilian Supreme Court. Accordingly, while the injunction remains in force, the claims asserted in the Improbity Action will not be time-barred as of October 27, 2025.

In addition to the discussion regarding the early dismissal of the Improbity 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 $80.7 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 $80.7 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 Improbity Action filed by a co-defendant. 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, who, on August 1, 2025, accepted his jurisdiction to act as the Reporting Justice for the Special Appeals. As of the date of the financial statements, Justice Francisco Falcão has not yet ruled on the merits of the Special Appeals. The Extraordinary Appeals, in turn, shall be further evaluated depending on the outcome of the ruling of the Special Appeals by the Brazilian Superior Court of Justice.

Although there are similarities in the reasoning and the outcome of the Improbity Decision and the Asset Freeze Order Revocation, the unlikely risk that the Improbity Decision could be overturned does not impact the Asset Freeze Order Revocation. Even in the worst case scenario regarding the continuation of the Improbity 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 improbity action. Furthermore, the New Administrative Improbity 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 Improbity Action and oppose and defend against any attempts to reverse the Improbity Decision and/or the seizure of the Company's assets. As of the date of the financial statements, the risk of loss in the Improbity 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 March 31, 2026, we had purchase commitments of $31.3 million. Our purchase commitments consist of obligations outstanding to external vendors primarily related to capital upgrades, materials, spare parts, consumables and related supplies for our drilling rigs. These commitments also include purchase commitments on behalf of our managed services line of business which are cash prefunded by our customers.

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:

| (unaudited, in thousands) | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Current sales tax receivable | $ 15,630 | $ 15,355 |
| Receivables from managed rig projects | 13,155 | 8,561 |
| Receivable from sale of assets | 8,509 | 8,509 |
| Down payment to vendors | 6,125 | 5,191 |
| Prepaid fuel | 4,434 | 5,156 |
| Current deposits [1] | 4,269 | 1,038 |
| Income tax receivable | 2,034 | 2,113 |
| Current deferred contract costs | 1,278 | 4,834 |
| Interest income receivable | 414 | 674 |
| Other | 1,869 | 1,837 |
| | $ 57,717 | $ 53,268 |

(1) The amounts presented above includes cash deposits provided to customers in connection with contractual performance obligations. The deposits are contractually refundable upon the satisfactory completion of the related obligations and fulfillment of all contractual requirements.

*Property and Equipment, Net*

Property and equipment, net, consisted of the following:

| (unaudited, in thousands) | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Drilling equipment | $ 218,627 | $ 230,353 |
| Assets under construction | 1,029 | 696 |
| Office and technology equipment | 13,450 | 13,450 |
| Leasehold improvements | 92 | 92 |
| | 233,198 | 244,591 |
| Accumulated depreciation | (172,850) | (178,860) |
| Property and equipment, net | $ 60,348 | $ 65,731 |

*Other Assets*

Other assets consisted of the following:

| (unaudited, in thousands) | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Noncurrent deposits [1] | $ 18,071 | $ 3,420 |
| Deferred certification costs | 10,012 | 10,595 |
| Deferred income tax assets | 9,033 | 130 |
| Noncurrent sales tax receivable | 1,880 | 1,873 |
| Noncurrent restricted cash | 456 | 425 |
| | $ 39,452 | $ 16,443 |

(1) The amounts presented above includes cash deposits provided to customers in connection with contractual performance obligations. The deposits are contractually refundable upon the satisfactory completion of the related obligations and fulfillment of all contractual requirements.

*Other Current Liabilities*

Other current liabilities consisted of the following:

| (unaudited, in thousands) | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Current customer prefunding | $ 40,673 | $ 47,309 |
| Income taxes payable | 6,723 | 7,176 |
| Compensation | 5,001 | 8,229 |
| Current deferred revenue | 1,648 | 5,665 |
| Current portion of operating lease liabilities | 152 | 136 |
| Other | 2,909 | 2,890 |
| | $ 57,106 | $ 71,405 |

