

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 1-8097

Valaris Limited

(Exact name of registrant as specified in its charter)

Bermuda

(State or other jurisdiction of
incorporation or organization)

Richmond House, 12 Par-la-Ville Road
Hamilton Bermuda

(Address of principal executive offices)

98-1589854

(I.R.S. Employer
Identification No.)

HM 08

(Zip Code)

Registrant's telephone number, including area code: **+44 (0) 20 7659 4660**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Ticker Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Shares, \$0.01 par value share	VAL	New York Stock Exchange
Warrants to purchase Common Shares	VAL WS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 30, 2026, there were 69,435,807 Common Shares of the registrant outstanding.

VALARIS LIMITED
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FOR THE QUARTER ENDED JUNE 30, 2026

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FORWARD-LOOKING STATEMENTS

Statements contained in this report that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include words or phrases such as "anticipate," "believe," "estimate," "expect," "intend," "likely," "outlook," "plan," "project," "could," "may," "might," "should," "will" and similar words and specifically include statements regarding expected financial performance; expected utilization, day rates, revenues, operating expenses, cash flows, contract status, terms and duration, contract backlog, capital expenditures, insurance, financing and funding; our expectations regarding the timing, completion and anticipated benefits of the pending business combination (the "Business Combination") with Transocean Ltd.; the offshore drilling market, including supply and demand, customer drilling programs, stacking of rigs, effects of new rigs on the market and effect of the volatility of commodity prices; expected work commitments, awards, contracts and letters of intent; the availability, delivery, mobilization, contract commencement or relocation or other movement of rigs and the timing thereof; rig reactivations, enhancement, upgrade or repair and timing and cost thereof; the suitability of rigs for future contracts; performance and expected benefits of our joint ventures, including our joint venture with Saudi Arabian Oil Company ("Saudi Aramco"); timing of the delivery of the Saudi Aramco Rowan Offshore Drilling Company ("ARO") newbuild rigs and the timing of additional ARO newbuild orders; divestitures of assets; general market, business and industry conditions, trends and outlook; general political conditions, including political tensions, conflicts and war; the impacts and effects of public health crises, pandemics and epidemics; future operations; the effectiveness of our cybersecurity programs; uncertainty around the use and impacts of artificial intelligence ("AI") applications; expectations regarding our sustainability targets and strategy; the impact of increasing regulatory complexity; the outcome of tax disputes, assessments and settlements; expense management; and the likely outcome of litigation, legal proceedings, investigations or insurance or other claims or contract disputes and the timing thereof.

Such statements are subject to numerous risks, uncertainties and assumptions that may cause actual results to vary materially from those indicated, including:

- our ability to complete the Business Combination as timely as expected or at all, the impact of the significant management time and resources expended in an effort to complete the Business Combination, any disruptions to our relationships with third parties and employees or negative publicity or legal proceedings related to the Business Combination or disruptions to our ongoing operations, and uncertainty regarding the outcome of the Business Combination;
- delays in contract commencement dates or cancellation, suspension, renegotiation or termination with or without cause of drilling contracts or drilling programs as a result of general or industry-specific economic conditions, regulatory changes, mechanical difficulties, performance, delays in the delivery of critical drilling equipment, failure of the customer to receive final investment decision (FID) for which the drilling rig was contracted or other reasons;
- changes in worldwide rig supply and demand, competition or technology;
- general economic and business conditions, including recessions, inflation, volatility affecting the banking system and financial markets, changing tariff and tax policies, trade disputes and adverse changes in the level of international trade activity;
- requirements to make significant expenditures in connection with customer drilling requirements, joint ventures, rig reactivations and to comply with governing laws or regulations in the regions we operate;
- loss of a significant customer or customer contract, as well as customer consolidation and changes to customer strategy, including focusing on renewable energy projects;
- our ability to attract and retain skilled personnel on commercially reasonable terms, whether due to labor regulations, rising wages, unionization, or otherwise, or to retain employees;

- the occurrence of cybersecurity incidents, attacks or other breaches to our information technology systems, including our rig operating systems;
- the adequacy of sources of liquidity for us and our customers;
- compliance with our debt agreements and debt restrictions that may limit our liquidity and flexibility;
- our ability to obtain financing, service our debt, fund capital expenditures and pursue other business opportunities;
- risks inherent to drilling rig repairs, modifications, upgrades or reactivations, unexpected delays in equipment delivery, engineering, design or commissioning issues following delivery, or changes in the commencement, completion or service dates;
- our ability to generate operational efficiencies from our shared services center and potential risks relating to the processing of transactions and recording of financial information;
- downtime and other risks associated with offshore rig operations, including rig or equipment failure, damage and other unplanned repairs, the limited availability of transport vessels, hazards, self-imposed drilling limitations and other delays due to severe storms and hurricanes and the limited availability or high cost of insurance coverage for certain offshore perils, such as hurricanes in the Gulf of America or associated removal of wreckage or debris;
- our customers cancelling or shortening the duration of our drilling contracts, cancelling future drilling programs and seeking pricing and other contract concessions from us;
- decreases in levels of drilling activity and capital expenditures by our customers, whether as a result of the global capital markets and liquidity, prices of oil and natural gas, changes in tax policy (such as the United Kingdom's (the "U.K.") windfall tax on oil and gas producers in the British North Sea), climate change concerns or otherwise, which may cause us to idle, stack or retire additional rigs;
- impacts and effects of public health crises, pandemics and epidemics, the related public health measures implemented by governments worldwide, the duration and severity of an outbreak and its impact on global oil demand, the volatility in prices for oil and natural gas and the extent of disruptions to our operations;
- disruptions to the operations and business of our key customers, suppliers and other counterparties, including impacts affecting our supply chain and logistics;
- governmental action, terrorism, cyber-attacks, piracy, military action and political and economic uncertainties, including civil unrest, political demonstrations, mass strikes, or an escalation or additional outbreak of armed hostilities or other crises in oil or natural gas producing areas (including conflicts in the Middle East and potential disruptions to key shipping lanes such as the Strait of Hormuz), which may result in expropriation, nationalization, confiscation or deprivation or destruction of our assets; suspension and/or termination of contracts based on force majeure events or adverse environmental safety events; or volatility in prices of oil and natural gas;
- risks associated with operations in non-U.S. jurisdictions and the expansion into new geographical markets;
- risks and challenges resulting from the use of AI by us, third-party service providers or our competitors;
- disputes over production levels among members of the Organization of Petroleum Exporting Countries and other oil and gas producing nations ("OPEC+"), or changes in the composition of OPEC+, including the withdrawal of member countries, which could result in increased supply and/or volatility in prices for oil and natural gas that could affect the markets for our services;
- our ability to enter into, and the terms of, future drilling contracts for rigs currently idled and for rigs whose contracts are expiring;

- any failure to execute definitive contracts following announcements of letters of intent, letters of award or other expected work commitments;
- the outcome of litigation, legal proceedings, investigations or other claims or contract disputes, including any inability to collect receivables or resolve significant contractual or day rate disputes, and any renegotiation, nullification, cancellation or breach of contracts with customers or other parties;
- internal control risk due to changes in management, hiring of employees, employee reductions and our shared service center;
- governmental regulatory, legislative and permitting requirements affecting drilling operations, including limitations on drilling locations, limitations on new oil and gas leasing in United States (the "U.S.") federal lands and waters, and legislative or regulatory measures to limit or reduce greenhouse gas emissions;
- governmental policies that could reduce demand for hydrocarbons, including mandating or incentivizing the conversion from internal-combustion-engine-powered vehicles to electric-powered vehicles;
- forecasts or expectations regarding the global energy transition, including consumer preferences for alternative fuels and electric-powered vehicles, as part of the global energy transition;
- increased scrutiny from regulators, market and industry participants, stakeholders and others in regard to our sustainability practices and reporting;
- our ability to achieve our sustainability aspirations, targets, goals and commitments, or the impact of any changes to such matters;
- potential impacts on our business resulting from climate change, and the impact on our business from climate change-related physical changes or changes in weather patterns;
- new and future regulatory, legislative or permitting requirements, future lease sales, changes in laws, rules and regulations that have or may impose increased financial responsibility, additional oil spill abatement contingency plan capability requirements and other governmental actions that may result in claims of force majeure or otherwise adversely affect our existing drilling contracts, operations or financial results;
- environmental or other liabilities, risks, damages or losses, whether related to storms, hurricanes or other weather-related events (including wreckage or debris removal), collisions, groundings, blowouts, fires, explosions, cyber-attacks, terrorism or otherwise, for which insurance coverage and contractual indemnities may be insufficient, unenforceable or otherwise unavailable;
- tax matters, including our effective tax rates, tax positions, results of audits, changes in tax laws (including global minimum tax initiatives), treaties and regulations, tax assessments and liabilities for taxes;
- our ability to realize the expected benefits of our joint venture with Saudi Aramco, including our ability to fund any required capital contributions or to enforce any payment obligations of the joint venture pursuant to outstanding shareholder notes receivable and benefits of our other joint ventures;
- the potentially dilutive impacts of outstanding warrants;
- the costs, disruption and diversion of our management's attention associated with campaigns by activist securityholders; and
- adverse changes in foreign currency exchange rates.

In addition to the numerous risks, uncertainties and assumptions described above, you should also carefully read and consider "[Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#)" in [Part I](#) and "[Item 1A. Risk Factors](#)" in [Part II](#) of this report, and "Item 1A. Risk Factors" in Part I and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II of our annual report on Form 10-K for the year ended December 31, 2025, which is available on the U.S. Securities and Exchange Commission website at www.sec.gov. 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, except as required by law.

PART I - FINANCIAL INFORMATION

Item 1. *Financial Statements*

VALARIS LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
OPERATING REVENUES				
Revenues (exclusive of reimbursable revenues)	\$ 502.3	\$ 572.3	\$ 932.4	\$ 1,150.1
Reimbursable revenues	36.9	42.9	72.2	85.8
Total operating revenues	539.2	615.2	1,004.6	1,235.9
OPERATING EXPENSES				
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	380.4	355.2	720.8	729.2
Reimbursable expenses	35.1	40.5	68.1	81.5
Total contract drilling expenses (exclusive of depreciation)	415.5	395.7	788.9	810.7
Depreciation	44.6	35.5	87.3	68.6
General and administrative	27.2	18.8	52.5	43.2
Merger and integration expenses	11.4	—	25.0	—
Other operating (income) loss	—	—	(2.8)	7.8
Total operating expenses	498.7	450.0	950.9	930.3
EQUITY IN EARNINGS (LOSSES) OF ARO	10.6	(1.1)	17.4	1.5
OPERATING INCOME	51.1	164.1	71.1	307.1
OTHER INCOME (EXPENSE)				
Interest income	16.3	15.1	33.3	29.5
Interest expense, net	(24.0)	(24.8)	(48.3)	(49.1)
Other, net	37.2	(8.7)	34.9	12.5
Total other income (expense)	29.5	(18.4)	19.9	(7.1)
INCOME BEFORE INCOME TAXES	80.6	145.7	91.0	300.0
PROVISION FOR INCOME TAXES				
Current income tax expense	22.4	28.0	41.3	51.7
Deferred income tax expense	11.2	3.5	20.7	173.3
Total provision for income taxes	33.6	31.5	62.0	225.0
NET INCOME	47.0	114.2	29.0	75.0
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS				
	3.4	0.9	5.0	2.2
NET INCOME ATTRIBUTABLE TO VALARIS	\$ 50.4	\$ 115.1	\$ 34.0	\$ 77.2
EARNINGS PER SHARE				
Basic	\$ 0.73	\$ 1.62	\$ 0.49	\$ 1.09
Diluted	\$ 0.72	\$ 1.61	\$ 0.48	\$ 1.08
WEIGHTED-AVERAGE SHARES OUTSTANDING				
Basic	69.3	71.1	69.2	71.1
Diluted	70.4	71.3	70.3	71.3

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

VALARIS LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
NET INCOME	\$ 47.0	\$ 114.2	\$ 29.0	\$ 75.0
OTHER COMPREHENSIVE INCOME, NET				
Net reclassification adjustment for amounts recognized in net income as a component of net periodic pension benefit	(0.2)	(0.2)	(0.4)	(0.4)
Foreign currency translation adjustments	0.2	1.8	3.4	3.1
NET OTHER COMPREHENSIVE INCOME	—	1.6	3.0	2.7
COMPREHENSIVE INCOME	47.0	115.8	32.0	77.7
COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	3.4	0.9	5.0	2.2
COMPREHENSIVE INCOME ATTRIBUTABLE TO VALARIS	\$ 50.4	\$ 116.7	\$ 37.0	\$ 79.9

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

VALARIS LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except par value amounts)

	June 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 541.2	\$ 599.4
Accounts receivable, net	458.1	474.8
Assets held for sale	2.0	6.4
Other current assets	197.4	144.7
Total current assets	1,198.7	1,225.3
PROPERTY AND EQUIPMENT, AT COST	2,826.8	2,598.3
Less accumulated depreciation	593.0	509.5
Property and equipment, net	2,233.8	2,088.8
LONG-TERM NOTES RECEIVABLE FROM ARO	357.2	345.0
INVESTMENT IN ARO	139.2	121.8
DEFERRED TAX ASSETS	1,345.3	1,364.2
OTHER ASSETS	174.2	159.7
Total assets	\$ 5,448.4	\$ 5,304.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 416.0	\$ 348.2
Accrued liabilities and other	358.8	343.4
Total current liabilities	774.8	691.6
LONG-TERM DEBT	1,087.6	1,086.0
DEFERRED TAX LIABILITIES	31.5	29.7
OTHER LIABILITIES	336.7	325.8
Total liabilities	2,230.6	2,133.1
COMMITMENTS AND CONTINGENCIES (Note 11)		
VALARIS SHAREHOLDERS' EQUITY		
Common Shares, \$0.01 par value, 700.0 shares authorized, 76.5 and 76.4 shares issued, 69.3 and 69.2 shares outstanding as of June 30, 2026 and December 31, 2025, respectively	0.8	0.8
Preference shares, \$0.01 par value, 150.0 shares authorized, no shares issued as of June 30, 2026 and December 31, 2025	—	—
Stock warrants	16.4	16.4
Additional paid-in capital	1,149.0	1,134.9
Retained earnings	2,415.7	2,381.7
Accumulated other comprehensive income	63.9	60.9
Treasury shares, at cost, 7.2 shares as of June 30, 2026 and December 31, 2025	(425.1)	(425.1)
Total Valaris shareholders' equity	3,220.7	3,169.6
NONCONTROLLING INTERESTS	(2.9)	2.1
Total shareholders' equity	3,217.8	3,171.7
Total liabilities and shareholders' equity	\$ 5,448.4	\$ 5,304.8

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

VALARIS LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Six Months Ended June 30,	
	2026	2025
OPERATING ACTIVITIES		
Net income	\$ 29.0	\$ 75.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	87.3	68.6
Net gain on sale of property	(36.1)	(27.9)
Deferred income tax expense	20.7	173.3
Equity in earnings of ARO	(17.4)	(1.5)
Share-based compensation expense	15.6	11.6
Accretion of discount on Notes Receivable from ARO	(12.2)	(12.3)
Recovery of bad debt expense	(11.4)	(0.1)
Other operating (income) loss	(2.8)	7.8
Changes in deferred costs	(30.2)	4.3
Changes in contract assets	(7.5)	(0.3)
Changes in contract liabilities	6.9	(33.4)
Other	1.9	4.5
Changes in operating assets and liabilities	51.7	14.6
Contributions to pension plans and other post-retirement benefits	(7.4)	(8.3)
Net cash provided by operating activities	88.1	275.9
INVESTING ACTIVITIES		
Additions to property and equipment	(206.4)	(167.4)
Proceeds from disposition of assets	60.3	27.6
Net cash used in investing activities	(146.1)	(139.8)
FINANCING ACTIVITIES		
Other	(1.5)	(0.4)
Net cash used in financing activities	(1.5)	(0.4)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(59.5)	135.7
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	617.5	380.5
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	\$ 558.0	\$ 516.2

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

VALARIS LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Unaudited Condensed Consolidated Financial Statements

We prepared the accompanying condensed consolidated financial statements of Valaris Limited and its subsidiaries (the "Company," "Valaris," "our," "we" or "us") in accordance with accounting principles generally accepted in the United States of America ("GAAP"), pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") included in the instructions to Form 10-Q and Article 10 of Regulation S-X. The financial information included in this report is unaudited but, in our opinion, includes all adjustments (consisting of normal recurring adjustments) that are necessary for a fair presentation of our financial position, results of operations and cash flows for the interim periods presented. The December 31, 2025 Condensed Consolidated Balance Sheet data was derived from our 2025 audited consolidated financial statements but does not include all disclosures required by GAAP. The preparation of our condensed consolidated financial statements requires us to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the related revenues and expenses and disclosures of gain and loss contingencies as of the date of the financial statements. Actual results could differ from those estimates.

Results of operations for the three and six months ended June 30, 2026 are not necessarily indicative of the results of operations that will be realized for the year ending December 31, 2026, or for any future period. We recommend these condensed consolidated financial statements be read in conjunction with our annual report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 20, 2026 (our "Annual Report").

Pending Business Combination with Transocean

On February 9, 2026, we entered into a business combination agreement (the "Business Combination Agreement") with Transocean Ltd., a Swiss corporation ("Transocean"), under which Transocean will acquire all of the issued and outstanding common shares of Valaris in exchange for shares of Transocean at an exchange ratio of 15.235 Transocean shares for each common share of Valaris (the "Business Combination"). In addition, Warrants that are outstanding as of immediately prior to the transaction closing date will be assumed by Transocean and remain outstanding and be exercisable for the Fundamental Transaction Consideration (as defined in the Warrant Agreement, dated as of April 30, 2021, by and between Valaris and the warrant agent named therein) multiplied by the number of Valaris common shares for which each warrant is exercisable immediately prior to the transaction closing date. The Business Combination will be effected by way of a court-approved scheme of arrangement between Valaris and the holders of the Valaris common shares pursuant to section 99 of the Companies Act 1981 of Bermuda, as amended. Upon completion and on a fully diluted basis assuming conversion to shares of Transocean's exchangeable bonds due 2029, Transocean shareholders would own approximately 53% of the combined company, with Valaris shareholders owning the remaining 47%.

Completion of the Business Combination is subject to customary closing conditions, including (i) the receipt of the requisite approvals of the Valaris shareholders and the Transocean shareholders, (ii) the granting of the sanction order on terms consistent with the Business Combination Agreement, (iii) the Transocean shares issued pursuant to the Business Combination Agreement having been approved for listing on the NYSE, subject to official notice of issuance, (iv) certain regulatory approvals having been obtained or any applicable waiting period having expired or been terminated, (v) no governmental authority within applicable jurisdictions having enacted or issued any law or order preventing or prohibiting the consummation of the Business Combination and (vi) the absence of a Transocean Material Adverse Effect or a Valaris Material Adverse Effect (each as defined within the Business Combination Agreement). Under certain specified circumstances in which the Business Combination Agreement is terminated, we would be required to pay to Transocean a termination fee equal to \$173.0 million.

In connection with the Business Combination, we incurred professional fees and other costs of \$11.4 million and \$25.0 million for the three and six months ended June 30, 2026, respectively, which are included within Merger and integration expenses in the Condensed Consolidated Statements of Operations.

Summary of Significant Accounting Policies

Please refer to "Note 1. Description of the Business and Summary of Significant Accounting Policies" of our Consolidated Financial Statements from our Annual Report for the discussion of our significant accounting policies. Certain previously reported amounts have been reclassified to conform to the current year presentation.

New Accounting Pronouncements

Accounting Pronouncements to be Adopted

Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures - In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("Update 2024-03"), which requires companies to disclose additional information for certain relevant expense categories in the Statements of Operations and within the notes to the financial statements. Update 2024-03 is 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 assessing the impact of the requirements on our condensed consolidated financial statements and disclosures, but do not expect the adoption of Update 2024-03 to result in a change in recognition or measurement of expenses within our consolidated financial statements.

With the exception of the updated standard discussed above, there have been no accounting pronouncements issued and not yet effective that have significance, or potential significance, to our condensed consolidated financial statements.

Note 2 - Revenue from Contracts with Customers

Under our drilling contracts with customers, we provide a drilling rig and drilling services, including rig crews, on a day rate contract basis. We receive a daily rate that may vary between the full rate and zero rate throughout the duration of the contractual term, depending on the operations of the rig. We also may receive lump-sum fees or similar compensation generally for the mobilization, demobilization, and capital upgrades of our rigs. Our customers bear substantially all of the costs of constructing the well and supporting drilling operations, as well as the economic risk relative to the success of the well.

Our drilling service provided under each drilling contract is a single performance obligation satisfied over time and comprised of a series of distinct time increments, or service periods. Total revenue is determined for each individual drilling contract by estimating both fixed and variable consideration expected to be earned over the contract term. Fixed consideration generally relates to activities such as mobilization, demobilization and capital upgrades of our rigs that are not distinct performance obligations within the context of our contracts and is recognized on a straight-line basis over the contract term. Variable consideration generally relates to distinct service periods during the contract term and is recognized in the period when the services are performed.

The remaining duration of our drilling contracts based on those in place as of June 30, 2026 was between approximately 1 month and 4 years.

Contract Assets and Liabilities

Contract assets represent amounts recognized as revenue but for which the right to invoice the customer is dependent upon our future performance. Once the previously recognized revenue is invoiced, the corresponding contract asset, or a portion thereof, is transferred to accounts receivable.

Contract liabilities generally represent fees received for mobilization, capital upgrades or in the case of our 50/50 unconsolidated joint venture with Saudi Aramco, represent the difference between the amounts billed under the bareboat charter arrangements and lease revenues earned. See "[Note 3 – Equity Method Investment in ARO](#)" for additional details regarding our balances with ARO.

Contract assets and liabilities are presented net on our Condensed Consolidated Balance Sheets on a contract-by-contract basis. Current contract assets and liabilities are included in Other current assets and Accrued liabilities and other, respectively, and noncurrent contract assets and liabilities are included in Other assets and Other liabilities, respectively, on our Condensed Consolidated Balance Sheets.

The following table summarizes our contract assets and contract liabilities (in millions):

	June 30, 2026	December 31, 2025
Current contract assets	\$ 9.5	\$ 4.3
Noncurrent contract assets	\$ 15.1	\$ 12.8
Current contract liabilities (deferred revenues)	\$ 117.5	\$ 87.7
Noncurrent contract liabilities (deferred revenues)	\$ 74.0	\$ 63.2

Changes in contract assets and liabilities during the period are as follows (in millions):

	Contract Assets	Contract Liabilities
Balance as of December 31, 2025	\$ 17.1	\$ 150.9
Revenue recognized in advance of right to bill customer	10.6	—
Increase due to revenue deferred during the period	—	101.6
Decrease due to amortization of deferred revenue that was included in the beginning contract liability balance	—	(47.2)
Decrease due to amortization of deferred revenue added during the period	—	(13.8)
Decrease due to transfer to receivables and payables during the period	(3.1)	—
Balance as of June 30, 2026	\$ 24.6	\$ 191.5

Deferred Contract Costs

Costs incurred for upfront rig mobilizations and certain contract preparations are attributable to our future performance obligation under each respective drilling contract. These costs are deferred and amortized on a straight-line basis over the contract term. Deferred contract costs are included in Other current assets and Other assets on our Condensed Consolidated Balance Sheets and totaled \$68.0 million and \$36.6 million as of June 30, 2026 and December 31, 2025, respectively. During the three and six months ended June 30, 2026, amortization of such costs totaled \$18.9 million and \$32.5 million, respectively. During the three and six months ended June 30, 2025, amortization of such costs totaled \$8.8 million and \$21.6 million, respectively.

Deferred Certification Costs

We must obtain certifications from various regulatory bodies in order to operate our drilling rigs and must maintain such certifications through periodic inspections and surveys. The costs incurred in connection with maintaining such certifications, including inspections, tests, surveys and drydock, and other compliance costs, are deferred and amortized on a straight-line basis over the corresponding certification periods. Deferred regulatory certification and compliance costs were included in Other current assets and Other assets on our Condensed Consolidated Balance Sheets and totaled \$6.4 million and \$7.6 million as of June 30, 2026 and December 31, 2025, respectively. During the three and six months ended June 30, 2026, amortization of such costs totaled \$1.8 million and \$3.7 million, respectively. During the three and six months ended June 30, 2025, amortization of such costs totaled \$2.2 million and \$4.4 million, respectively.

Future Amortization of Contract Liabilities and Deferred Costs

The table below reflects the expected future amortization of our contract liabilities and deferred costs recorded as of June 30, 2026. In the case of our contract liabilities related to our bareboat charter arrangements with ARO, the contract liability is not amortized and as such, the amount is reflected in the table below at the end of the current lease term. See "[Note 3](#) - *Equity Method Investment in ARO*" for additional information on ARO and related arrangements.

(In millions)					
	Remaining 2026	2027	2028	2029 and Thereafter	Total
Amortization of contract liabilities	\$ 61.7	\$ 76.1	\$ 17.1	\$ 36.6	\$ 191.5
Amortization of deferred costs	\$ 34.4	\$ 32.3	\$ 7.3	\$ 0.4	\$ 74.4

Note 3 - Equity Method Investment in ARO

Background

ARO is a 50/50 unconsolidated joint venture between the Company and Saudi Aramco that owns and operates jackup drilling rigs in Saudi Arabia. As of June 30, 2026, ARO owned nine jackup rigs, had ordered two newbuild jackup rigs and leased seven rigs from us through bareboat charter arrangements (the "Lease Agreements") whereby substantially all operating costs are incurred by ARO.

The shareholder agreement governing the joint venture (the "Shareholder Agreement") specifies that ARO shall purchase 20 newbuild jackup rigs. Under this program, two newbuild jackups have been built and are in service and two additional newbuild jackups, Kingdom 3 and Kingdom 4, were ordered in October 2024 and November 2025, respectively. In connection with these plans, we have a potential obligation to fund ARO for newbuild jackup rigs. See "[Note 11](#) - *Contingencies*" for additional information.

Equity in earnings (losses) of ARO

We account for our interest in ARO using the equity method of accounting and only recognize our portion of ARO's net income, adjusted for basis differences as discussed below, which is included in Equity in earnings (losses) of ARO in our Condensed Consolidated Statements of Operations.

Our equity method investment in ARO was recorded at its estimated fair value in fresh start accounting upon emergence from bankruptcy in 2021. We computed the difference between the fair value of ARO's net assets and the carrying value of those net assets in ARO's U.S. GAAP financial statements ("basis differences") at that date. These basis differences primarily related to ARO's long-lived assets and the recognition of intangible assets associated with certain of ARO's drilling contracts that were determined to have favorable terms relative to market terms as of the measurement date.

Basis differences are amortized over the remaining life of the assets or liabilities to which they relate and are recognized as an adjustment to the Equity in earnings (losses) of ARO in our Condensed Consolidated Statements of Operations. The amortization of those basis differences is combined with our 50% interest in ARO's net income. A reconciliation of those components is presented below (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
50% interest in ARO net income (loss) ⁽¹⁾	\$ 7.4	\$ (4.3)	\$ 11.1	\$ (4.8)
Amortization of basis differences	3.2	3.2	6.3	6.3
Equity in earnings (losses) of ARO	\$ 10.6	\$ (1.1)	\$ 17.4	\$ 1.5

⁽¹⁾ The 50% interest in ARO net income for the three and six months ended June 30, 2026 includes the recognition of \$14.3 million in additional income, which represents our proportionate share of adjustments recorded by ARO during the completion of its 2025 financial statements subsequent to the issuance of our Annual Report.

Related-Party Transactions

Revenues recognized by us related to the Lease Agreements are included within Revenues (exclusive of reimbursable revenues) and revenues related to certain reimbursable expenses in accordance with the Lease Agreements are recognized within Reimbursable revenues in our Condensed Consolidated Statements of Operations and were as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues (exclusive of reimbursable revenues) from Lease Agreements	\$ 14.8	\$ 16.9	\$ 33.3	\$ 30.4
Reimbursable revenues from Lease Agreements	3.1	—	10.2	—
Total operating revenues from Lease Agreements	\$ 17.9	\$ 16.9	\$ 43.5	\$ 30.4

Our balances related to the ARO lease agreements were as follows (in millions):

	June 30, 2026	December 31, 2025
Accounts receivable	\$ 34.1	\$ 47.8
Contract assets ⁽¹⁾	\$ 0.6	\$ 2.0
Contract liabilities ⁽¹⁾	\$ 26.2	\$ 16.3
Accounts payable ⁽¹⁾	\$ 64.1	\$ 61.8

⁽¹⁾ The per day bareboat charter amount in the Lease Agreements is subject to adjustment based on actual performance of the respective rig and therefore, the corresponding contract assets and contract liabilities are subject to adjustment during the lease term. Upon completion of the lease term, such amounts become a payable to or a receivable from ARO. In addition, the accounts payable balance includes amounts owed to ARO for certain reimbursable costs.

During 2017 and 2018, the Company contributed assets to ARO in exchange for a 10-year shareholder notes receivable due from ARO (the "Notes Receivable from ARO"), which bear interest based on a one-year term Secured Overnight Financing Rate ("SOFR"), set as of the end of the year prior to the applicable year, plus 2.10%. The Notes Receivable from ARO were adjusted to their estimated fair value in fresh start accounting in 2021 and the resulting discount to the principal amount is being amortized using the effective interest method to interest income over the remaining terms of the notes.

The principal amount and discount of the Notes Receivable from ARO were as follows (in millions):

	June 30, 2026		December 31, 2025	
Principal amount	\$	400.7	\$	400.7
Discount		(43.5)		(55.7)
Carrying value	\$	357.2	\$	345.0
Interest receivable ^{(1) (2)}	\$	11.1	\$	—

⁽¹⁾ Our interest receivable from ARO is included in Accounts receivable, net in our Condensed Consolidated Balance Sheets.

⁽²⁾ The 2025 interest on the Notes Receivable from ARO of approximately \$24.1 million was paid in kind in December 2025 by increasing the principal balance of the Notes Receivable from ARO.

Interest income earned on the Notes Receivable from ARO was as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Interest income	\$ 5.6	\$ 4.0	\$ 11.1	\$ 8.0
Non-cash amortization ⁽¹⁾	6.1	6.2	12.2	12.3
Total interest income on the Notes Receivable from ARO	\$ 11.7	\$ 10.2	\$ 23.3	\$ 20.3

⁽¹⁾ Represents the amortization of the discount on the Notes Receivable from ARO using the effective interest method to interest income over the term of the notes.

Note 4 - Fair Value Measurements

The carrying values and estimated fair values of certain of our financial instruments were as follows (in millions):

	June 30, 2026		December 31, 2025	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
2030 Second Lien Notes ⁽¹⁾	\$ 1,087.6	\$ 1,142.9	\$ 1,086.0	\$ 1,144.9
Notes Receivable from ARO ⁽²⁾	\$ 357.2	\$ 409.5	\$ 345.0	\$ 403.8

⁽¹⁾ The estimated fair value of the 2030 Second Lien Notes (as defined in "[Note 8 - Debt](#)") was determined using quoted market prices, which are level 1 inputs.

⁽²⁾ The estimated fair value of the Notes Receivable from ARO was estimated using an income approach to value the forecasted cash flows attributed to the Notes Receivable from ARO using a discount rate based on a comparable yield with a country-specific risk premium, which are considered to be level 2 inputs.

The estimated fair values of our cash and cash equivalents, restricted cash, accounts receivable and trade payables approximated their carrying values as of June 30, 2026 and December 31, 2025.

Note 5 - Property and Equipment

Property and equipment consisted of the following (in millions):

	June 30, 2026	December 31, 2025
Drilling rigs and equipment	\$ 2,082.0	\$ 1,958.8
Work-in-progress	695.4	590.3
Other	49.4	49.2
Total property and equipment, at cost	\$ 2,826.8	\$ 2,598.3

While taking into account certain restrictions on the sales of assets under our Indenture dated as of April 19, 2023 and within the Business Combination Agreement, as part of our strategy, we may act opportunistically from time to time to sell assets to enhance shareholder value. Gains and losses recognized on sale of assets are recognized in Other, net on the Condensed Consolidated Statements of Operations. Additionally, we may consider retiring assets that no longer meet our standards for economic returns. Non-cash losses on impairment and any gains on remeasurement of assets held for sale are recognized within Other operating (income) loss on the Condensed Consolidated Statements of Operations.

Assets Held for Sale

In May 2026, we entered into an agreement to sell VALARIS 109, a rig within our Jackups segment, for cash proceeds of \$34.0 million, subject to certain customary closing conditions. In accordance with this agreement, we received a cash deposit of \$3.4 million in June 2026. In July 2026, we completed the sale of VALARIS 109, received the remaining cash proceeds and recognized a pre-tax gain of approximately \$31.0 million during the third quarter of 2026.

In connection with the sale, we reclassified the \$2.0 million carrying value of VALARIS 109 as of June 30, 2026 from Property and equipment, net to Assets held for sale on our Condensed Consolidated Balance Sheets during the second quarter of 2026.

Assets Sold

Sale of VALARIS 104

In April 2026, we entered into an agreement to sell VALARIS 104, a rig within our Jackups segment, for alternative use. The rig was sold for cash proceeds of \$40.0 million, resulting in the recognition of a pre-tax gain of \$36.6 million during the three months ended June 30, 2026.

Sale of VALARIS DPS-1

In the fourth quarter of 2025, we approved a plan to retire VALARIS DPS-1, a semisubmersible rig within our Floaters segment. VALARIS DPS-1 was reclassified from Property and equipment, net to Assets held for sale on our Consolidated Balance Sheets during the fourth quarter of 2025.

In connection with the held-for-sale classification of VALARIS DPS-1, we recognized a non-cash loss on impairment of \$15.8 million during 2025, resulting in a \$6.4 million carrying value as of December 31, 2025, which was determined using a probability-weighted market approach based on transactions involving comparable assets, non-binding independent broker quotes and management assumptions, all of which were considered Level 3 inputs due to the level of estimation involved.

Assets held for sale are remeasured at each reporting period for changes in estimated fair value less costs to sell, however, any related gains recognized cannot exceed the previous impairment losses taken for the specified disposal group. As such, we reassessed the fair value of VALARIS DPS-1 during the first quarter of 2026 utilizing a market approach based on a preliminary sale agreement, which was considered a Level 3 input due to the level of estimation involved since the sale had not yet been completed at the time of our analysis. In connection with this, we recognized a \$2.8 million gain on remeasurement of our asset held for sale during the first quarter of 2026.

In the second quarter of 2026, VALARIS DPS-1 was sold for recycling and removed from service for total cash proceeds of \$10.1 million. No additional gain or loss was recognized upon completion of this sale.

Sale of Other Retired Semis

In the first quarter of 2025, we approved a plan to retire three semisubmersible rigs within our Floaters segment, VALARIS DPS-3, VALARIS DPS-5, and VALARIS DPS-6 (collectively, the “Retired Semis”). In April 2025, the Retired Semis were sold for recycling and permanently removed from service for total cash proceeds of \$10.0 million.

In connection with the retirement of the Retired Semis, during the first quarter of 2025, we recognized a non-cash loss on impairment of \$7.8 million, which represented the amount of carrying value that exceeded the disposal group's aggregate fair value less costs to sell. We estimated the fair value using a market approach based on the preliminary sale agreement for the Retired Semis, which is considered a Level 3 input due to the level of estimation involved since the sale had not yet been completed at the time of our analysis.

Sale of VALARIS 75

In the first quarter of 2025, VALARIS 75, a rig within our Jackups segment which had an immaterial net book value, was sold resulting in a pre-tax gain on sale of \$23.0 million. Of the proceeds, \$14.0 million was collected upon closing, \$5.0 million was collected in January 2026 and the remaining \$5.0 million is expected to be received on the second anniversary of the closing.

Sale of Angola Office Building

In the first quarter of 2025, we sold an office building in Angola for cash proceeds of \$5.2 million, resulting in a pre-tax gain on sale of \$4.0 million. Of the proceeds, approximately \$2.5 million was collected during the fourth quarter of 2024 and \$2.7 million was collected during the first quarter of 2025.

Note 6 - Pension and Other Post-retirement Benefits

We have defined-benefit pension plans and retiree medical plans that provide post-retirement health and life insurance benefits.

The components of net periodic pension and retiree medical (income) loss were as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Interest cost	\$ 7.4	\$ 7.8	\$ 14.8	\$ 15.4
Expected return on plan assets	(8.1)	(7.3)	(16.2)	(14.5)
Amortization of net gain	(0.2)	(0.2)	(0.4)	(0.4)
Net periodic pension and retiree medical (income) loss	\$ (0.9)	\$ 0.3	\$ (1.8)	\$ 0.5

⁽¹⁾ Included in Other, net in our Condensed Consolidated Statements of Operations.

Note 7 - Earnings Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted-average number of common shares outstanding during the period. Weighted-average shares outstanding used in our computation of diluted EPS is calculated using the treasury stock method and includes the effect of all potentially dilutive stock equivalents, including warrants, restricted stock unit awards and performance stock unit awards.