*Other Long-term Liabilities*

Other long-term liabilities consisted of the following:

| (unaudited, in thousands) | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Indirect tax contingencies | $ 3,430 | $ 3,316 |
| Deferred income taxes | 400 | 400 |
| Noncurrent customer prefunding | 392 | 392 |
| Other non-current liabilities | 146 | 122 |
| | $ 4,368 | $ 4,230 |

*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:

| (unaudited, in thousands) | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Cash and cash equivalents | $ 61,351 | $ 92,981 |
| Restricted cash | 3,512 | 3,547 |
| Restricted cash included within Other Assets | 456 | 425 |
| Total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows | $ 65,319 | $ 96,953 |

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

*Related Party Transactions*

As of March 31, 2026, our related party, TEVA, is the unconsolidated affiliate over which we hold significant influence and are accounted for under the equity method of accounting. In the normal course of business, the Company enters into transactions with the equity method investee. Such transactions primarily include the provision of drilling and management services, allocation of certain general and administrative costs, and intercompany financing arrangements.

In the following sections, we provide a summary of transactions and balances outstanding with our related party, TEVA.

On August 11, 2025, the Company completed the TEVA Sale Transaction for an aggregate total consideration of approximately $265 million, subject to customary purchase price adjustments. From the total consideration of $265 million, $198.75 million was retained in cash and $66.25 million was utilized to acquire a 25% equity interest in TEVA. The 25% equity interest is comprised of $31.25 million equity contribution and $35.0 million as TEVA Shareholder Loan. The TEVA Shareholder Loan matures on August 11, 2035 and bears interest at SOFR + 0.4% and is subject to other terms and conditions in accordance with the 'Subscription and Shareholder's Agreement' signed between the Company, TotalEnergies and TEVA. Payment of the principal is due at maturity. Subsequent to the TEVA Sale Transaction, the Company provided additional capital of $13.6 million and loan of $1.8 million to TEVA as per the terms and conditions in the agreement. The capital contributions and shareholder loans are presented in the "Investment in unconsolidated affiliate" on the Condensed Consolidated Balance Sheets.

TEVA leased the *Tungsten Explorer* to the Company through the bareboat charter arrangement. Expenses recognized by us related to the bareboat charter agreement for the three months ended March 31, 2026 and 2025, were $17.7 million and nil, respectively and are included within "Operating costs" in our Condensed Consolidated Statements of Operations.

For the three months ended March 31, 2026, the Company recognized management and reimbursable revenues of $5.6 million and interest income of $0.4 million. For the three months ended March 31, 2025, the Company recognized no management and reimbursable revenues and no interest income. As of March 31, 2026, prefunded cash and receivables totaled $24.4 million, and payables totaled $19.9 million. As of December 31, 2025, prefunded cash and receivables totaled $26.7 million, and payables totaled $24.9 million. These balances are included within "Accounts receivable" and "Accounts payable," respectively, on the Condensed Consolidated Balance Sheets.

**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 consists of activities related to our owned rig; 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 ("CODM") and evaluates the performance of our reportable segments using segment EBITDA, which is a segment performance measure, because this financial measure reflects our ongoing profitability and performance. The CODM uses the performance measure of our reportable segments to allocate resources. 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 March 31, 2026 | | |
|---|---|---|---|
| | Drilling Services | Managed Services | Consolidated |
| (unaudited, in thousands) | | | |
| Revenue | | | |
| Contract drilling services | $ — | $ 37,179 | $ 37,179 |
| Management fees | — | 5,258 | 5,258 |
| Reimbursables and other | — | 4,784 | 4,784 |
| Total revenue | — | 47,221 | 47,221 |
| Significant segment expenses | | | |
| Operating costs | 2,487 | 41,477 | 43,964 |
| Segment EBITDA | (2,487) | 5,744 | 3,257 |
| Reconciliation of segment EBITDA | | | |
| General and administrative | | | 4,225 |
| Depreciation | | | 2,482 |
| Equity in earnings of unconsolidated affiliates | | | 2,134 |
| Gain on sale of assets | | | (27) |
| Interest income | | | (920) |
| Interest expense and financing charges | | | — |
| Other, net | | | 421 |
| Loss before income taxes | | | $ (5,058) |