The following table is a reconciliation of the weighted-average shares used in our basic and diluted EPS computations for the three and six months ended June 30, 2026 and 2025 (in millions), except per share amounts:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Income attributable to our shares	\$ 50.4	\$ 115.1	\$ 34.0	\$ 77.2
Weighted average shares outstanding:				
Basic	69.3	71.1	69.2	71.1
Effect of stock equivalents	1.1	0.2	1.1	0.2
Diluted	70.4	71.3	70.3	71.3
EARNINGS PER SHARE:				
Basic	\$ 0.73	\$ 1.62	\$ 0.49	\$ 1.09
Diluted	\$ 0.72	\$ 1.61	\$ 0.48	\$ 1.08

Anti-dilutive share awards totaling 60,000 and 80,000 were excluded from the computation of diluted EPS for the three and six months ended June 30, 2026, respectively.

Anti-dilutive shares totaling 255,000 and 274,000 were excluded from the computation of diluted EPS for the three and six months ended June 30, 2025, respectively.

We had 5,470,758 warrants outstanding (the "Warrants") as of June 30, 2026 to purchase common shares of Valaris Limited (the "Common Shares"), which are exercisable for one Common Share per Warrant at an initial exercise price of \$131.88 per Warrant and expire on April 29, 2028. The exercise of these Warrants into Common Shares would have a dilutive effect to the holdings of Valaris Limited's existing shareholders. These Warrants are anti-dilutive for all periods presented.

Note 8 - Debt

2030 Second Lien Notes

In April 2023, the Company and Valaris Finance Company LLC (“Valaris Finance”), a wholly-owned subsidiary, issued and sold, at par, \$700.0 million aggregate principal amount of Second Lien Notes (the “Initial Second Lien Notes”). In August 2023, the Company and Valaris Finance issued, at 100.75% of par, an additional \$400.0 million aggregate principal amount of Second Lien Notes (the “Additional Notes”). The Initial Second Lien Notes and the Additional Notes form a single series and are collectively referred to as the “2030 Second Lien Notes.”

The 2030 Second Lien Notes were issued under the Indenture, dated as of April 19, 2023 (the “Indenture”), and will mature on April 30, 2030. The 2030 Second Lien Notes bear an interest rate of 8.375% per annum and interest is payable semi-annually in arrears on April 30 and October 30 of each year. The 2030 Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by certain subsidiaries of the Company.

As of June 30, 2026, we were in compliance in all material respects with our covenants under the Indenture.

2028 Credit Agreement

In April 2023, the Company entered into a senior secured revolving credit agreement (the “2028 Credit Agreement”) which provides for commitments permitting borrowings of up to \$375.0 million. Permitted borrowings under the 2028 Credit Agreement may be increased, subject to the agreement of lenders to provide such additional commitments and the satisfaction of certain conditions, by an additional \$200.0 million pursuant to the terms of the 2028 Credit Agreement, and includes a \$150.0 million sublimit for the issuance of letters of credit. Valaris Finance and certain other subsidiaries of the Company guarantee the Company's obligations under the 2028 Credit Agreement, and the lenders have a first priority lien on the assets securing the 2028 Credit Agreement. The 2028 Credit Agreement is scheduled to mature on April 3, 2028.

Amounts borrowed under the 2028 Credit Agreement are subject to an interest rate per annum equal to, at our option, either (a) a base rate determined as the greatest of (i) a prime rate, (ii) the federal funds rate plus 0.5% and (iii) Term SOFR (as defined in the 2028 Credit Agreement) for a one month interest period plus 1.1% (such base rate to be subject to a 1% floor) or (b) Term SOFR plus 0.10% (subject to a 0% floor), plus, in each case of clauses (a) and (b) above, an applicable margin ranging from 1.50% to 3.00% and 2.50% to 4.00%, respectively, based on the credit ratings that are one notch higher than the corporate family ratings provided by Standard & Poor's Financial Services LLC (“S&P”) and Moody's Investors Service, Inc. (“Moody's”) with respect to Valaris Limited.

Additionally, we are required to pay a quarterly commitment fee to the lenders under the 2028 Credit Agreement with respect to the average daily unutilized commitments thereunder at a rate ranging from 0.375% to 0.75% depending on the credit ratings that are one notch higher than the corporate family ratings provided by S&P and Moody's with respect to Valaris Limited. With respect to each letter of credit issued pursuant to the 2028 Credit Agreement, we are required to pay a letter of credit fee equal to the applicable margin in effect for Term SOFR loans and a fronting fee in an amount to be mutually agreed between us and the issuer of such letter of credit.

As of June 30, 2026, we were in compliance in all material respects with our covenants under the 2028 Credit Agreement. We had no amounts outstanding under the 2028 Credit Agreement as of June 30, 2026.

Note 9 - Shareholders' Equity

Activity in our various shareholders' equity accounts for the three and six months ended June 30, 2026 and 2025 were as follows (in millions):

	Shares Issued	Par Value	Additional Paid-in Capital	Warrants	Retained Earnings	AOCI	Treasury Shares	Non- controlling Interest
BALANCE, December 31, 2025	76.4	\$ 0.8	\$ 1,134.9	\$ 16.4	\$ 2,381.7	\$ 60.9	\$ (425.1)	\$ 2.1
Net loss	—	—	—	—	(16.4)	—	—	(1.6)
Share-based compensation cost	—	—	6.4	—	—	—	—	—
Shares issued under share-based compensation plans, net	0.1	—	—	—	—	—	—	—
Net changes in pension and other postretirement benefits	—	—	—	—	—	(0.2)	—	—
Shares withheld for taxes on vesting of share-based awards	—	—	(1.4)	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	3.2	—	—
BALANCE, March 31, 2026	76.5	\$ 0.8	\$ 1,139.9	\$ 16.4	\$ 2,365.3	\$ 63.9	\$ (425.1)	\$ 0.5
Net income (loss)	—	—	—	—	50.4	—	—	(3.4)
Share-based compensation cost	—	—	9.2	—	—	—	—	—
Net changes in pension and other postretirement benefits	—	—	—	—	—	(0.2)	—	—
Shares withheld for taxes on vesting of share-based awards	—	—	(0.1)	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	0.2	—	—
BALANCE, June 30, 2026	76.5	\$ 0.8	\$ 1,149.0	\$ 16.4	\$ 2,415.7	\$ 63.9	\$ (425.1)	\$ (2.9)

	Shares Issued	Par Value	Additional Paid-in Capital	Warrants	Retained Earnings	AOCI	Treasury Shares	Non- controlling Interest
BALANCE, December 31, 2024	76.2	\$ 0.8	\$ 1,113.3	\$ 16.4	\$ 1,398.9	\$ 34.2	\$ (325.1)	\$ 5.8
Net loss	—	—	—	—	(37.9)	—	—	(1.3)
Share-based compensation cost	—	—	5.6	—	—	—	—	—
Shares issued under share-based compensation plans, net	0.1	—	—	—	—	—	—	—
Net changes in pension and other postretirement benefits	—	—	—	—	—	(0.2)	—	—
Shares withheld for taxes on vesting of share-based awards	—	—	(0.3)	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	1.3	—	—
BALANCE, March 31, 2025	76.3	\$ 0.8	\$ 1,118.6	\$ 16.4	\$ 1,361.0	\$ 35.3	\$ (325.1)	\$ 4.5
Net income (loss)	—	—	—	—	115.1	—	—	(0.9)
Share-based compensation cost	—	—	6.0	—	—	—	—	—
Net changes in pension and other postretirement benefits	—	—	—	—	—	(0.2)	—	—
Foreign currency translation adjustments	—	—	—	—	—	1.8	—	—
BALANCE, June 30, 2025	76.3	\$ 0.8	\$ 1,124.6	\$ 16.4	\$ 1,476.1	\$ 36.9	\$ (325.1)	\$ 3.6

Share Repurchase Program

Our board of directors has authorized a share repurchase program (the "Share Repurchase Program") under which we may purchase up to \$600.0 million of our outstanding Common Shares. The Share Repurchase Program does not have a fixed expiration, may be modified, suspended or discontinued at any time and any repurchases made pursuant to the Share Repurchase Program are subject to compliance with applicable covenants and restrictions under our financing agreements and the Business Combination Agreement.

There were no share repurchases during each of the three and six months ended June 30, 2026 and 2025. As of June 30, 2026, we had approximately \$175.0 million available for share repurchases pursuant to the Share Repurchase Program.

Note 10 - Income Taxes

We calculate our tax provision by applying the estimated annual effective tax rate for the full fiscal year to pre-tax income or loss, excluding discrete items. The consolidated effective tax rate for the three and six months ended June 30, 2026, excluding the impact of discrete tax items, was 19.8% and 21.7%, respectively. The discrete tax benefit for these periods primarily related to the resolution of prior period matters.

The consolidated effective tax rate for the three and six months ended June 30, 2025, excluding the impact of discrete tax items, was 15.2%. The discrete tax items for the six months ended June 30, 2025, primarily related to the establishment of the valuation allowance on deferred tax assets. During the first quarter of 2025, we recognized \$168.8 million of deferred tax expense related to the establishment of this valuation allowance, which resulted from a change in estimated future taxable income in a certain operating jurisdiction in connection with the retirement of the Retired Semis. We intend to maintain this valuation allowance until there is sufficient evidence to support a reversal of the allowance. The timing and amount of future valuation allowance reductions are subject to future levels of contracting and profitability achieved or by the expiration of the related deferred tax assets. See "[Note 5 - Property and Equipment](#)" for further disclosure regarding the Retired Semis.

Malaysia Tax Assessment

In February 2024, one of our Malaysian subsidiaries received an unfavorable court decision regarding a tax assessment for the 2012-2017 tax years totaling approximately MYR117.0 million (approximately \$29.0 million converted at current quarter-end exchange rates), including a late payment penalty. In July 2024, we received a payment demand from the Malaysian tax authority for the full assessment amount. In order to further contest the assessment, we made payments of approximately \$8.0 million and \$18.0 million in the first quarter of 2025 and in 2024, respectively, for aggregate total payments of \$26.0 million. These payments are included within Other assets in the Condensed Consolidated Balance Sheets. We have not recorded a liability for uncertain tax positions as of June 30, 2026, related to this assessment based on a more-likely-than-not threshold. We believe our tax returns are materially correct as filed and will vigorously contest this assessment.

Australian Tax Assessment

In December 2024, we reached a settlement agreement with the Australian tax authorities regarding tax assessments which related to the examination of certain of our tax returns for the years 2011 through 2016. In connection with this agreement, during the first quarter of 2025, we received refunds (including interest) totaling A\$42.0 million (approximately \$26.0 million at then-current exchange rates).

Note 11 - Contingencies

ARO Newbuild Funding Obligations

In connection with our 50/50 unconsolidated joint venture, we have a potential obligation to fund ARO for newbuild jackup rigs. The Shareholder Agreement specifies that ARO shall purchase 20 newbuild jackup rigs. The joint venture partners intend for the newbuild jackup rigs to be financed out of available cash on hand and from ARO's operations and/or funds available from third-party financing. The first two newbuild jackups, Kingdom 1 and Kingdom 2, were delivered and commenced operations in 2023 and 2024, respectively. In October 2024 and November 2025, ARO ordered the third and fourth newbuild jackups, Kingdom 3 and Kingdom 4, respectively, for a purchase price of approximately \$300.0 million each. ARO paid a 25% down payment from cash on hand for Kingdom 3 and Kingdom 4. The final payment for each rig will be due upon delivery.

In the event ARO has insufficient cash or is unable to obtain third-party financing, each partner may periodically be required to make additional capital contributions to ARO, up to a maximum aggregate contribution of \$1.25 billion from each partner to fund the newbuild program. Beginning with the delivery of the second newbuild, each partner's commitment is reduced by the lesser of the actual cost of each newbuild rig or \$250.0 million, on a proportionate basis. Following the delivery of Kingdom 2, our commitment to fund the newbuild program has been reduced to \$1.1 billion.

Letters of Credit and Surety Bonds

In the ordinary course of business with customers and others, we have entered into letters of credit and surety bonds to guarantee our performance as it relates to our drilling contracts, contract bidding, customs duties, tax appeals and other obligations in various jurisdictions. Letters of credit and surety bonds outstanding as of June 30, 2026 totaled \$111.4 million and are issued under facilities provided by various banks and other financial institutions, but none were issued under the 2028 Credit Agreement. Obligations under these letters of credit and surety bonds are not normally called, as we typically comply with the underlying performance requirements. As of June 30, 2026, we had collateral deposits in the amount of \$15.1 million with respect to these agreements.

Other Matters

In addition to the foregoing, we are named defendants or parties in certain other lawsuits, claims or proceedings incidental to our business and are involved from time to time as parties to governmental investigations or proceedings, including matters related to taxation, arising in the ordinary course of business. Although the outcome of such lawsuits or other proceedings cannot be predicted with certainty and the amount of any liability that could arise with respect to such lawsuits or other proceedings cannot be predicted accurately, we do not expect these matters to have a material adverse effect on our financial position, operating results and cash flows.

Note 12 - Segment Information

Our business consists of four operating segments: (1) Floaters, which includes our drillships and semisubmersible rigs, (2) Jackups, (3) ARO and (4) Other, which consists of management services on rigs owned by third parties and the activities associated with our arrangements with ARO under the Lease Agreements. Floaters, Jackups and ARO are also reportable segments.

Our chief operating decision maker ("CODM") assesses segment performance based on their review of the operating income (loss) of each segment, which measures profitability after deducting normal operating costs. Components within operating income (loss), such as revenues and contract drilling expenses, are used to monitor actual performance against budget and monthly forecasted results for each segment. Further, the CODM utilizes revenue to derive a segment's asset utilization, average daily revenue and revenue efficiency. Using these metrics, the CODM can identify potentially underperforming segments and develop strategies to increase profits or reduce costs, make investment decisions and allocate resources as needed. The disaggregated segment information, as presented in the tables below, aligns with the segment level information that is regularly provided to the CODM.

Our onshore support costs included within Contract drilling expenses are not allocated to our operating segments for purposes of measuring segment operating income (loss) and as such, those costs are included in "Reconciling Items." Further, General and administrative expenses, Depreciation expense and Merger and integration expenses incurred by our corporate office are not allocated to our operating segments for purposes of measuring segment operating income (loss) and are included in "Reconciling Items." We measure segment assets as Property and equipment, net.

The full operating results included below for ARO are not included within our consolidated results and thus are deducted under "Reconciling Items" and replaced with our equity in earnings of ARO. See ["Note 3 - Equity Method Investment in ARO"](#) for additional information on ARO and related arrangements. Similarly, the Property and equipment, net balances presented below for ARO are not included within our Condensed Consolidated Balance Sheets and thus are also deducted under "Reconciling Items."

Segment information for the three and six months ended June 30, 2026 and 2025 are presented below (in millions):

Three Months Ended June 30, 2026

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues:						
Revenues (exclusive of reimbursable revenues)	\$ 279.0	\$ 183.4	\$ 126.9	\$ 39.9	\$ (126.9)	\$ 502.3
Reimbursable revenues	11.0	13.8	—	12.1	—	36.9
Total operating revenues	290.0	197.2	126.9	52.0	(126.9)	539.2
Operating expenses:						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	167.9	143.9	71.6	27.4	(30.4)	380.4
Reimbursable expenses	10.5	12.7	—	11.9	—	35.1
Total contract drilling expenses (exclusive of depreciation)	178.4	156.6	71.6	39.3	(30.4)	415.5
Depreciation	17.2	16.2	22.0	6.1	(16.9)	44.6
General and administrative	—	—	10.6	—	16.6	27.2
Merger and integration expenses	—	—	—	—	11.4	11.4
Total operating expenses	195.6	172.8	104.2	45.4	(19.3)	498.7
Equity in earnings of ARO	—	—	—	—	10.6	10.6
Operating income	\$ 94.4	\$ 24.4	\$ 22.7	\$ 6.6	\$ (97.0)	\$ 51.1
Property and equipment, net	\$ 1,320.2	\$ 636.3	\$ 1,270.4	\$ 224.1	\$ (1,217.2)	\$ 2,233.8
Capital expenditures	\$ 58.4	\$ 21.6	\$ 39.3	\$ 24.1	\$ (37.9)	\$ 105.5

Three Months Ended June 30, 2025

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues:						
Revenues (exclusive of reimbursable revenues)	\$ 319.7	\$ 212.0	\$ 139.9	\$ 40.6	\$ (139.9)	\$ 572.3
Reimbursable revenues	7.2	26.0	—	9.7	—	42.9
Total operating revenues	326.9	238.0	139.9	50.3	(139.9)	615.2
Operating expenses:						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	176.3	124.3	96.4	17.4	(59.2)	355.2
Reimbursable expenses	6.7	24.3	—	9.5	—	40.5
Total contract drilling expenses (exclusive of depreciation)	183.0	148.6	96.4	26.9	(59.2)	395.7
Depreciation	14.6	14.6	28.7	2.8	(25.2)	35.5
General and administrative	—	—	6.6	—	12.2	18.8
Total operating expenses	197.6	163.2	131.7	29.7	(72.2)	450.0
Equity in losses of ARO	—	—	—	—	(1.1)	(1.1)
Operating income	\$ 129.3	\$ 74.8	\$ 8.2	\$ 20.6	\$ (68.8)	\$ 164.1
Property and equipment, net	\$ 1,183.3	\$ 643.4	\$ 1,214.9	\$ 133.6	\$ (1,153.6)	\$ 2,021.6
Capital expenditures	\$ 25.2	\$ 39.8	\$ 14.1	\$ —	\$ (11.9)	\$ 67.2

Six Months Ended June 30, 2026

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues:						
Revenues (exclusive of reimbursable revenues)	\$ 471.6	\$ 379.2	\$ 254.3	\$ 81.6	\$ (254.3)	\$ 932.4
Reimbursable revenues	16.0	28.2	—	28.0	—	72.2
Total operating revenues	487.6	407.4	254.3	109.6	(254.3)	1,004.6
Operating expenses:						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	318.5	272.7	146.7	50.1	(67.2)	720.8
Reimbursable expenses	15.4	25.9	—	26.8	—	68.1
Total contract drilling expenses (exclusive of depreciation)	333.9	298.6	146.7	76.9	(67.2)	788.9
Depreciation	32.9	32.7	46.9	12.3	(37.5)	87.3
General and administrative	—	—	17.7	—	34.8	52.5
Merger and integration expenses	—	—	—	—	25.0	25.0
Other operating income	(2.8)	—	—	—	—	(2.8)
Total operating expenses	364.0	331.3	211.3	89.2	(44.9)	950.9
Equity in earnings of ARO	—	—	—	—	17.4	17.4
Operating income	\$ 123.6	\$ 76.1	\$ 43.0	\$ 20.4	\$ (192.0)	\$ 71.1
Property and equipment, net	\$ 1,320.2	\$ 636.3	\$ 1,270.4	\$ 224.1	\$ (1,217.2)	\$ 2,233.8
Capital expenditures	\$ 113.7	\$ 44.6	\$ 71.6	\$ 46.6	\$ (70.1)	\$ 206.4

Six Months Ended June 30, 2025

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues:						
Revenues (exclusive of reimbursable revenues)	\$ 675.7	\$ 397.9	\$ 274.6	\$ 76.5	\$ (274.6)	\$ 1,150.1
Reimbursable revenues	16.1	53.7	—	16.0	—	85.8
Total operating revenues	691.8	451.6	274.6	92.5	(274.6)	1,235.9
Operating expenses:						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	380.3	241.0	182.0	33.4	(107.5)	729.2
Reimbursable expenses	15.0	50.7	—	15.8	—	81.5
Total contract drilling expenses (exclusive of depreciation)	395.3	291.7	182.0	49.2	(107.5)	810.7
Depreciation	28.8	27.3	58.2	5.6	(51.3)	68.6
General and administrative	—	—	12.9	—	30.3	43.2
Other operating loss	7.8	—	—	—	—	7.8
Total operating expenses	431.9	319.0	253.1	54.8	(128.5)	930.3
Equity in earnings of ARO	—	—	—	—	1.5	1.5
Operating income	\$ 259.9	\$ 132.6	\$ 21.5	\$ 37.7	\$ (144.6)	\$ 307.1
Property and equipment, net	\$ 1,183.3	\$ 643.4	\$ 1,214.9	\$ 133.6	\$ (1,153.6)	\$ 2,021.6
Capital expenditures	\$ 52.2	\$ 110.0	\$ 22.1	\$ —	\$ (16.9)	\$ 167.4

Information about Geographic Areas

As of June 30, 2026, the geographic distribution of our and ARO's drilling rigs was as follows:

	Floaters	Jackups	Other	Total Valaris	ARO
Middle East & Africa	4	5	7	16	9
Europe	4	11	—	15	—
North & South America	5	3	—	8	—
Asia & Pacific Rim	1	3	—	4	—
Held for sale ⁽¹⁾	—	1	—	1	—
Total	14	23	7	44	9

⁽¹⁾ VALARIS 109 was classified as held for sale and is preservation stacked in Africa as of June 30, 2026. See "[Note 5](#) - Property and Equipment" for more information.

We provide management services in the Gulf of America on two rigs owned by a third party not included in the table above.

ARO ordered two newbuild jackups, Kingdom 3 and Kingdom 4, which are under construction in the Middle East and are not included in the table above.

Note 13 - Supplemental Financial Information*Condensed Consolidated Balance Sheet Information*

Accounts receivable, net, consisted of the following (in millions):

	June 30, 2026	December 31, 2025
Trade	\$ 427.4	\$ 424.1
Income tax receivables ⁽¹⁾	6.4	49.8
Other	28.6	15.8
	462.4	489.7
Allowance for doubtful accounts ⁽²⁾	(4.3)	(14.9)
	\$ 458.1	\$ 474.8

⁽¹⁾ We received U.S. income tax refunds totaling approximately \$43.0 million during the six months ended June 30, 2026.

⁽²⁾ During the second quarter of 2026, we recognized an \$11.7 million reversal of previously recognized bad debt expense in connection with a favorable legal settlement resulting in the collection of outstanding customer invoices from 2020.

Other current assets consisted of the following (in millions):

	June 30, 2026	December 31, 2025
Prepaid taxes	\$ 75.2	\$ 58.2
Deferred costs	54.5	37.7
Prepaid expenses	24.5	13.3
Other	43.2	35.5
	\$ 197.4	\$ 144.7

Accrued liabilities and other consisted of the following (in millions):

	June 30, 2026	December 31, 2025
Current contract liabilities (deferred revenues)	\$ 117.5	\$ 87.7
Income and other taxes payable	80.5	73.9
Personnel costs	67.5	81.6
Lease liabilities	30.7	35.6
Accrued claims	16.0	21.3
Accrued interest	15.4	15.4
Other	31.2	27.9
	\$ 358.8	\$ 343.4

Other liabilities consisted of the following (in millions):

	June 30, 2026	December 31, 2025
Unrecognized tax benefits (inclusive of interest and penalties)	\$ 137.8	\$ 136.2
Noncurrent contract liabilities (deferred revenues)	74.0	63.2
Pension and other post-retirement benefits	59.5	68.3
Lease liabilities	47.2	37.3
Other	18.2	20.8
	\$ 336.7	\$ 325.8

Condensed Consolidated Statements of Operations Information

Other, net consisted of the following (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net gain on sale of property	\$ 37.7	\$ 0.8	\$ 36.1	\$ 27.9
Net foreign currency exchange losses	(1.7)	(9.1)	(3.4)	(14.3)
Net periodic pension and retiree medical income (loss)	0.9	(0.3)	1.8	(0.5)
Other income (expense)	0.3	(0.1)	0.4	(0.6)
	\$ 37.2	\$ (8.7)	\$ 34.9	\$ 12.5

Condensed Consolidated Statement of Cash Flows Information

The following table provides a reconciliation of the amount of cash and cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of the same such amounts shown within the Condensed Consolidated Statements of Cash Flows (in millions):

	June 30, 2026	December 31, 2025
Cash and cash equivalents	\$ 541.2	\$ 599.4
Restricted cash—current ⁽¹⁾	6.1	7.0
Restricted cash—non-current ⁽¹⁾	10.7	11.1
	\$ 558.0	\$ 617.5

- ⁽¹⁾ Restricted cash consists primarily of collateral on letters of credit of \$15.1 million and \$16.3 million as of June 30, 2026 and December 31, 2025, respectively. Restricted cash—current is included in Other current assets and Restricted cash—non-current is included in Other assets in our Condensed Consolidated Balance Sheets. See "[Note 11](#) - Contingencies" for more information regarding our letters of credit.

Concentration of Risk

Credit Risk - We are exposed to credit risk relating to our cash and cash equivalents and receivables from customers. Our cash and cash equivalents are primarily held by various well-capitalized and credit-worthy financial institutions. We monitor the credit ratings of these institutions and limit the amount of exposure to any one institution and therefore, do not believe a significant credit risk exists for these balances. We mitigate our credit risk relating to receivables from customers, which consist primarily of major international, government-owned and independent oil and gas companies, by performing ongoing credit evaluations. We also maintain reserves for potential credit losses, which generally have been within our expectations.

Customer Concentration - Consolidated revenues with customers that individually contributed 10% or more of revenue in either of the three and six months ended June 30, 2026 and 2025 were as follows:

	Three Months Ended							
	June 30, 2026				June 30, 2025			
	Floaters	Jackups	Other	Total	Floaters	Jackups	Other	Total
BP plc ("BP")	5 %	6 %	7 %	18 %	3 %	3 %	5 %	11 %
Petróleo Brasileiro S.A. ("Petrobras")	16 %	— %	— %	16 %	13 %	— %	— %	13 %
Azule Energy ("Azule")	9 %	4 %	— %	13 %	7 %	3 %	— %	10 %
Equinor ASA ("Equinor")	10 %	— %	— %	10 %	6 %	— %	— %	6 %
Other customers ⁽¹⁾	14 %	26 %	3 %	43 %	24 %	33 %	3 %	60 %
	54 %	36 %	10 %	100 %	53 %	39 %	8 %	100 %

	Six Months Ended							
	June 30, 2026				June 30, 2025			
	Floaters	Jackups	Other	Total	Floaters	Jackups	Other	Total
Petrobras	16 %	— %	— %	16 %	13 %	— %	— %	13 %
BP	3 %	5 %	6 %	14 %	4 %	3 %	5 %	12 %
Azule	9 %	5 %	— %	14 %	7 %	2 %	— %	9 %
Equinor	6 %	— %	— %	6 %	7 %	— %	— %	7 %
Other customers ⁽¹⁾	15 %	31 %	4 %	50 %	25 %	32 %	2 %	59 %
	49 %	41 %	10 %	100 %	56 %	37 %	7 %	100 %

⁽¹⁾ Other customers includes customers that individually contributed to less than 10% of our total revenues.

Geographic Concentration - For purposes of our geographic disclosure, we attribute revenues to the geographic location where such revenues are earned. Consolidated revenues for locations that individually had 10% or more of revenue were as follows (in millions):

	Three Months Ended							
	June 30, 2026				June 30, 2025			
	Floaters	Jackups	Other	Total	Floaters	Jackups	Other	Total
Brazil	\$ 138.3	\$ —	\$ —	\$ 138.3	\$ 154.2	\$ —	\$ —	\$ 154.2
Angola	74.1	23.5	—	97.6	42.3	21.3	—	63.6
United Kingdom	—	93.6	—	93.6	—	97.8	—	97.8
Gulf of America	40.6	1.0	33.2	74.8	65.7	—	32.8	98.5
Australia	—	16.0	—	16.0	38.0	40.1	—	78.1
Other countries ⁽¹⁾	37.0	63.1	18.8	118.9	26.7	78.8	17.5	123.0
	\$ 290.0	\$ 197.2	\$ 52.0	\$ 539.2	\$ 326.9	\$ 238.0	\$ 50.3	\$ 615.2

	Six Months Ended							
	June 30, 2026				June 30, 2025			
	Floaters	Jackups	Other	Total	Floaters	Jackups	Other	Total
Brazil	\$ 224.1	\$ —	\$ —	\$ 224.1	\$ 318.2	\$ —	\$ —	\$ 318.2
United Kingdom	—	194.1	—	194.1	—	198.5	—	198.5
Angola	144.7	46.8	—	191.5	84.5	25.6	—	110.1
Gulf of America	81.8	1.0	64.4	147.2	131.1	—	60.8	191.9
Australia	—	32.2	—	32.2	77.6	85.6	—	163.2
Other countries ⁽¹⁾	37.0	133.3	45.2	215.5	80.4	141.9	31.7	254.0
	\$ 487.6	\$ 407.4	\$ 109.6	\$ 1,004.6	\$ 691.8	\$ 451.6	\$ 92.5	\$ 1,235.9

⁽¹⁾ Other countries includes locations that individually contributed to less than 10% of our total revenues.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes thereto included in "Item 1. Financial Statements" and with our annual report on Form 10-K for the year ended December 31, 2025. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors" in Item 1A of our annual report and elsewhere in this quarterly report. See "Forward-Looking Statements."

EXECUTIVE SUMMARY

Our Business

We are a leading provider of offshore contract drilling services to the international oil and gas industry with operations in almost every major offshore market across six continents. Our fleet of offshore drilling rigs is among the largest in the world and includes one of the highest specification ultra-deepwater fleets, as well as a leading premium jackup fleet. As of August 6, 2026, we own 43 rigs, including 13 drillships, one semisubmersible rig, 29 jackup rigs and a 50% equity interest in ARO, our 50/50 unconsolidated joint venture with Saudi Aramco, which owns an additional nine rigs.

Pending Business Combination with Transocean

On February 9, 2026, Valaris and Transocean Ltd. ("Transocean"), entered into a Business Combination Agreement under which Transocean will acquire all of the issued and outstanding common shares of Valaris in exchange for shares of Transocean at an exchange ratio of 15.235 Transocean shares for each Valaris common share (the "Business Combination"). Upon completion and on a fully diluted basis assuming conversion to shares of Transocean's exchangeable bonds due 2029, Transocean shareholders would own approximately 53% of the combined company, with Valaris shareholders owning the remaining 47%. The completion of the Business Combination is subject to customary closing conditions, including shareholder and regulatory approvals.

See "[Note 1](#) - Unaudited Condensed Consolidated Financial Statements - Pending Business Combination with Transocean" to our condensed consolidated financial statements included in "[Item 1](#). Financial Statements" for information regarding the Business Combination.

Our Industry

The offshore drilling industry is cyclical and primarily influenced by global energy demand, oil and gas supply dynamics, geopolitical factors and customer capital allocation decisions. Periods of oil oversupply generally place downward pressure on commodity prices, while periods of undersupply can result in higher and more volatile oil prices, influencing investment decisions across the upstream sector. While the oil market began the year in a period of oversupply, the on-going conflicts in the Middle East have reduced supply and increased uncertainty and volatility in global energy markets. The conflicts have also reinforced the strategic importance of energy security and market participants generally expect the global oil and gas market to tighten over the next few years, driven by past underinvestment in upstream development and slowing production growth from non-OPEC sources. Industry studies, including those published by the International Energy Agency and the U.S. Energy Information Administration, indicate that substantial upstream investment is required to offset natural field declines and maintain existing production levels.

Against this backdrop, customers continue to emphasize the need for sustained investment in oil and gas to support secure, reliable and affordable energy supply, with increasing focus on offshore developments, particularly in deepwater. Compared to other sources of supply, deepwater projects typically offer large resource potential, competitive project economics and lower carbon intensity per barrel. Despite near-term commodity price uncertainty, customers are continuing to advance long-cycle offshore developments. Industry participants anticipate increased deepwater project sanctioning over the next five years across greenfield, brownfield and exploration opportunities. According to Rystad Energy estimates, approximately 65% of this expected activity is associated with projects with breakeven oil prices below \$50 per barrel and approximately 80% is associated with projects with breakeven prices below \$60 per barrel.

Operating results in the offshore drilling industry are directly related to the demand for and the available supply of drilling rigs, each of which affects rig utilization and day rates. While the balance of rig supply and demand can vary somewhat between regions, significant variations between most regions are generally short-term due to rig mobility. Rig attrition in the industry over the last decade, particularly for floaters, has resulted in a smaller global fleet of rigs that is available to meet customer demand.

Inflationary pressures impact our cost base, resulting in increased personnel costs as well as in the prices of goods and services required to operate our rigs or execute capital projects. Additionally, the weakening of the U.S. dollar against foreign currencies may increase costs in certain foreign jurisdictions in which we operate. We expect that our costs will continue to rise in the near term, particularly given the potential impact of increased tariffs on global trade, and although certain of our long-term contracts contain provisions for escalating costs, we cannot predict with certainty our ability to successfully claim recoveries of higher costs from our customers under these contractual stipulations.

Conflicts in the Middle East

Our operations and assets located in the Middle East have recently been subject to elevated geopolitical risk due to ongoing conflicts and military activity in the region. As a result, our operating income was negatively impacted by approximately \$30.0 million and \$38.0 million for the three and six months ended June 30, 2026, respectively, primarily associated with incremental costs to maintain insurance coverage for war-related risks for jackups that we operate in the region (approximately \$11.0 million and \$19.0 million for the three and six months ended June 30, 2026, respectively) and incremental costs and lower revenues associated with project delays for VALARIS 250 and VALARIS 116 (approximately \$14.0 million for both the three and six months ended June 30, 2026), which were undergoing planned maintenance and contract preparation projects in shipyards located in the region during the first half of 2026. Based on information currently available, we expect these adverse impacts to moderate in the second half of 2026 as VALARIS 250 recommenced its bareboat charter contract in July and VALARIS 116 is expected to recommence its bareboat charter in the third quarter. In addition, insurance costs to maintain war-related coverage are expected to be lower than those incurred in the first half of the year primarily due to the sale of VALARIS 104 and lower premiums from securing longer term coverage.

The geopolitical environment in the Middle East remains volatile, and if the ongoing conflicts persist or escalate, including an expansion of hostilities, the negative impact on our operating income could be significantly higher than amounts incurred to date and could also adversely affect the operating performance of ARO. An escalation of conflict could result in additional military actions, economic sanctions or other governmental measures, including disruptions to regional ports or further restrictions on maritime traffic through key waterways such as the Strait of Hormuz. Continued disruptions or closures affecting the Strait of Hormuz, through which a substantial portion of the region's maritime traffic and energy-related logistics transit, could materially affect our ability, and that of ARO, to mobilize assets, transport personnel and supplies, or perform drilling and related services in a timely and cost-effective manner.

In addition, any such escalation could lead to further increases in insurance premiums, reductions in coverage limits or scope or the unavailability of coverage, as well as limitations on vessel access or port services, delays in customs and regulatory approvals, supply chain disruptions and increased security-related expenditures. These risks could result in prolonged rig downtime, including for rigs operated by ARO, contract suspensions or terminations, delayed commencement of contracted operations, loss of revenue, impairment of assets or additional force majeure claims by us or our customers. Ongoing or future instability in the region, including actions taken in response to geopolitical developments, could materially and adversely affect our operating costs, financial condition, and results of operations.

Backlog

Our contract drilling backlog reflects commitments represented by signed drilling contracts and is calculated by multiplying the contracted operating day rate by the contract period. The contracted day rate excludes certain types of lump sum fees for rig mobilization, demobilization, contract preparation, as well as customer reimbursables and bonus opportunities. Our backlog excludes ARO's backlog but includes backlog from our rigs leased to ARO at the contractual lease rates, which are subject to adjustment under the terms of the shareholder agreement governing the joint venture (the "Shareholder Agreement").

The ARO backlog presented below is 100% of ARO's backlog and is inclusive of backlog on both ARO owned rigs and rigs leased from us. As an unconsolidated 50/50 joint venture, when ARO realizes revenue from its backlog, 50% of the earnings thereon would be reflected in our results in Equity in earnings of ARO in our Condensed Consolidated Statements of Operations. The earnings from ARO backlog with respect to rigs leased from us will be net of, among other things, payments to us under bareboat charters for those rigs. See "[Note 3](#) - *Equity Method Investment in ARO*" to our condensed consolidated financial statements included in "[Item 1](#). *Financial Statements*" for additional information.

The following table summarizes our and 100% of ARO's contract backlog of business as of August 5, 2026 and February 17, 2026 (in millions):

	August 5, 2026		February 17, 2026	
Floaters ⁽¹⁾	\$	3,016.3	\$	3,030.8
Jackups ⁽²⁾		1,133.4		1,125.8
Other ⁽³⁾		435.5		515.7
Total	\$	4,585.2	\$	4,672.3
ARO	\$	1,834.1	\$	2,011.3

⁽¹⁾ The decrease for Floaters is primarily due to revenues realized, partially offset by a contract extension for VALARIS DS-4, which resulted in incremental aggregate backlog of approximately \$426.0 million.

⁽²⁾ The increase for Jackups is primarily due to a 41-well contract for VALARIS 248, with an estimated duration of approximately three years, and a two-year contract extension for VALARIS 115, which resulted in incremental aggregate backlog of approximately \$140.0 million and \$78.0 million, respectively, partially offset by revenues realized.