| | Three Months Ended March 31, 2025 | | |
|---|---|---|---|
| | Drilling Services | Managed Services | Consolidated |
| **(unaudited, in thousands)** | | | |
| Revenue | | | |
| Contract drilling services | $ 24,312 | $ 1,491 | $ 25,803 |
| Management fees | — | 738 | 738 |
| Reimbursables and other | 2,265 | 3,131 | 5,396 |
| Total revenue | 26,577 | 5,360 | 31,937 |
| Significant segment expenses | | | |
| Operating costs | 25,499 | 3,937 | 29,436 |
| Segment EBITDA | 1,078 | 1,423 | 2,501 |
| Reconciliation of segment EBITDA | | | |
| General and administrative | | | 8,257 |
| Depreciation | | | 8,920 |
| Gain on sale of assets | | | (173) |
| Interest income | | | (229) |
| Interest expense and financing charges | | | 1,603 |
| Other, net | | | 546 |
| Loss before income taxes | | | $ (16,423) |

A substantial amount of our revenue was derived from countries outside of the U.S. Our revenue by country and segment was as follows:

| | | Three Months Ended March 31, | |
|---|---|---|---|
| **Country** | **Segment** | **2026** | **2025** |
| **(unaudited, in thousands)** | | | |
| Republic of the Congo | Drilling Services and Managed Services | $ 38,827 | $ 26,521 |
| UAE | Managed Services | 7,182 | 443 |
| Indonesia | Managed Services | 106 | 3,787 |
| Other countries (1) | Drilling Services and Managed Services | 1,106 | 1,186 |
| Total revenue | | $ 47,221 | $ 31,937 |

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

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

| | | Three Months Ended March 31, | |
|---|---|---|---|
| **(unaudited)** | **Segment** | **2026** | **2025** |
| TotalEnergies (1) | Drilling Services and Managed Services | 82% | 83% |
| TEVA | Managed Services | 12% | 0% |
| Medco (2) | Managed Services | 0% | 11% |

(1) Includes TotalEnergies EP Congo.
(2) Includes Medco E&P Natuna 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:

| (unaudited, in thousands) | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Malaysia | $ 60,030 | $ 61,704 |
| Other countries (2) | 318 | 4,027 |
| Total property and equipment | $ 60,348 | $ 65,731 |

(1) The reported locations of the rigs reflect either their current location or their intended destination if the rig is in transit.
(2) "Other countries" represent countries in which we individually had property and equipment, net, representing less than 10% of total property and equipment, net.

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

The following discussion is intended to assist you in understanding our financial position as of March 31, 2026, and our results of operations for the three months ended March 31, 2026 and 2025. 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, 2025, 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 that operates, manages and supports a fleet of modern, high specification drilling units. Our principal business is (1) to contract drilling units, related equipment and work crews, primarily on a dayrate basis to drill oil and gas wells for our customers and (2) for third-party owned drilling units, to provide operation and marketing services for operating and stacked rigs, construction supervision services for rigs that are under construction, and preservation management services for stacked rigs. Through our fleet of drilling units, we are a provider of offshore contract drilling services to major, national and independent oil and gas companies, with a primary focus on international markets.

The following table sets forth certain information concerning our owned, managed and supported offshore drilling fleet as of May 12, 2026:

| Name | Year Built | Water Depth Rating (feet) | Drilling Depth Capacity (feet) | Location (4) | Status |
|---|---|---|---|---|---|
| **Owned Rig:** | | | | | |
| **Drillship** (1) | | | | | |
| *Platinum Explorer* | 2010 | 12,000 | 40,000 | Malaysia | Contract Preparation (5) |
| **Managed / Supported Rigs:** | | | | | |
| **Drillship** (1) | | | | | |
| *Tungsten Explorer* (2) | 2013 | 12,000 | 40,000 | Angola | Operating |
| **Jackups** (3) | | | | | |
| *Topaz Driller* | 2009 | 375 | 30,000 | Joint Development Area of Malaysia and Thailand | Operating |
| *Soehanah* | 2007 | 375 | 30,000 | Malaysia | Warm stacked (6) |
| *Emerald Driller* | 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 was recently upgraded to a six-ram BOP stack. 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 TEVA Sale Transaction, 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 management contract, with an option to extend for an additional five years.