⁽³⁾ Other includes the backlog for our managed rig services and the bareboat charter backlog for the jackup rigs leased to ARO in order for ARO to fulfill certain of its drilling contracts with Saudi Aramco.

BUSINESS ENVIRONMENT

Floaters

Within the floater segment, utilization for the global marketed drillship fleet was approximately 88% as of June 30, 2026 and included 11 drillships across the industry which were not working at quarter-end due to gaps between contracts. Market conditions are expected to improve as these rigs commence new contracts during 2026 or in early 2027, including two Valaris drillships that are scheduled to return to work this year following idle periods between contracts. Some customers continue to favor more technically capable and efficient assets, particularly to support complex deepwater developments. Seventh-generation drillships may be preferred and have achieved higher utilization and stronger day rates relative to older assets, a trend that is expected to continue. We believe we are well positioned with 12 of 13 of our drillships being seventh-generation units, although we continue to face competition from other types of floaters, including those of older generations.

Utilization for benign environment semisubmersibles, such as the remaining semisubmersible in our active fleet, continues to be lower than for drillships. In response to this environment, we retired three benign environment semisubmersibles in 2025 and sold VALARIS DPS-1 for recycling in April 2026.

From a supply perspective, rig attrition over the past decade has resulted in a reduced global floater fleet to meet customer demand. The supply of benign environment floaters, such as those in our fleet, has decreased by more than 45% from a peak of approximately 280 rigs in 2014 to 150 rigs as of June 30, 2026. This decrease is primarily attributable to rig retirements, including 15 benign environment floaters retired since the beginning of 2025. Further, given the expected high construction cost and lack of shipyard capacity, we do not believe that current market conditions are supportive of floater newbuild construction.

Jackups

Global jackup utilization remained solid at approximately 88% as of June 30, 2026, driven primarily by demand from national oil companies focused on energy security and infrastructure development. For example, seven previously suspended jackups have resumed operations with Saudi Aramco so far this year, with two additional rigs expected to recommence operations during the remainder of 2026. In addition, there are other ongoing multi-rig tenders in the Middle East, which should further support the supply and demand balance of the global jackup fleet. Meanwhile, ongoing conflicts in the Middle East have disrupted offshore operations in certain parts of the region, and although activity has largely resumed, uncertainty remains regarding when operating conditions will fully normalize, which may impact the timing of work programs associated with these tenders.

From a supply perspective, as of June 30, 2026, there were 490 jackups in the global fleet, with 28% of the current jackup fleet being more than 40 years of age with limited useful lives remaining. Further, we believe that some of the jackups that are currently idle are not competitive, either due to their age or the length of time stacked. Expenditures required to reactivate some of these rigs may prove cost prohibitive and drilling contractors may instead elect to scrap certain rigs.

RESULTS OF OPERATIONS

Management believes the comparison of the most recently completed quarter to the immediately preceding quarter provides more relevant information needed to understand and analyze the business. As such, as permitted under applicable SEC rules, we have elected to discuss any material changes in our results of operations by including a comparison of our most recently completed fiscal quarter ended June 30, 2026 (the "current quarter") to the immediately preceding fiscal quarter ended March 31, 2026 (the "preceding quarter"). We also discuss any material changes in our results of operations for the six months ended June 30, 2026 (the "current year period") compared to the corresponding period of the preceding fiscal year (the "prior year period"), as required under the applicable SEC rules.

For the purposes of our discussion below, we refer to Revenues (exclusive of reimbursable revenues) and Contract drilling expenses (exclusive of depreciation and reimbursable expenses) as "revenues" and "contract drilling expenses", respectively. We typically receive reimbursements from our customers for purchases of supplies, equipment and incremental services provided at their request. These reimbursements and the related costs incurred are recognized on a gross basis within Reimbursable revenues and Reimbursable expenses, respectively. Changes within these line items generally do not have a material effect on our operating results or cash flows.

Three Months Ended June 30, 2026 Compared to Three Months Ended March 31, 2026

The following table summarizes our Condensed Consolidated Results of Operations for the three months ended June 30, 2026 and March 31, 2026 (in millions, except percentages):

	Three Months Ended			
	June 30, 2026	March 31, 2026	Change	% Change
Operating revenues				
Revenues (exclusive of reimbursable revenues)	\$ 502.3	\$ 430.1	\$ 72.2	17 %
Reimbursable revenues	36.9	35.3	1.6	5 %
Total operating revenues	539.2	465.4	73.8	16 %
Operating expenses				
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	380.4	340.4	40.0	12 %
Reimbursable expenses	35.1	33.0	2.1	6 %
Total contract drilling expenses (exclusive of depreciation)	415.5	373.4	42.1	11 %
Depreciation	44.6	42.7	1.9	4 %
General and administrative	27.2	25.3	1.9	8 %
Merger and integration expenses	11.4	13.6	(2.2)	(16)%
Other operating income	—	(2.8)	2.8	NM
Total operating expenses	498.7	452.2	46.5	10 %
Equity in earnings of ARO	10.6	6.8	3.8	56 %
Operating income	51.1	20.0	31.1	156 %
Other income (expense), net	29.5	(9.6)	39.1	NM
Provision for income taxes	33.6	28.4	5.2	18 %
Net income (loss)	47.0	(18.0)	65.0	(361)%
Net loss attributable to noncontrolling interests	3.4	1.6	1.8	113 %
Net income (loss) attributable to Valaris	\$ 50.4	\$ (16.4)	\$ 66.8	NM

NM - Not meaningful

Revenues increased in the current quarter compared to the preceding quarter, partially driven by incremental revenues of \$84.4 million from VALARIS DS-17, VALARIS DS-12 and VALARIS DS-10, all of which commenced new contracts since late in the first quarter of 2026. For the remaining fleet, we had a net decrease of \$4.6 million from fewer operating days compared to the preceding quarter, largely attributable to downtime for repairs, scheduled maintenance and contract upgrades for certain rigs during the current quarter.

Contract drilling expense increased in the current quarter compared to the preceding quarter, primarily due to incremental operating costs of \$24.9 million for VALARIS DS-17, VALARIS DS-12 and VALARIS DS-10. For the remaining fleet, we had a \$22.1 million increase in repair and maintenance costs, primarily driven by planned maintenance and contract preparation projects, including those associated with VALARIS 250, VALARIS 116 and VALARIS 117, and unplanned leg repairs on VALARIS 106 during the current quarter. We also had a \$3.0 million increase in insurance expenses primarily due to a full quarter of higher costs to maintain coverage for war-related risks for certain rigs within our Jackups which are located in the Middle East. These increases were partially offset by an \$11.7 million non-recurring reversal of previously recognized bad debt expense during the current quarter in connection with a favorable legal settlement resulting in the collection of outstanding customer invoices from 2020.

Merger and integration expenses were \$11.4 million for the current quarter and primarily related to professional fees incurred in connection with the pending Business Combination.

Equity in earnings of ARO increased compared to the preceding quarter, primarily due to the recognition of \$14.3 million in additional income, which represents our proportionate share of adjustments recorded by ARO during the completion of its 2025 financial statements subsequent to the issuance of our annual report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 20, 2026 (our "Annual Report"). See "[Note 3 - Equity Method Investment in ARO](#)" to our condensed consolidated financial statements included in "[Item 1. Financial Statements](#)" for information regarding our investment in ARO.

Other income (expense), net, increased primarily due to the recognition of a \$36.6 million pre-tax gain in the current quarter related to the sale of VALARIS 104.

The consolidated effective tax rate, excluding the impact of discrete tax items, for the current quarter and preceding quarter was 19.8% and 25.4%, respectively. Discrete tax items during the current quarter were primarily related to the resolution of prior period matters. Discrete tax items during the preceding quarter were primarily related to the resolution of prior period matters, partially offset by changes in liabilities for unrecognized tax benefits with tax positions taken in prior years.

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

The following table summarizes our Condensed Consolidated Results of Operations for the six months ended June 30, 2026 and 2025 (in millions, except percentages):

	Six Months Ended		Change	% Change
	June 30, 2026	June 30, 2025		
Operating revenues				
Revenues (exclusive of reimbursable revenues)	\$ 932.4	\$ 1,150.1	\$ (217.7)	(19)%
Reimbursable revenues	72.2	85.8	(13.6)	(16)%
Total operating revenues	1,004.6	1,235.9	(231.3)	(19)%
Operating expenses				
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	720.8	729.2	(8.4)	(1)%
Reimbursable expenses	68.1	81.5	(13.4)	(16)%
Total contract drilling expenses (exclusive of depreciation)	788.9	810.7	(21.8)	(3)%
Depreciation	87.3	68.6	18.7	27 %
General and administrative	52.5	43.2	9.3	22 %
Merger and integration expenses	25.0	—	25.0	NM
Other operating (income) loss	(2.8)	7.8	(10.6)	(136)%
Total operating expenses	950.9	930.3	20.6	2 %
Equity in earnings of ARO	17.4	1.5	15.9	NM
Operating income	71.1	307.1	(236.0)	(77)%
Other income (expense), net	19.9	(7.1)	27.0	(380)%
Provision for income taxes	62.0	225.0	(163.0)	(72)%
Net income	29.0	75.0	(46.0)	(61)%
Net loss attributable to noncontrolling interests	5.0	2.2	2.8	127 %
Net income attributable to Valaris	\$ 34.0	\$ 77.2	\$ (43.2)	(56)%

NM - Not meaningful

Revenues decreased compared to the prior year period, partially driven by lower operating revenues of \$81.0 million for VALARIS 247 and VALARIS DPS-1, which completed their contracts and were sold since the end of the prior year period. For the remaining fleet, we had a net decrease of \$181.4 million from fewer operating days, largely attributable to certain floaters which were either preparing for contracts or warm stacked between contracts during the current year period. These decreases were partially offset by a net increase of \$37.3 million from higher average daily revenues as a result of various rigs working under higher day rate contracts compared to the prior year period.

Contract drilling expense decreased primarily due to lower operating costs of \$54.3 million for rigs which have been sold and \$19.9 million of lower personnel-related costs for the remaining fleet, largely driven by rigs which were warm stacked or preparing for contracts during the current year period. These decreases were partially offset by higher repair and maintenance costs of \$36.4 million, primarily attributable to various rigs which were undergoing scheduled maintenance and upgrade projects and/or repairs, and a \$18.0 million increase in insurance expenses to maintain coverage for war-related risks for certain rigs within our Jackups and Other fleets which are located in the Middle East. There was also a net \$5.4 million increase attributable to non-recurring items comprised of a \$17.1 million accrual reversal in the prior year period related to a favorable arbitration outcome for a previously disclosed patent license litigation, partially offset by an \$11.7 million reversal of previously recognized bad debt expense during the current year period in connection with a favorable legal settlement resulting in the collection of outstanding customer invoices from 2020.

Depreciation expense increased primarily due to new assets placed in service since the prior year period, including those related to rigs that underwent capital upgrades.

General and administrative expense increased primarily due to \$3.8 million of higher professional fees and \$3.4 million of higher compensation costs related to our long-term incentive plans compared to the prior year period.

Merger and integration expenses were \$25.0 million for the six months ended June 30, 2026 and primarily related to professional fees incurred in connection with the pending Business Combination.

Other operating (income) loss includes non-cash losses on impairments and related gains on remeasurements of our assets which are classified as held for sale. In connection with retirement and sale of VALARIS DPS-3, VALARIS DPS-5 and VALARIS DPS-6 (collectively, the "Retired Semis") in 2025, we recognized a non-cash loss on impairment of \$7.8 million during the prior year period. During the first quarter of 2026, we reassessed the fair value less costs to sell for VALARIS DPS-1 by utilizing a preliminary sales agreement and recognized a gain on remeasurement of \$2.8 million. VALARIS DPS-1 was sold in April 2026 and no additional gain or loss was recognized upon completion of the sale. See "[Note 5](#) - *Property and Equipment*" to our condensed consolidated financial statements included in "[Item 1](#). *Financial Statements*" for information regarding the Retired Semis and VALARIS DPS-1.

Equity in earnings of ARO increased compared to the prior year period, primarily due to the recognition of \$14.3 million additional income, which represents our proportionate share of adjustments recorded by ARO during the completion of its 2025 financial statements subsequent to the issuance of our Annual Report. See "[Note 3](#) - *Equity Method Investment in ARO*" to our condensed consolidated financial statements included in "[Item 1](#). *Financial Statements*" for information regarding our investment in ARO.

Other income (expense), net, increased primarily due to favorable foreign currency exchange rate fluctuations relative to the prior year period of \$10.9 million and a net \$8.2 million increase from the recognition of pre-tax gains on sales of assets, driven by the sale of VALARIS 104 during the six months ended June 30, 2026, partially offset by gains from the sales of VALARIS 75 and an office in Angola in the prior year period.

The consolidated effective tax rate, excluding the impact of discrete tax items, for the six months ended June 30, 2026 and prior year period was 21.7% and 15.2%, respectively. Discrete tax items during the six months ended June 30, 2026 were primarily related to the resolution of prior period matters. Discrete tax items during the prior year period were primarily attributable to the establishment of a \$168.8 million valuation allowance in connection with the retirement of the Retired Semis.

Rig Counts, Utilization and Average Daily Revenue

The following table summarizes the total and active offshore drilling rigs for Valaris and ARO as of the following dates:

	June 30, 2026	March 31, 2026	June 30, 2025
Total Fleet			
Floaters ⁽¹⁾	14	15	15
Jackups ⁽²⁾	23	24	27
Other ⁽³⁾	7	7	7
Total Fleet - Valaris	44	46	49
ARO ⁽⁴⁾	9	9	9
Active Fleet ⁽⁵⁾			
Floaters ⁽⁶⁾	11	11	12
Jackups ⁽⁷⁾	17	17	18
Other ⁽³⁾	7	7	7
Active Fleet - Valaris	35	35	37
ARO ⁽⁴⁾	9	9	9

⁽¹⁾ During the second quarter of 2026, we sold VALARIS DPS-1 for recycling.

⁽²⁾ During the second quarter of 2026, we sold VALARIS 104. During the second half of 2025, we sold VALARIS 247, VALARIS 102 and VALARIS 145.

⁽³⁾ This represents the jackup rigs leased to ARO through bareboat charter agreements whereby substantially all operating costs are incurred by ARO. Rigs leased to ARO operate under long-term contracts with Saudi Aramco.

⁽⁴⁾ This represents the jackup rigs owned by ARO, which are operating under long-term contracts with Saudi Aramco. This table does not include Kingdom 3 and Kingdom 4, which are newbuild jackups that are under construction in the Middle East.

⁽⁵⁾ Active fleet represents rigs that are not preservation stacked or classified as held for sale and includes rigs that are in the process of being reactivated.

⁽⁶⁾ During the fourth quarter of 2025, we classified VALARIS DPS-1 as held for sale, removing it from the active fleet. The rig was sold in the second quarter of 2026.

⁽⁷⁾ During the third quarter of 2025, we sold VALARIS 247.

We provide management services in the Gulf of America on two rigs owned by a third-party that are not included in the table above.

Operating results for our contract drilling services segment are largely dependent on two primary revenue metrics: utilization and day rates. The following table summarizes our and ARO's rig utilization and average daily revenue by reportable segment:

	Three Months Ended		Six Months Ended	
	June 30, 2026	March 31, 2026	June 30, 2026	June 30, 2025
<u>Rig Utilization - Total Fleet</u> ⁽¹⁾				
Floaters	47 %	33 %	40 %	59 %
Jackups	64 %	67 %	65 %	59 %
Other ⁽²⁾	78 %	78 %	78 %	100 %
Total Valaris	61 %	58 %	60 %	66 %
ARO	77 %	79 %	78 %	86 %
<u>Rig Utilization - Active Fleet</u> ⁽¹⁾				
Floaters	62 %	45 %	53 %	80 %
Jackups	90 %	94 %	92 %	89 %
Other ⁽²⁾	78 %	78 %	78 %	100 %
Total Valaris	79 %	76 %	77 %	89 %
ARO	77 %	79 %	78 %	86 %
<u>Average Daily Revenue</u> ⁽³⁾				
Floaters	\$ 451,000	\$ 436,000	\$ 445,000	\$ 381,000
Jackups	134,000	135,000	135,000	135,000
Other ⁽²⁾	53,000	66,000	60,000	47,000
Total Valaris	\$ 189,000	\$ 171,000	\$ 181,000	\$ 181,000
ARO	\$ 113,000	\$ 112,000	\$ 112,000	\$ 110,000

⁽¹⁾ Rig utilization for the total fleet and active fleet are derived by dividing the operating days by the number of days in the period for the total fleet and active fleet, respectively. Active fleet represents rigs that are not preservation stacked or classified as held for sale and includes rigs that are in the process of being reactivated. Operating days equals the total number of days that rigs have earned and recognized day rate revenue, including days associated with compensated downtime and mobilizations and excluding suspension periods. When revenue is deferred and amortized over a future period, for example, when we receive fees while mobilizing to commence a new contract or while being upgraded in a shipyard, the related days are excluded from operating days.

⁽²⁾ Includes our two management services contracts and our rigs leased to ARO under bareboat charter contracts.

⁽³⁾ Average daily revenue is derived by dividing Revenues (exclusive of reimbursable revenues), excluding contract termination fees, by the aggregate number of operating days.

Operating Income by Segment

Our business consists of four operating segments: (1) Floaters, which includes our drillships and semisubmersible rigs, (2) Jackups, (3) ARO and (4) Other, which consists of management services on rigs owned by third parties and the activities associated with our arrangements with ARO under the bareboat charter arrangements (the "Lease Agreements"). Floaters, Jackups and ARO are also reportable segments.

Our onshore support costs included within Contract drilling expenses are not allocated to our operating segments for purposes of measuring segment operating income (loss) and as such, those costs are included in "Reconciling Items." Further, General and administrative expense, Depreciation expense and Merger and integration expenses incurred by our corporate office are not allocated to our operating segments for purposes of measuring segment operating income (loss) and are included in "Reconciling Items."

Because ARO is a 50/50 unconsolidated joint venture, its full operating results included below are not included within our consolidated results and thus are deducted under "Reconciling Items" and replaced with our equity in earnings of ARO. See "[Note 3 - Equity Method Investment in ARO](#)" to our condensed consolidated financial statements included in "[Item 1. Financial Statements](#)" for additional information.