(3) The jackup rigs are owned by third parties and managed/supported by the Company.

(4) The reported locations of the rigs reflect either their current positions or their intended destination.

(5) On February 10, 2026, the Company received a binding NOA from ONGC for the drillship *Platinum Explorer*. The contract shall commence no later than 180-days after the issuance of the NOA in line with the requirements of the tender.

(6) Rig is maintaining basic operations and most of the crew, and can be put to use once the rig gets a contract.

**Backlog**

As of March 31, 2026, the total contract backlog was approximately $430.8 million. The following table reflects a summary of our contract backlog coverage of days contracted and related revenue as of March 31, 2026, based on information made available as of that date:

| | Percentage of Days Contracted | | | Revenues Contracted (in thousands) | | |
|---|---|---|---|---|---|---|
| | 2026 | 2027 | Beyond | 2026 | 2027 | Beyond |
| **Backlog** | | | | | | |
| Drillship | 67% | 100% | 75% | $ 47,240 | $ 85,775 | $ 128,310 |
| Third party owned rigs [1] | 100% | 88% | 95% | $ 16,453 | $ 21,061 | $ 132,003 |

(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 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 average daily revenues. The following table sets forth this selected operational information of the owned rigs only for the periods indicated:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2026 [5] | 2025 [5] |
| **Owned Rigs** | | |
| **Deepwater** | | |
| Rigs available | 1 | 1 |
| Available days [1] | 90 | 90 |
| Utilization [2] | 0.0% | 0.0% |
| Average daily revenues [3] | N/A | N/A |
| **Previously Owned Rigs** | | |
| **Deepwater** [4] | | |
| Rigs available | — | 1 |
| Available days [1] | — | 90 |
| Utilization [2] | N/A | 100.0% |
| Average daily revenues [3] | N/A | 270,137 |

(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 the *Tungsten Explorer*, previously owned by the Company, up to the date of sale in August 2025 to TEVA. Following completion of the TEVA Sale Transaction, 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 management contract, with an option to extend for an additional five years.

(5) Excludes results of managed rigs operated by the Company.

**For the Three Months Ended March 31, 2026 and 2025**

Net income attributable to shareholders for the Current Period was $0.4 million, or $0.03 per basic share, on operating revenues of $47.2 million, as compared to net loss attributable to shareholders for the Comparable Period of $18.9 million, or $1.42 per basic share, on operating revenues of $31.9 million.

The following table sets forth our operating results for the three months ended March 31, 2026 and 2025:

| | Three Months Ended March 31, | | Favorable/(unfavorable) | |
|---|---|---|---|---|
| | 2026 | 2025 | $ | % |
| **(unaudited, in thousands)** | | | | |
| **Consolidated:** | | | | |
| Revenues | | | | |
| Contract drilling services | $ 37,179 | $ 25,803 | $ 11,376 | 44% |
| Management fees | 5,258 | 738 | 4,520 | 612% |
| Reimbursables and other | 4,784 | 5,396 | (612) | (11%) |
| Total revenues | 47,221 | 31,937 | 15,284 | 48% |
| Operating costs and expenses: | | | | |
| Operating costs | 43,964 | 29,436 | (14,528) | (49%) |
| General and administrative | 4,225 | 8,257 | 4,032 | 49% |
| Depreciation | 2,482 | 8,920 | 6,438 | 72% |
| Equity in earnings of unconsolidated affiliates | 2,134 | — | (2,134) | n/m |
| Gain on sale of assets | (27) | (173) | (146) | (84%) |
| Total operating costs and expenses | 52,778 | 46,440 | (6,338) | (14%) |
| Loss from operations | (5,557) | (14,503) | 8,946 | 62% |
| Other income (expense) | | | | |
| Interest income | 920 | 229 | 691 | 302% |
| Interest expense and financing charges | — | (1,603) | 1,603 | 100% |
| Other, net | (421) | (546) | 125 | 23% |
| Total other income (expense) | 499 | (1,920) | 2,419 | 126% |
| Loss before income taxes | (5,058) | (16,423) | 11,365 | 69% |
| Income tax (benefit) provision | (5,342) | 2,449 | 7,791 | 318% |
| Net income (loss) | 284 | (18,872) | 19,156 | 102% |
| Net (loss) income attributable to noncontrolling interests | (69) | 5 | (74) | n/m |
| Net income (loss) attributable to shareholders | $ 353 | $ (18,877) | $ 19,230 | 102% |
| | | | | |
| **Drilling Services:** | | | | |
| Revenue | | | | |
| Contract drilling services | $ — | $ 24,312 | $ (24,312) | (100%) |
| Reimbursables and other | — | 2,265 | (2,265) | (100%) |
| Total revenue | — | 26,577 | (26,577) | (100%) |
| Operating costs and expenses: | | | | |
| Operating costs | 2,487 | 25,499 | 23,012 | 90% |
| Depreciation | 2,321 | 8,920 | 6,599 | 74% |
| Total operating costs and expenses | 4,808 | 34,419 | 29,611 | 86% |
| Loss from operations | (4,808) | (7,842) | 3,034 | 39% |
| | | | | |
| **Managed Services:** | | | | |
| Revenue | | | | |
| Contract drilling services | $ 37,179 | $ 1,491 | $ 35,688 | n/m |
| Management fees | 5,258 | 738 | 4,520 | 612% |
| Reimbursables and other | 4,784 | 3,131 | 1,653 | 53% |
| Total revenue | 47,221 | 5,360 | 41,861 | 781% |
| Operating costs and expenses: | | | | |
| Operating costs | 41,477 | 3,937 | (37,540) | (954%) |
| Total operating costs and expenses | 41,477 | 3,937 | (37,540) | (954%) |
| Income from operations | 5,744 | 1,423 | 4,321 | 304% |

n/m = not meaningful

*Consolidated Revenue:* Total revenue increased $15.3 million primarily due to changes in operating activities in the Current Period (as discussed immediately below).

*Drilling Services Revenue:* Contract drilling revenue decreased $24.3 million in the Current Period as compared to the Comparable Period primarily due to the sale (TEVA Sale Transaction) of the *Tungsten Explorer* in August 2025, which is now managed by the Company and included in Managed Services. Reimbursables and other revenue decreased $2.3 million in the Current Period as compared to the Comparable Period primarily due to the transition of *Tungsten Explorer* now being managed vs. owned.

*Managed Services Revenue:* Contract drilling services revenue increased $35.7 million in the Current Period as compared to the Comparable Period primarily due to the *Tungsten Explorer* being managed in the Current Period versus owned in the Comparable Period partially offset by lower revenue due to the conclusion of the *Soehanah* campaign in July 2025. Management fees increased $4.5 million in the Current Period as compared to the Comparable Period primarily due to the *Tungsten Explorer* becoming a managed asset after the sale of the rig in August 2025, partially offset by lower management fees earned on the *Topaz Driller* and the conclusion of support agreement on the EDC rigs in May 2025. Reimbursables and other revenue increased $1.7 million in the Current Period as compared to the Comparable Period primarily due to the management of the *Tungsten Explorer* and *Topaz Driller* partially offset by conclusion of the *Soehanah* campaign.

*Consolidated Operating Costs:* Total operating costs increased $14.5 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 $23.0 million in the Current Period as compared to the Comparable Period primarily due to (i) sale of the *Tungsten Explorer* and (ii) lower repair and maintenance costs on the *Platinum Explorer.*

*Managed Services Operating Costs:* Managed Services operating costs increased $37.5 million in the Current Period as compared to the Comparable Period primarily due to the *Tungsten Explorer* being managed in the Current Period versus owned in the Comparable Period (as discussed in “Managed Services Revenue” above), partially offset by the conclusion of the *Soehanah, Capella* and *Polaris* campaigns and the support agreement on the EDC rigs.

*General and Administrative Expenses:* General and administrative expenses decreased by $4.0 million in the Current Period as compared to the Comparable Period, primarily due to lower non cash share-based compensation expense resulting from a cumulative adjustment recognized upon satisfaction of the IPO Condition in the Comparable Period, as well as lower professional fees.