Segment information for the current quarter and preceding quarter is as follows (in millions):

Three Months Ended June 30, 2026

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues						
Revenues (exclusive of reimbursable revenues)	\$ 279.0	\$ 183.4	\$ 126.9	\$ 39.9	\$ (126.9)	\$ 502.3
Reimbursable revenues	11.0	13.8	—	12.1	—	36.9
Total operating revenues	290.0	197.2	126.9	52.0	(126.9)	539.2
Operating expenses						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	167.9	143.9	71.6	27.4	(30.4)	380.4
Reimbursable expenses	10.5	12.7	—	11.9	—	35.1
Total contract drilling expenses (exclusive of depreciation)	178.4	156.6	71.6	39.3	(30.4)	415.5
Depreciation	17.2	16.2	22.0	6.1	(16.9)	44.6
General and administrative	—	—	10.6	—	16.6	27.2
Merger and integration expenses	—	—	—	—	11.4	11.4
Total operating expenses	195.6	172.8	104.2	45.4	(19.3)	498.7
Equity in earnings of ARO	—	—	—	—	10.6	10.6
Operating income	\$ 94.4	\$ 24.4	\$ 22.7	\$ 6.6	\$ (97.0)	\$ 51.1

Three Months Ended March 31, 2026

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues						
Revenues (exclusive of reimbursable revenues)	\$ 192.6	\$ 195.8	\$ 127.4	\$ 41.7	\$ (127.4)	\$ 430.1
Reimbursable revenues	5.0	14.4	—	15.9	—	35.3
Total operating revenues	197.6	210.2	127.4	57.6	(127.4)	465.4
Operating expenses						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	150.6	128.8	75.1	22.7	(36.8)	340.4
Reimbursable expenses	4.9	13.2	—	14.9	—	33.0
Total contract drilling expenses (exclusive of depreciation)	155.5	142.0	75.1	37.6	(36.8)	373.4
Depreciation	15.7	16.5	24.9	6.2	(20.6)	42.7
General and administrative	—	—	7.1	—	18.2	25.3
Merger and integration expenses	—	—	—	—	13.6	13.6
Other operating income	(2.8)	—	—	—	—	(2.8)
Total operating expenses	168.4	158.5	107.1	43.8	(25.6)	452.2
Equity in earnings of ARO	—	—	—	—	6.8	6.8
Operating income	\$ 29.2	\$ 51.7	\$ 20.3	\$ 13.8	\$ (95.0)	\$ 20.0

Three Months Ended June 30, 2026 Compared to Three Months Ended March 31, 2026

Floaters

Floater revenues increased \$86.4 million, or 45%, for the current quarter compared to the preceding quarter, primarily driven by incremental revenues of \$84.4 million from VALARIS DS-17, VALARIS DS-12 and VALARIS DS-10, all of which commenced new contracts since late in the first quarter of 2026.

Floater contract drilling expense increased \$17.3 million, or 11%, for the current quarter compared to the preceding quarter, primarily due to incremental operating costs of \$24.9 million for VALARIS DS-17, VALARIS DS-12 and VALARIS DS-10. For the remaining fleet, we had a \$5.4 million increase in repair and maintenance costs, largely driven by scheduled repairs and contract preparation for certain of our drillships. These increases were partially offset by an \$11.7 million non-recurring reversal of previously recognized bad debt expense during the current quarter in connection with a favorable legal settlement resulting in the collection of outstanding customer invoices from 2020.

Jackups

Jackup revenues decreased \$12.4 million, or 6%, for the current quarter compared to the preceding quarter, primarily due to a net decrease of \$4.2 million from fewer operating days, largely attributable to VALARIS 117, which completed its contract early in the current quarter and began scheduled maintenance and contract preparations in the shipyard. Further contributing to the decrease were lower average daily revenues of \$3.5 million, primarily driven by certain jackups in the North Sea providing lower day rate accommodation services during the current quarter.

Jackup contract drilling expense increased \$15.1 million, or 12%, for the current quarter compared to the preceding quarter, primarily due to a \$12.3 million increase associated with repair and maintenance costs, largely attributable to scheduled maintenance for VALARIS 117 and unplanned leg repairs for VALARIS 106 in the current quarter, and a \$3.0 million increase in insurance expenses primarily due to a full quarter of higher costs to maintain coverage for war-related risks for certain rigs which are located in the Middle East.

ARO

The operating revenues of ARO reflect revenues earned under drilling contracts with Saudi Aramco for both the ARO-owned jackup rigs and the rigs leased from us. Contract drilling expenses are inclusive of the bareboat charter fees for the rigs leased from us. See "[Note 3 - Equity Method Investment in ARO](#)" to our condensed consolidated financial statements included in "[Item 1. Financial Statements](#)" for additional information on ARO.

ARO revenue remained relatively flat for the current quarter compared to the preceding quarter, primarily due to a decrease of \$4.6 million from fewer operating days in the current quarter for certain rigs which were undergoing scheduled repairs or maintenance projects in the current quarter, including VALARIS 146 and VALARIS 140, which was offset by a \$4.2 million increase from VALARIS 108 and VALARIS 76, which had less downtime in the current quarter.

ARO contract drilling expense decreased \$3.5 million, or 5%, for the current quarter compared to the preceding quarter primarily due to an aggregate \$15.4 million of adjustments recorded by ARO in connection with the current quarter finalization of its 2025 financial statements. This decrease was partially offset by a \$7.1 million increase in repair and maintenance costs for rigs which were in the shipyard for scheduled projects and a \$4.7 million increase in personnel-related costs.

Other

Other revenue decreased \$1.8 million, or 4%, for the current quarter compared to the preceding quarter, primarily driven by lower lease revenue from ARO, partially offset by increased revenue on our managed rigs.

Other contract drilling expense increased \$4.7 million, or 21%, for the current quarter compared to the preceding quarter, primarily due to a \$4.5 million increase associated with repair and maintenance costs, largely driven by VALARIS 250, which was in the shipyard for planned maintenance and contract preparation projects, partially offset by a \$1.5 million decrease in personnel-related costs from fewer operating days.

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Segment information for the six months ended June 30, 2026 and 2025 is as follows (in millions):

Six Months Ended June 30, 2026

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues:						
Revenues (exclusive of reimbursable revenues)	\$ 471.6	\$ 379.2	\$ 254.3	\$ 81.6	\$ (254.3)	\$ 932.4
Reimbursable revenues	16.0	28.2	—	28.0	—	72.2
Total operating revenues	487.6	407.4	254.3	109.6	(254.3)	1,004.6
Operating expenses:						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	318.5	272.7	146.7	50.1	(67.2)	720.8
Reimbursable expenses	15.4	25.9	—	26.8	—	68.1
Total contract drilling expenses (exclusive of depreciation)	333.9	298.6	146.7	76.9	(67.2)	788.9
Depreciation	32.9	32.7	46.9	12.3	(37.5)	87.3
General and administrative	—	—	17.7	—	34.8	52.5
Merger and integration expenses	—	—	—	—	25.0	25.0
Other operating income	(2.8)	—	—	—	—	(2.8)
Total operating expenses	364.0	331.3	211.3	89.2	(44.9)	950.9
Equity in earnings of ARO	—	—	—	—	17.4	17.4
Operating income	\$ 123.6	\$ 76.1	\$ 43.0	\$ 20.4	\$ (192.0)	\$ 71.1

Six Months Ended June 30, 2025

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues						
Revenues (exclusive of reimbursable revenues)	\$ 675.7	\$ 397.9	\$ 274.6	\$ 76.5	\$ (274.6)	\$ 1,150.1
Reimbursable revenues	16.1	53.7	—	16.0	—	85.8
Total operating revenues	691.8	451.6	274.6	92.5	(274.6)	1,235.9
Operating expenses						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	380.3	241.0	182.0	33.4	(107.5)	729.2
Reimbursable expenses	15.0	50.7	—	15.8	—	81.5
Total contract drilling expenses (exclusive of depreciation)	395.3	291.7	182.0	49.2	(107.5)	810.7
Depreciation	28.8	27.3	58.2	5.6	(51.3)	68.6
General and administrative	—	—	12.9	—	30.3	43.2
Other operating loss	7.8	—	—	—	—	7.8
Total operating expenses	431.9	319.0	253.1	54.8	(128.5)	930.3
Equity in earnings of ARO	—	—	—	—	1.5	1.5
Operating income	\$ 259.9	\$ 132.6	\$ 21.5	\$ 37.7	\$ (144.6)	\$ 307.1

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Floaters

Floater revenues decreased \$204.1 million, or 30%, during the six months ended June 30, 2026 compared to the prior year period, partially driven by lower operating revenues of \$36.3 million for VALARIS DPS-1, which completed its contract and was sold for recycling since the end of the prior year period. For the remaining fleet, we had a net decrease of \$188.3 million from fewer operating days, largely attributable to various rigs which were either preparing for contracts or warm stacked between contracts during the current year period, partially offset by an increase of \$20.4 million from higher average daily revenues for various drillships which were operating under higher day rate contracts relative to the prior year period.

Floater contract drilling expense decreased \$61.8 million, or 16%, during the six months ended June 30, 2026 compared to the prior year period, primarily due to lower operating costs of \$36.5 million for rigs which have been sold since the prior year period. For the remaining fleet, there was a \$33.6 million decrease from lower personnel-related costs, largely driven by rigs that were warm-stacked or preparing for contracts during the current year period. These decreases were partially offset by a \$17.7 million increase in repair and maintenance costs, primarily attributable to VALARIS DS-10 and VALARIS DS-17, which were undergoing scheduled maintenance and upgrade projects during the current year period. Further contributing to the offsetting increase was a net \$5.4 million increase attributable to non-recurring items, comprised of a \$17.1 million accrual reversal in the prior year period related to a favorable arbitration outcome for a previously disclosed patent license litigation, partially offset by an \$11.7 million reversal of previously recognized bad debt expense during the current year period in connection with the execution of a favorable settlement resulting in the collection of outstanding customer invoices from 2020.

Other operating (income) loss includes a non-cash loss on impairment of \$7.8 million in the prior year period in connection with the retirement of the Retired Semis and a gain on remeasurement of \$2.8 million in the six months ended June 30, 2026 related to VALARIS DPS-1, which was previously classified as held for sale and was subsequently sold in April 2026 for recycling. See "[Note 5 - Property and Equipment](#)" to our condensed consolidated financial statements included in "[Item 1. Financial Statements](#)" for information regarding the Retired Semis and VALARIS DPS-1.

Jackups

Jackup revenues decreased \$18.7 million, or 5%, during the six months ended June 30, 2026 compared to the prior year period, largely driven by lower operating revenues of \$44.7 million for VALARIS 247, which completed its contract and was sold during the third quarter of 2025. This decrease was partially offset by a net increase of \$23.1 million from more operating days for the remaining jackup fleet, largely attributable to VALARIS 144, which was mobilizing to Angola in the prior year period ahead of commencing its current contract in April 2025.

Jackup contract drilling expense increased \$31.7 million, or 13%, during the six months ended June 30, 2026 compared to the prior year period, primarily due to \$13.8 million of incremental insurance expenses to maintain coverage for war-related risks for certain rigs which are located in the Middle East, a \$12.9 million increase in personnel-related costs, partially driven by incremental operating days for VALARIS 144 and wage increases in certain regions, and a \$11.1 million increase in mobilization costs, largely driven by rigs which mobilized for new contracts during the current year period. Further contributing to the increase were higher repair and maintenance costs of \$9.3 million, largely attributable to scheduled maintenance for VALARIS 117 and unplanned leg repairs for VALARIS 106 during the current year period. These increases were partially offset by lower operating costs of \$17.8 million for VALARIS 247.

Jackup depreciation expense increased \$5.4 million, or 20%, during the six months ended June 30, 2026 compared to the prior year period, primarily due to new assets placed in service for certain rigs that underwent capital upgrades.

ARO

ARO revenue decreased \$20.3 million, or 7%, during the six months ended June 30, 2026 compared to the prior year period, primarily due to a net decrease of \$56.2 million from fewer operating days, largely driven by certain rigs, including VALARIS 250 and VALARIS 116, which were undergoing planned maintenance and contract preparation projects during the current year period. This decrease was partially offset by incremental revenues of \$19.3 million for VALARIS 76, which commenced a new contract in December 2025, and a net increase of \$14.0 million from higher average daily revenues as a result of the commencement of five long-term contract extensions at higher day rates than those earned in the prior year period.

ARO contract drilling expense decreased \$35.3 million, or 19%, during the six months ended June 30, 2026 compared to the prior year period, primarily due to lower operating costs of \$29.4 million for rigs which were undergoing scheduled maintenance projects in the current year period. Further contributing to the decrease was an aggregate \$15.4 million of adjustments recorded by ARO in connection with the current quarter finalization of its 2025 financial statements. These decreases were partially offset by incremental operating costs of \$9.0 million for VALARIS 76 compared to the prior year period.

ARO depreciation expense decreased \$11.3 million, or 19%, comparing the two periods, primarily due to assets that were fully depreciated since the prior year period.

Other

Other revenue increased \$5.1 million, or 7%, during the six months ended June 30, 2026 compared to the prior year period, primarily due to \$10.5 million of incremental lease revenue from the commencement of operations for VALARIS 76 in December 2025 and a net increase of \$6.6 million in lease revenue attributable to five long-term bareboat charter extensions at higher rates for our leased rigs to ARO since the end of the prior year period. Further contributing to the increase was \$6.1 million of compensation from ARO recognized in the current year period for certain contractual obligations relating to a previously terminated bareboat charter. These increases were partially offset by a net decrease in lease revenue of \$19.8 million for VALARIS 250 and VALARIS 116, which were undergoing planned maintenance and contract preparation projects during the current year period.

Other contract drilling expense increased \$16.7 million, or 50%, during the six months ended June 30, 2026 compared to the prior year period, primarily due to a \$9.3 million increase in repair and maintenance costs, largely driven by planned maintenance and contract preparation projects for VALARIS 250 and VALARIS 116, and a \$4.2 million increase in insurance expenses to maintain coverage for war-related risks for VALARIS 250 and VALARIS 116, which are located in the Middle East.

Other depreciation expense increased \$6.7 million, or 120%, relative to the prior year period, primarily due to capital upgrades placed in service for VALARIS 76 since the end of the prior year period.

Other Income (Expense)

The following table summarizes other income (expense) (in millions):

	Three Months Ended		Six Months Ended	
	June 30, 2026	March 31, 2026	June 30, 2026	June 30, 2025
Net gain (loss) on sale of property	\$ 37.7	\$ (1.6)	\$ 36.1	\$ 27.9
Interest expense, net	(24.0)	(24.3)	(48.3)	(49.1)
Interest income	16.3	17.0	33.3	29.5
Net foreign currency exchange losses	(1.7)	(1.7)	(3.4)	(14.3)
Net periodic pension and retiree medical income (loss)	0.9	0.9	1.8	(0.5)
Other, net	0.3	0.1	0.4	(0.6)
	\$ 29.5	\$ (9.6)	\$ 19.9	\$ (7.1)

Three Months Ended June 30, 2026 Compared to Three Months Ended March 31, 2026

Net gains on sale of property increased \$39.3 million during the current quarter compared to the preceding quarter, primarily due to sale of VALARIS 104 during the current quarter, which resulted in the recognition of a non-recurring pre-tax gain of \$36.6 million. See "[Note 5 - Property and Equipment](#)" to our condensed consolidated financial statements included in "[Item 1. Financial Statements](#)" for information regarding VALARIS 104.

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Net gains on sale of property for the six months ended June 30, 2026 were largely attributable to the sale of VALARIS 104, which resulted in the recognition of a non-recurring pre-tax gain of \$36.6 million. Net gains on sale of property for the prior year period primarily related to the sales of VALARIS 75 and an office in Angola, which resulted in non-recurring pre-tax gains of \$23.0 million and \$4.0 million, respectively. See "[Note 5 - Property and Equipment](#)" to our condensed consolidated financial statements included in "[Item 1. Financial Statements](#)" for information regarding these asset sales.

Interest income increased \$3.8 million, or 13%, relative to the prior year period primarily due to a \$3.0 million increase in interest income earned on our outstanding 10-year shareholder notes receivable due from ARO (the "Notes Receivable from ARO"), driven by a higher outstanding principal balance relative to the prior year period due to the 2025 interest being paid in-kind in December 2025. This increase was partially offset by a lower interest rate as a result of an annual interest rate reset that occurred at the end of 2025.

Net foreign currency exchange losses were \$3.4 million during the six months ended June 30, 2026 compared to \$14.3 million in the prior year period, primarily driven by favorable exchange rate movements in euros and British pounds, partially offset by unfavorable exchange rate movement in Malaysian ringgit relative to the prior year period.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

We expect to fund our short-term liquidity needs, including contractual obligations and anticipated capital expenditures, as well as working capital requirements, from cash and cash equivalents and cash flows from operations. Additionally, we have liquidity available under our senior secured revolving credit agreement, which matures in 2028 (the "2028 Credit Agreement"). We expect to fund our long-term liquidity needs, including contractual obligations and anticipated capital expenditures, from cash and cash equivalents, cash flows from operations, as well as cash which may be received from the distribution of earnings from ARO. We may rely on the issuance of debt and/or equity securities in the future to supplement our liquidity needs, subject to certain restrictions provided within the Business Combination Agreement. However, the Indenture governing our 2030 Second Lien Notes, as defined below, dated as of April 19, 2023 (the "Indenture"), and the 2028 Credit Agreement contain covenants that limit our ability to incur additional indebtedness.

Our cash and cash equivalents as of June 30, 2026 and December 31, 2025 were \$541.2 million and \$599.4 million, respectively. We have no debt principal payments due until 2030 and had \$375.0 million available for borrowing, including up to \$150.0 million for the issuance of letters of credit, under the 2028 Credit Agreement as of July 30, 2026. See below and "[Note 8 - Debt](#)" to our condensed consolidated financial statements included in "[Item 1. Financial Statements](#)" for additional information on the 2028 Credit Agreement and the 8.375% Second Lien Notes due 2030.

Cash Flows and Capital Expenditures

Absent periods where we have significant financing or investing transactions or activities, such as debt or equity issuances, share repurchases, debt repayments, business combinations or asset sales, our primary sources and uses of cash are driven by cash generated from or used in operations and capital expenditures. Our net cash provided by operating activities and capital expenditures were as follows (in millions):

	Six Months Ended June 30,			
	2026		2025	
Net cash provided by operating activities	\$	88.1	\$	275.9
Capital expenditures	\$	(206.4)	\$	(167.4)

During the six months ended June 30, 2026, we generated \$88.1 million of cash flow from operating activities primarily due to operating income for the period of \$71.1 million and the receipt of approximately \$43.0 million of U.S. income tax refunds, which were partially offset by other changes in working capital. In addition, we collected \$60.3 million of cash proceeds for the sale of assets during the current period, primarily related to the sales of VALARIS 104 and VALARIS DPS-1. Our primary use of cash was \$206.4 million for maintenance and upgrades of our drilling rigs.

During the six months ended June 30, 2025, we generated \$275.9 million of cash flow from operating activities primarily due to operating income for the period of \$307.1 million and approximately \$26.0 million of tax refunds received from the Australian tax authority during the first quarter of 2025, partially offset by other changes in working capital. An additional source of cash was \$24.0 million of cash proceeds related to the sale of VALARIS 75 and the sale of the Retired Semis. Our primary uses of cash were \$167.4 million for maintenance and upgrades of our drilling rigs.

Based on our current projections, we expect capital expenditures during 2026 to approximate \$425.0 million to \$475.0 million primarily relating to maintenance and upgrade projects, including contract-specific capital expenditures. Depending on market conditions, contracting activity and future opportunities, we may make additional capital expenditures to upgrade rigs for customer requirements and acquire additional rigs, subject to certain restrictions within the Business Combination Agreement.

We review from time to time possible acquisition opportunities relating to our business, which may include the acquisition of rigs or other businesses. The timing, size or success of any acquisition efforts and the associated potential capital commitments are unpredictable and uncertain and are subject to certain restrictions specified within the Business Combination Agreement. We may seek to fund all or part of any such efforts with cash on hand and proceeds from debt and/or equity issuances and may issue equity directly to the sellers. Our ability to obtain capital for additional projects to implement our growth strategy over the longer term will depend on our future operating performance, restrictions to incur additional debt in the Indenture and the 2028 Credit Agreement, financial condition and, more broadly, on the availability of equity and debt financing. Capital availability will be affected by prevailing conditions in our industry, the global economy, the global financial markets and other factors, many of which are beyond our control. In addition, any additional debt service requirements we take on could be based on higher interest rates and shorter maturities and could impose a significant burden on our results of operations and financial condition, and the issuance of additional equity securities could result in significant dilution to shareholders.

Financing and Capital Resources

2030 Second Lien Notes

In 2023, the Company and Valaris Finance Company LLC ("Valaris Finance," together, the "Issuers"), issued and sold \$1.1 billion in aggregate principal amount of 8.375% Senior Secured Second Lien Notes due 2030 (the "2030 Second Lien Notes"). The 2030 Second Lien Notes mature on April 30, 2030 and bear an interest rate of 8.375% per annum. Interest is payable semi-annually in arrears on April 30 and October 30 of each year. See "[Note 8 - Debt](#)" to our condensed consolidated financial statements included in "[Item 1. Financial Statements](#)" for additional information on the 2030 Second Lien Notes.

2028 Credit Agreement

The 2028 Credit Agreement provides for commitments permitting borrowings of up to \$375.0 million (which may be increased, subject to the satisfaction of certain conditions and the agreement of lenders to provide such additional commitments, by an additional \$200.0 million pursuant to the terms of the 2028 Credit Agreement) and includes a \$150.0 million sublimit for the issuance of letters of credit. See "[Note 8 - Debt](#)" to our condensed consolidated financial statements included in "[Item 1. Financial Statements](#)" for additional information on the 2028 Credit Agreement.

Investment in ARO and Notes Receivable from ARO

We expect to receive cash from ARO in the future, both from the maturity of our Notes Receivable from ARO and from the distribution of earnings from ARO.

The distribution of earnings to the joint-venture partners is at the discretion of the ARO board of managers, consisting of 50/50 membership of managers appointed by Saudi Aramco and managers appointed by us, with approval required by both shareholders. The timing and amount of any cash distributions to the joint-venture partners cannot be predicted with certainty and will be influenced by various factors, including the liquidity position and capital allocation priorities of ARO. ARO has not made a cash distribution of earnings to its partners since its formation. ARO had cash and cash equivalents of \$47.7 million as of June 30, 2026.

The Notes Receivable from ARO, which are governed by the laws of Saudi Arabia, mature during 2027 and 2028. We expect to agree to extend the maturity of the Notes Receivable from ARO to facilitate its capital allocation priorities, in particular its newbuild jackup program. Notwithstanding any extension of the maturity, in the event that ARO is unable to repay the Notes Receivable from ARO when they become due, we would require the prior consent of our joint venture partner to enforce ARO's payment obligations.

See "[Note 3 - Equity Method Investment in ARO](#)" to our condensed consolidated financial statements included in "[Item 1. Financial Statements](#)" for additional information on our investment in ARO and Notes Receivable from ARO.

The following table summarizes the maturity schedule of our Notes Receivable from ARO as of June 30, 2026 (in millions):

Maturity Date	Principal Amount	
October 2027	\$	227.3
October 2028		173.4
Total	\$	400.7

Share Repurchase Program

Our board of directors has authorized a share repurchase program under which we may purchase up to \$600.0 million of our outstanding common shares, subject to certain restrictions provided in our debt agreements and the Business Combination Agreement. As of June 30, 2026, we had approximately \$175.0 million available for share repurchases pursuant to the Share Repurchase Program. There were no share repurchases under this program during the three and six months ended June 30, 2026 and 2025. See "[Note 9 - Shareholders' Equity](#)" to our condensed consolidated financial statements included in "[Item 1. Financial Statements](#)" for additional information on our share repurchase program.

Other Commitments

We have other commitments that we are contractually obligated to fulfill with cash under certain circumstances. As of June 30, 2026, we were contingently liable for an aggregate amount of \$111.4 million under outstanding letters of credit and surety bonds, which guarantee our performance as it relates to our drilling contracts, contract bidding, customs duties, tax appeals and other obligations in various jurisdictions. The outstanding amount includes an approximate \$75.0 million customs bond obtained in the second quarter of 2026 related to the importation of VALARIS DS-10 ahead of the commencement of its contract in West Africa. Obligations under these letters of credit and surety bonds are not normally called, as we typically comply with the underlying performance requirements. As of June 30, 2026, we had collateral deposits in the amount of \$15.1 million with respect to these agreements.

In connection with our 50/50 unconsolidated joint venture, we have a potential obligation to fund ARO for newbuild jackup rigs. The Shareholder Agreement specifies that ARO shall purchase 20 newbuild jackup rigs. The joint venture partners intend for the newbuild jackup rigs to be financed from available cash on hand and from ARO's operations and/or funds available from third-party financing. The first two newbuild jackups, Kingdom 1 and Kingdom 2, were delivered and commenced operations in 2023 and 2024, respectively. In October 2023, ARO entered into a \$359.0 million term loan to finance the remaining payments due upon delivery of the two rigs and for general corporate purposes. The term loan matures in eight years following the related drawdown under the term loan and requires equal quarterly amortization payments during the term, with a 50% balloon payment due at maturity. Our Notes Receivable from ARO are subordinated and junior in right of payment to both ARO's term loan and credit facility. ARO has a revolving credit facility which provides for borrowings of up to \$150.0 million. As of June 30, 2026, there were no amounts outstanding under this facility.

In October 2024 and November 2025, ARO ordered the third and fourth newbuild jackups, Kingdom 3 and Kingdom 4, respectively, for a purchase price of approximately \$300.0 million each. ARO paid a 25% down payment from cash on hand for Kingdom 3 and Kingdom 4. ARO expects these newly ordered jackup rigs to be financed from cash on hand or from operations or funds available from third-party financing. In the event ARO has insufficient cash or is unable to obtain third-party financing, each partner may periodically be required to make additional capital contributions to ARO, up to a maximum aggregate contribution of \$1.25 billion from each partner to fund the newbuild program. Beginning with the delivery of the second newbuild, each partner's commitment is reduced by the lesser of the actual cost of each newbuild rig or \$250.0 million, on a proportionate basis. Following the delivery of Kingdom 2, our commitment to fund the newbuild program has been reduced to \$1.1 billion. See "[Note 3](#) - *Equity Method Investment in ARO*" to our condensed consolidated financial statements included in "[Item 1](#). *Financial Statements*" for additional information on ARO.

Tax Assessments

In February 2024, one of our Malaysian subsidiaries received an unfavorable court decision regarding a tax assessment for the 2012-2017 tax years totaling approximately MYR117.0 million (approximately \$29.0 million converted at current quarter-end exchange rates), including a late payment penalty. In July 2024, we received a payment demand from the Malaysian tax authority for the full assessment amount. In order to further contest the assessment, we made payments of approximately \$8.0 million and \$18.0 million in 2025 and 2024, respectively, for aggregate total payments of \$26.0 million. These payments are included within Other assets in the Condensed Consolidated Balance Sheets. We have not recorded a liability for uncertain tax positions as of June 30, 2026, related to this assessment based on a more-likely-than-not threshold. We believe our tax returns are materially correct as filed and will vigorously contest this assessment.

In December 2024, we reached a settlement agreement with the Australian tax authorities regarding tax assessments which related to the examination of certain of our tax returns for the years 2011 through 2016. In connection with this agreement, during the first quarter of 2025, we received refunds (including interest) totaling A\$42.0 million (approximately \$26.0 million at then-current exchange rates).

Divestitures

Our business strategy has been to focus on ultra-deepwater floater and premium jackup operations and de-emphasize other assets and operations that no longer meet our standards for economic returns. While taking into account certain restrictions on the sales of assets under our debt agreements and within the Business Combination Agreement, as part of our strategy, we may act opportunistically from time to time to monetize assets to enhance shareholder value and improve our liquidity profile, in addition to reduce holding costs by selling or disposing of lower-specification or non-core rigs. See "[Note 8](#) - Debt" to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2025 for additional information on certain restrictions on the sales of assets.

In May 2026, we entered into an agreement to sell VALARIS 109, a rig within our Jackups segment, for cash proceeds of \$34.0 million, subject to certain customary closing conditions. In accordance with this agreement, we received a cash deposit of \$3.4 million in June 2026. In July 2026, we completed the sale of VALARIS 109, received the remaining cash proceeds and recognized a pre-tax gain of approximately \$31.0 million during the third quarter of 2026. In connection with this sale, VALARIS 109 was reclassified from Property and equipment, net to Assets held for sale on our Condensed Consolidated Balance Sheets during the second quarter of 2026.

In April 2026, we entered into an agreement to sell VALARIS 104, a rig within our Jackups segment, for alternative use. The rig was sold for cash proceeds of \$40.0 million, resulting in the recognition of a pre-tax gain of \$36.6 million during the three months ended June 30, 2026.

In the fourth quarter of 2025, we approved a plan to retire VALARIS DPS-1, a semisubmersible rig within our Floaters segment, and reclassified the rig from Property and equipment, net to Assets held for sale on our Consolidated Balance Sheets at that time. In April 2026, VALARIS DPS-1 was sold for recycling and removed from service for total cash proceeds of \$10.1 million.

See "[Note 5 – Property and Equipment](#)" to our condensed consolidated financial statements included in "[Item 1. Financial Statements](#)" for further information regarding these divestitures.

MARKET RISK

Interest Rate Risk

Our outstanding debt at June 30, 2026 consisted of our \$1.1 billion aggregate principal amount of 2030 Second Lien Notes. We are subject to interest rate risk on our fixed-interest rate borrowings. Fixed rate debt, where the interest rate is fixed over the life of the instrument, exposes us to changes in market interest rates impacting the fair value of the debt.

Our 2028 Credit Agreement provides for commitments permitting borrowings of up to \$375.0 million at June 30, 2026. As the interest rates for such borrowings are at variable rates, we are subject to interest rate risk. As of June 30, 2026, we had no outstanding borrowings under the 2028 Credit Agreement.

Our Notes Receivable from ARO bear interest based on the one-year term SOFR rate, set as of the end of the year prior to the applicable year, plus 2.10%. As the Notes Receivable from ARO bear interest on the applicable SOFR rate determined at the end of the preceding year, the rate governing our interest income in 2026 has already been determined. A hypothetical 1% decrease to SOFR would decrease interest income for the year ended December 31, 2026 by \$4.0 million based on the principal amount outstanding at June 30, 2026 of \$400.7 million.

Foreign Currency Risk

Our functional currency is the U.S. dollar. As is customary in the oil and gas industry, a majority of our revenues and expenses are denominated in U.S. dollars; however, a portion of the revenues earned and expenses incurred by certain of our subsidiaries are denominated in currencies other than the U.S. dollar. We are exposed to foreign currency exchange risk to the extent the amount of our monetary assets denominated in the foreign currency differs from our obligations in the foreign currency or revenue earned differs from costs incurred in the foreign currency. We do not currently hedge our foreign currency risk.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires us to make estimates, judgments and assumptions that affect the amounts reported in our condensed consolidated financial statements and accompanying notes. Our significant accounting policies are included in Note 1 to our audited consolidated financial statements for the year ended December 31, 2025, included in our annual report on Form 10-K filed with the SEC on February 20, 2026. These policies, along with our underlying judgments and assumptions made in their application, have a significant impact on our condensed consolidated financial statements.

We identify our critical accounting policies as those that are the most pervasive and important to the portrayal of our financial position and operating results and that require the most difficult, subjective and/or complex judgments regarding estimates in matters that are inherently uncertain. Our critical accounting policies are those related to property and equipment, income taxes and pension and other post-retirement benefits. 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 Policies and Estimates" in Part II of our annual report on Form 10-K for the year ended December 31, 2025.

New Accounting Pronouncements

See "[Note 1](#) - Unaudited Condensed Consolidated Financial Statements" to our condensed consolidated financial statements included in "[Item 1](#). Financial Statements" for information on new accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information required under this Item 3. has been incorporated herein from "[Item 2](#). Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk."

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures – We have established disclosure controls and procedures to ensure that the information required to be disclosed by us in the reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and made known to the officers who certify the Company's financial reports and to other members of senior management and the board of directors as appropriate to allow timely decisions regarding required disclosure.

Based on their evaluation as of June 30, 2026, our management, with the participation of our principal executive officer and principal financial officer, have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective.

Changes in Internal Controls – There were no material changes in our internal control over financial reporting during the quarter ended June 30, 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

Environmental Matters

We are currently subject to pending notices of assessment relating to spills of drilling fluids, oil, brine, chemicals, grease or fuel from drilling rigs operating offshore Brazil from 2008 to 2017, pursuant to which the governmental authorities have assessed, or are anticipated to assess, fines. We have contested these notices and appealed certain adverse decisions and are awaiting decisions in these cases. Although we do not expect final disposition of these assessments to have a material adverse effect on our financial position, operating results and cash flows, there can be no assurance as to the ultimate outcome of these assessments. A \$0.4 million liability related to these matters was included in Accrued liabilities and other on our Condensed Consolidated Balance Sheet as of June 30, 2026 included in "[Item 1](#). *Financial Statements*."

Other Matters

In addition to the foregoing, we are named defendants or parties in certain other lawsuits, claims or proceedings incidental to our business and are involved from time to time as parties to governmental investigations or proceedings, including matters related to taxation, arising in the ordinary course of business. Although the outcome of such lawsuits or other proceedings cannot be predicted with certainty and the amount of any liability that could arise with respect to such lawsuits or other proceedings cannot be predicted accurately, we do not expect these matters to have a material adverse effect on our financial position, operating results or cash flows.

Item 1A. Risk Factors

There are numerous factors that affect our business and results of operations, many of which are beyond our control. In addition to the other information presented in this quarterly report, you should carefully read and consider "Item 1A. Risk Factors" in Part I and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II of our annual report on Form 10-K for the year ended December 31, 2025, which contains descriptions of significant risks that may cause our actual results of operations in future periods to differ materially from those currently anticipated or expected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Our board of directors has authorized a share repurchase program of up to \$600.0 million. The share repurchase program does not have a fixed expiration, may be modified, suspended or discontinued at any time and is subject to compliance with applicable covenants and restrictions under our financing agreements and the Business Combination Agreement. The amount remaining for purchase was approximately \$175.0 million as of June 30, 2026.

Item 5. Other Information

During the three months ended June 30, 2026, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Exhibit
2.1	<u>Business Combination Agreement, dated as of February 9, 2026, between Transocean Ltd. and Valaris Limited (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on February 10, 2026, File No. 18097).</u>
+*10.1	<u>2026 Non-Employee Director RSU Form of Award Agreement</u>
*31.1	<u>Certification of the Chief Executive Officer of Registrant Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
*31.2	<u>Certification of the Chief Financial Officer of Registrant Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
**32.1	<u>Certification of the Chief Executive Officer of Registrant Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
**32.2	<u>Certification of the Chief Financial Officer of Registrant Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
*101.INS	XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
*101.SCH	Inline XBRL Taxonomy Extension Schema Document
*101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
*104	The cover page of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, formatted in Inline XBRL (included with Exhibit 101 attachments).

* Filed herewith.

** Furnished herewith.

+ Management contract or compensatory plan and arrangement required to be filed as an exhibit pursuant to Item 6 of this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Valaris Limited

Date: August 6, 2026

/s/ CHRISTOPHER T. WEBER

Christopher T. Weber
Senior Vice President and Chief
Financial Officer

/s/ MELISSA BARRON

Melissa Barron
Controller
(principal accounting officer)

**VALARIS LIMITED
2021 MANAGEMENT INCENTIVE PLAN
NON-EMPLOYEE DIRECTOR
NOTICE AND ACCEPTANCE OF RESTRICTED STOCK UNIT AWARD**

You have been granted the following award (the “Award”) of Restricted Stock Units (“RSUs”) and Dividend Equivalents pursuant to the Valaris Limited 2021 Management Incentive Plan (as the same may be amended, the “Plan”). Each RSU represents the right to receive one common share, par value \$0.01 per share, of Valaris Limited, an exempted company incorporated under the laws of the Bermuda (the “Company”) or the cash value of one Share as set forth in the Agreement (as defined below).

Name of Grantee:	(the “ <u>Grantee</u> ”)
Total Number of RSUs Granted:	 An equivalent number of tandem Dividend Equivalents are granted in conjunction with the grant of RSUs.
Date of Grant:	
Vesting Schedule:	Subject to the Grantee’s continuous service as a director of the Company through such date (the “ <u>Vesting Date</u> ”), the RSUs shall vest in full on the earlier of (i) the first anniversary of the Grant Date or (ii) the next Annual Meeting of the Company’s Shareholders that follows the Grant Date.

The terms of the Award referenced herein are subject to the provisions of this Notice and Acceptance of Restricted Stock Unit Award (the “Grant Notice”), the attached Non-Employee Director Restricted Stock Unit Award Agreement Terms and Conditions (including any applicable country-specific provisions contained in any Appendix attached thereto) (the “Terms and Conditions,” and together with this Grant Notice, the “Agreement”), and the Plan. Capitalized terms not otherwise defined in the Agreement shall have the meanings given to them given to them in the Plan.

The Terms and Conditions are provided herewith. The Plan and Plan prospectus are available to you through the Corporate Compensation Department in Houston and may be accessed on the Merrill Lynch Benefits OnLine® website.

Except as otherwise set forth in the Agreement, any RSUs granted hereunder that have not vested under the Vesting Schedule will be forfeited if and when you cease to be a director of the Company.