*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 of $6.4 million in the Current Period as compared to the Comparable Period is mainly due to the sale of the *Tungsten Explorer* in August 2025.

*Equity in Losses (Earnings) of Unconsolidated Affiliates*: Equity in losses of unconsolidated affiliates increased in the Current Period as compared to the Comparable Period primarily due to the losses incurred in TEVA. The Company records 25% share of TEVA’s net loss under the equity method.

*Gain on Sale of Assets*: Gain on sale of assets decreased by an immaterial amount of $0.1 million in the Current Period as compared to the Comparable Period.

*Interest Income:* Interest income increased $0.7 million in the Current Period as compared to the Comparable Period primarily due to interest income on shareholder loan to TEVA and higher balance in interest yielding bank account.

*Interest Expense and Financing Charges:* Interest expense and financing charges decreased $1.6 million in the Current Period as compared to the Comparable Period primarily due to the full redemption of 9.50% First Lien Notes in September 2025.

*Other, Net:* Our functional currency is USD; however, a portion of the revenues earned and expenses incurred by certain of our subsidiaries are denominated in currencies other than USD. These transactions are re-measured in USD based on current exchange rates. A net foreign currency exchange loss of $0.4 million and $0.5 million, primarily due to fluctuation of local currency were included in “Other, net” for the Current Period and Comparable Period, respectively.

*Income Tax Provision:* The income tax expense for the Current Period was calculated 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 Comparable Period was 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 evaluates the use of the appropriate method to calculate the income tax expense at each interim reporting period.

Our annualized effective tax rate for the Current Period was 170.65%, determined based on estimated annualized ordinary profit before income taxes, excluding discrete tax items. Comparability to the Comparable Period is limited due to the different methodology applied in that period.

**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 expect to meet our cash flow requirements through a combination of cash generated from operations, existing cash balances. As of March 31, 2026, we had working capital of approximately $81.4 million, which included approximately $61.4 million in cash and cash equivalents available for general corporate purposes. We believe our cash reserves are sufficient and continue to actively manage both our actual cash flows and forecasts.

We anticipate that our capital expenditures through March 31, 2027 will be between approximately $9.4 million and approximately $11.5 million. As our rigs obtain new contracts, we could incur reactivation and mobilization costs for these rigs, as well as customer requested equipment upgrades, some (or all) of which could be significant and may not be fully recoverable from the customer. Based on our levels of activity anticipated, as of the date of this Quarterly Report, incremental expenditures through March 31, 2027 for special periodic surveys, major repair and maintenance expenditures and equipment re-certifications are anticipated to be between approximately $6.6 million and approximately $8.1 million. As of March 31, 2026, we maintained letter of credit and bank guarantees in the aggregate amount of $3.5 million. As of March 31, 2026, we had collateral deposits in the amount of $3.6 million with respect to these agreements.

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

| | Three Months Ended March 31, | |
|---|---|---|
| (unaudited, in thousands) | 2026 | 2025 |
| Cash flows (used in) provided by: | | |
| Operating activities | $ (33,580) | $ (12,095) |
| Investing activities | 1,946 | (575) |
| Financing activities | — | (621) |

*Cash Provided by or Used in Operating Activities*

Net cash used in operating activities for the Current Period increased by $21.5 million as compared to the Comparable Period. This increase was primarily due to payment of performance guarantee deposits in the Current Period.

*Cash Provided by or Used in Investing Activities*

Net cash provided by investing activities for the Current Period increased by $2.5 million as compared to the Comparable Period. This increase was primarily due to cash proceeds received from the sale of assets offset by the property and equipment additions.

*Cash Provided by or Used in Financing Activities*

Net cash used in financing activities for the Current Period decreased by $0.6 million as compared to the Comparable Period. This decrease was primarily due to no dividend equivalent payment and shares repurchased for tax withholdings on settlements of RSUs in the Current Period compared to the Comparable Period.

*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. 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 volatility in pricing and supply related to the ongoing conflict in the Middle East, 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 March 31, 2026, 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, 2025, which has been made available on our website at *www.vantagedrilling.com*. During the Current Period 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 March 31, 2026. 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 quarter ended March 31, 2026 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).