By signing this Grant Notice, you hereby agree to accept the above Award pursuant to the provisions of the Plan and the Agreement.

VALARIS LIMITED

By: ____
Name:
Title:

ACCEPTED AND AGREED

By: ____
Name:
Title:

VALARIS LIMITED
2021 MANAGEMENT INCENTIVE PLAN
NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AWARD
TERMS AND CONDITIONS

Valaris Limited, an exempted company incorporated under the laws of the Bermuda (the “Company”), has adopted the Valaris Limited 2021 Management Incentive Plan (as the same may be amended, the “Plan”). Capitalized terms not otherwise defined in the Agreement shall have the meaning given to such terms in the Plan. In furtherance of the purposes of the Plan, and pursuant thereto, the Award of RSUs and Dividend Equivalents has been granted under the Plan to the Grantee as described in the Grant Notice, which must be executed by the Grantee to reflect the Grantee’s acceptance of the Award and the terms of the Agreement. The Company and the Grantee may be individually referred to herein as “Party” or collectively as “Parties.”

1. Grant of RSUs and Dividend Equivalents

Subject to the terms, conditions and restrictions set forth in the Plan and those specified herein, the Company hereby grants the number of Restricted Stock Units (“RSUs”) and tandem Dividend Equivalents specified in the Grant Notice to the Grantee (the RSUs together with the Dividend Equivalents are the “Award”). Subject to Section 3(f) hereof, each RSU represents an unsecured promise of the Company to deliver one common share of the Company, par value \$0.01 per share (“Share”) or the cash value of one Share as set forth in Section 3(d) to the Grantee pursuant to the terms and conditions of the Plan and the Agreement. Each tandem Dividend Equivalent represents a right to receive cash payments equivalent to the amount of cash dividends declared and paid on one Share after the Grant Date and before the Dividend Equivalent expires. RSUs and Dividend Equivalents are used solely as units of measurement, and are not Shares; the Grantee is not, and has no rights as, a shareholder of the Company by virtue of receiving the Award unless and until the RSUs are converted to Shares and transferred to the Grantee, as set forth herein.

2. Transfer Restrictions

The Grantee shall not sell, assign, transfer, exchange, pledge, encumber, gift, devise, hypothecate or otherwise dispose of (collectively, “Transfer”) any RSUs or Dividend Equivalents granted hereunder other than by will or by the laws of descent and distribution. Any purported Transfer of RSUs or Dividend Equivalents in breach of the Agreement shall be void and ineffective, and shall not operate to Transfer any interest or title in the purported transferee.

3. Vesting and Settlement of RSUs and Dividend Equivalents

- (a) Vesting of RSUs and Dividend Equivalents. Subject to these Terms and Conditions, the Grantee’s interest in the RSUs and tandem Dividend Equivalents granted hereunder shall vest on the vesting date set out in the Grant Notice (the “Vesting Date”); provided that the Grantee is still a director of the Company and
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has continuously been a director of the Company from the Grant Date through the Vesting Date, except as provided in Section 4. All RSUs that do not become vested as of the end of the vesting period shall be forfeited. Any Dividend Equivalents subject to the Agreement shall expire at the time the RSU with respect to which the Dividend Equivalent is in tandem (i) is vested and paid or, to the extent permitted by the Company deferred, (ii) is forfeited, or (iii) expires.

- (b) Settlement of RSUs; No Deferral Election. With respect to any RSUs that vest hereunder that are not subject to a Deferral Election (as defined below), the Grantee shall become entitled to the number of Shares which have become vested as of the Vesting Date. Subject to Section 4 below, such Shares shall be delivered to or on behalf of the Grantee in exchange for vested RSUs on or prior to the 60th calendar day immediately following the Vesting Date, and if applicable, shall be subject to any further transfer or other restrictions as may be required by a securities law or other applicable law as determined by the Company.
 - (c) Settlement of RSUs; Deferral Election in Effect. With respect to any RSUs that vest hereunder that are subject to a validly made election to defer the settlement thereof on a form provided by the Company (a “Deferral Election”), the Grantee shall become entitled to the number of Shares which have become vested as of the Vesting Date; however, subject to Section 4 below (including with respect to a termination of the Grantee’s directorship in connection with a Change in Control (as defined below)), such Shares shall be delivered to or on behalf of the Grantee in exchange for vested RSUs within 30 calendar days of the designated payment date set forth in the Deferral Election, and if applicable, shall be subject to any further transfer or other restrictions as may be required by a securities law or other applicable law as determined by the Company.
 - (d) Cash Settlement. Notwithstanding the foregoing, if the Grantee has made a valid election to cash settle any portion of the RSUs that vest hereunder on a form provided by the Company (a “Cash Election”), then in lieu of Shares, the Grantee shall receive a cash payment on the otherwise applicable settlement date equal to the Fair Market Value of the Shares underlying the RSUs that are subject to such Cash Election, with the remainder of the RSUs that vest hereunder settled in shares as outlined above. For purposes of this Section 3(d), the Fair Market Value shall be determined as of the date immediately preceding the settlement date.
 - (e) Payment of Dividend Equivalents; Voting Rights. Payments with respect to any Dividend Equivalents subject to the Agreement shall accrue in a bookkeeping account of the Company and be paid, without interest, upon settlement of the associated RSU. All rights with respect to, or in connection with, the RSUs shall be exercisable during the Grantee’s lifetime only by the Grantee. The Grantee shall not be entitled to any voting rights with respect to the RSUs.
 - (f) Adjustments. As provided in the Plan, in the event of any change in the number of Shares issued and outstanding by reason of any share dividend or split, reverse
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share split, recapitalization, consolidation, combination or exchange of shares or similar corporate change, then the number of RSUs granted under the Agreement shall be proportionately increased or reduced, as applicable, so as to prevent the enlargement or dilution of the Grantee's rights and duties hereunder. The determination of the Committee regarding such adjustments shall be final and binding.

4. Accelerated Vesting and Forfeiture Events

- (a) Change in Control. If the Grantee's directorship is terminated within twelve (12) months following a Change in Control, the Grantee shall vest in a number of RSUs and tandem Dividend Equivalents equal to the total number of RSUs and tandem Dividend Equivalents granted hereunder multiplied by a fraction, the numerator of which is the number of days elapsed from the Grant Date through the termination date, and the denominator of which is the total number of days from the Grant date through the earlier of (a) the first anniversary of the Grant Date and (b) the next Annual Meeting of the Company's Shareholders that follows the Grant Date. All the vested RSUs and tandem Dividend Equivalents shall be settled within 30 days after such termination of the Grantee's directorship.

For the avoidance of doubt, if the Grantee continues to serve on the board of directors of the successor of the Company or the acquiring entity (or any parent thereof) in a Change in Control immediately following the Change in Control, the Grantee's directorship shall not be deemed to have terminated immediately following the Change in Control for purposes of this Agreement. For purposes of this Agreement, if the Grantee resigns from the Board at the request or direction of the Company in connection with a Change in Control, such resignation shall be deemed a termination of the Grantee's directorship by the Company following such Change in Control.

As used herein, "Change in Control" means (i) a change in the ownership of the Company, which occurs on the date that any one person, or more than one person acting as a group, acquires ownership of Shares that, together with Shares held by such person or persons acting in concert, constitutes more than fifty percent (50%) of the total voting power of the Shares; (ii) a majority of the members of the Board is replaced during any twelve (12)-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of appointment or election; or (iii) a sale of all or substantially all of the assets of Company. Additionally, with respect to any RSUs and Dividend Equivalents that constitute a deferral of compensation under Section 409A of the Code, any such transaction must also constitute a "change in control event" within the meaning of Treasury Regulation §1.409A-3(i)(5).

Notwithstanding the foregoing, a "Change in Control" of the Company will not be deemed to have occurred by virtue of the consummation of any transaction or

series of related transactions immediately following which the beneficial owners of the voting Shares immediately before such transaction or series of transactions continue to have a majority of the direct or indirect ownership in one or more entities which, singly or together, immediately following such transaction or series of transactions, either (A) own all or substantially all of the assets of the Company as constituted immediately prior to such transaction or series of transactions, or (B) are the ultimate parent with direct or indirect ownership of all of the voting Shares after such transaction or series of transactions. For further clarification, a “Change in Control” of the Company will not be deemed to have occurred by virtue of the consummation of any transaction or series of related transactions effected for the purpose of changing the place of incorporation or form of organization of the Company or the ultimate parent of the Company and its subsidiaries.

Following a Change in Control, all references to the Company in the Agreement shall be deemed to refer to the successor of the Company or the acquiring entity (or any parent thereof) in the Change in Control, except that in the definition of Change in Control, “the Company” shall mean Valaris Limited.

- (b) Termination Following Corporate Transaction. If the Grantee’s directorship is terminated in connection with a merger, consolidation, business combination or other similar corporate transaction that is not a Change in Control, the Grantee shall vest in a number of RSUs and tandem Dividend Equivalents equal to (i) the total number of RSUs and tandem Dividend Equivalents granted hereunder multiplied by a fraction, the numerator of which is the number of days elapsed from the Grant Date through the termination date and the denominator of which is the total number of days from the Grant date through the earlier of (a) the first anniversary of the Grant Date and (b) the next Annual Meeting of the Company’s Shareholders that follows the Grant Date. Such termination date shall be the “Vesting Date” and the RSUs shall be settled as set forth in Section 3(b) or 3(c), as applicable.
 - (c) Termination Due to Cause; Termination to Join a Competitor. If the Grantee’s directorship is terminated for Cause (as defined in the Plan) or the director terminates his or her service on the Board to join a competitor of the Company (other than the successor of the Company or the acquiring entity (or any affiliate thereof) in a Change in Control, as determined in the sole discretion of the Committee), all of the then outstanding RSUs and tandem Dividend Equivalents, whether or not vested, shall be immediately forfeited and cancelled as of such termination of directorship date, and shall not vest or be paid in any respect, without the necessity of any notice or other further action.
 - (d) Other Terminations. If the Grantee’s directorship is terminated for any reason except as otherwise provided above in this Section 4, all of the then unvested RSUs shall be immediately forfeited and cancelled as of the termination of
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directorship date, and shall not vest in any respect, without the necessity of any notice or other further action. All vested RSUs and associated Dividend Equivalents shall be settled as set forth in Section 3 above.

5. Grantee's Representations

Notwithstanding any provision hereof to the contrary, the Grantee hereby agrees and represents that the Grantee will not acquire any Shares or cash in lieu of Shares, and that the Company will not be obligated to issue any Shares or cash in lieu of Shares to the Grantee hereunder, if the issuance of such Shares or cash constitutes a violation by the Grantee or the Company of any law or regulation of any governmental authority. Any determination in this regard that is made by the Committee, in good faith, shall be final and binding. The rights and obligations of the Company and the Grantee hereunder are subject to all applicable laws and regulations.

6. Tax Consequences; No Advice Regarding Grant

The vesting of the RSUs, the issuance of Shares or payment of cash with respect to vested RSUs, and the payment of Dividend Equivalents will likely have tax consequences. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding participation in the Plan or the acquisition or sale of the Shares that may be issued under the Agreement. THE GRANTEE IS HEREBY ADVISED TO CONSULT WITH THE GRANTEE'S OWN PERSONAL TAX, LEGAL AND FINANCIAL ADVISERS REGARDING THE GRANTEE'S PARTICIPATION IN THE PLAN AND ANY TAX OR OTHER CONSEQUENCES ASSOCIATED WITH THIS AWARD.

7. Code Section 409A Compliance

This Agreement is intended to be interpreted and applied so that the payments and benefits set forth herein shall, as applicable, comply with or be exempt from the requirements of Code Section 409A, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to the fullest extent possible to reflect and implement such intent. Notwithstanding anything in this Agreement to the contrary and to the extent the payments and benefits set forth herein are subject to Code Section 409A, a termination of service shall not be deemed to have occurred for purposes of any provision of this Agreement unless such termination is also a "separation from service" within the meaning of Code Section 409A. Notwithstanding any provision in this Agreement to the contrary, if on his or her termination of service, the Grantee is deemed to be a "specified employee" within the meaning of Code Section 409A, any payments or benefits due upon such termination of service that constitute a "deferral of compensation" within the meaning of Code Section 409A and which do not otherwise qualify under the exemptions under Treas. Reg. § 1.409A-1 (including, without limitation, the short-term deferral exemption and the permitted payments under Treas. Reg. § 1.409A-1(b)(9)(iii)(A)), shall be delayed and paid or provided to the Grantee on the earlier of a date within 10 days

after the date that is six (6) months after the Grantee's separation from service or, if earlier, the date of the Grantee's death.

8. Data Privacy

The Grantee hereby acknowledges that the Grantee's personal data as described in the Agreement and any other Award materials, may be collected, used and/or transferred in electronic or other form by and among, as applicable, the Company and its affiliates, for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that the Company may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, compensation, job title, any shares or directorships held in the Company or an affiliate, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the exclusive purpose of implementing, administering and managing the Plan (individually and collectively, "Data").

The Grantee understands that Data will be transferred to Merrill Lynch and Computershare or such other stock plan service providers as may be selected by the Company in the future, which are assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Grantee's home country. The Grantee authorizes the Company, Merrill Lynch, Computershare and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan.

9. Electronic Delivery and Participation

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

10. Miscellaneous

- (a) No Fractional Shares. All provisions of the Agreement concern whole Shares. If the application of any provision hereunder would yield a fractional Share, such fractional Share shall be rounded up to the next whole Share.
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- (b) No Directorship Rights. No provision of the Agreement or the Plan shall be construed to give the Grantee any right to remain a director of the Company, or to continue to provide services as a director, or in any manner to affect the right of the Board or the Company's shareholders to terminate the Grantee's services at any time, with or without Cause.
 - (c) Notices. Any notice, instruction, authorization, request or demand required hereunder shall be in writing, and shall be delivered either by personal delivery, by telegram, telex, telecopy or similar facsimile means, by certified or registered mail, return receipt requested, or by courier or delivery service, addressed to the Company at its then current main corporate address (Attention: Corporate Secretary), and to the Grantee at his or her address indicated on the Company's records, or at such other address and number as a Party has previously designated by written notice given to the other Party in the manner hereinabove set forth. Notices shall be deemed given when received, if sent by facsimile means (confirmation of such receipt by confirmed facsimile transmission being deemed receipt of communications sent by facsimile means); and when delivered and receipted for (or upon the date of attempted delivery where delivery is refused), if hand-delivered, sent by express courier or delivery service, or sent by certified or registered mail, return receipt requested.
 - (d) Amendment, Termination and Waiver. The Agreement may be amended, modified, terminated or superseded; provided that any such action that materially impairs any rights or materially increases any obligations under the Award with respect to the Grantee may only be made with the consent of the Grantee. Any waiver of the terms or conditions hereof shall be made only by a written instrument executed and delivered by the Party waiving compliance. Any waiver granted by the Company shall be effective only if executed and delivered by a duly authorized executive officer of the Company who is not the Grantee. The failure of any Party at any time or times to require performance of any provisions hereof shall in no manner affect the right to enforce the same. No waiver by any Party of any term or condition herein, or the breach thereof, in one or more instances shall be deemed to be, or construed as, a further or continuing waiver of any such condition or breach or a waiver of any other condition or the breach of any other term or condition.
 - (e) Severability. It is the desire of the Parties hereto that the Agreement be enforced to the maximum extent permitted by law, and should any provision contained herein be held unenforceable by a court of competent jurisdiction, the Parties hereby agree and consent that such provision shall be reformed to create a valid and enforceable provision to the maximum extent permitted by law; provided, however, if such provision cannot be reformed, it shall be deemed ineffective and deleted herefrom without affecting any other provision of the Agreement. The Agreement should be construed by limiting and reducing it only to the minimum extent necessary to be enforceable under then applicable law.
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- (f) Governing Law; Jurisdiction. Except to the extent preempted by any applicable federal law, this Agreement will be construed and administered in accordance with the laws of Texas.
- (g) Imposition of Other Requirements. The Company reserves the right to (i) impose other requirements regarding participation in the Plan, with respect to the Agreement and on any Shares acquired under the Plan, to the extent that the Company determines it is necessary or advisable in order to (A) comply with applicable laws, including, the country where the Grantee resides, or (B) facilitate the administration of the Plan, and (ii) require the Grantee to sign any additional agreements or undertakings that are reasonably necessary to accomplish the foregoing.
- (h) The Grantee's Acknowledgment. The Grantee represents and acknowledges that (i) the Grantee is knowledgeable and sophisticated as to business matters, including the subject matter of the Agreement, (ii) the Grantee has read the Agreement and understands its terms and conditions, (iii) the Grantee has had ample opportunity to discuss the Agreement with the Grantee's legal counsel, if so desired, prior to execution of the Agreement, and (iv) no strict rules of construction shall apply for or against the drafter of the Agreement or any other Party.
- (i) Survival of Certain Provisions. Wherever appropriate to the intention of the Parties, the respective rights and obligations of the Parties hereunder shall survive any termination or expiration of the Agreement or the termination of the Grantee's directorship.
- (j) Successors and Assigns. The Agreement shall bind, be enforceable by, and inure to the benefit of, the Parties and their permitted successors and assigns as determined under the terms of the Agreement and the Plan.
- (k) Counterparts. The Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

CERTIFICATION

I, Anton Dibowitz, certify that:

1. I have reviewed this report on Form 10-Q for the fiscal quarter ending June 30, 2026 of Valaris Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 6, 2026

/s/ Anton Dibowitz

Anton Dibowitz
Director, President and Chief Executive
Officer

CERTIFICATION

I, Christopher T. Weber, certify that:

1. I have reviewed this report on Form 10-Q for the fiscal quarter ending June 30, 2026 of Valaris Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 6, 2026

/s/ Christopher T. Weber
Christopher T. Weber
Senior Vice President and Chief
Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Valaris Limited (the "Company") on Form 10-Q for the period ending June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anton Dibowitz, Director, President and Chief Executive Officer (principal executive officer) of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (the "Act"), that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Anton Dibowitz

Anton Dibowitz
Director, President and Chief Executive Officer
August 6, 2026

The foregoing certification is being furnished solely pursuant to § 906 of the Act and Rule 13a-14(b) promulgated under the Exchange Act and is not being filed as part of the Report or as a separate disclosure document.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Valaris Limited (the "Company") on Form 10-Q for the period ending June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher T. Weber, Senior Vice President and Chief Financial Officer (principal financial officer) of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (the "Act"), that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher T. Weber

Christopher T. Weber
Senior Vice President and Chief Financial Officer
August 6, 2026

The foregoing certification is being furnished solely pursuant to § 906 of the Act and Rule 13a-14(b) promulgated under the Exchange Act and is not being filed as part of the Report or as a separate disclosure document.