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 September 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	**98-1589854**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Richmond House, 12 Par-la-Ville Road Hamilton Bermuda	**HM 08**
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	Ticker Symbol(s)	Name of each exchange on which registered
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 October 29, 2026, there were 69,443,058 Common Shares of the registrant outstanding.

VALARIS LIMITED
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FOR THE QUARTER ENDED SEPTEMBER 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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
OPERATING REVENUES				
Revenues (exclusive of reimbursable revenues)	$ 555.6	$ 555.6	$ 1,488.0	$ 1,705.7
Reimbursable revenues	38.0	40.1	110.2	125.9
Total operating revenues	593.6	595.7	1,598.2	1,831.6
OPERATING EXPENSES				
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	379.9	367.6	1,100.7	1,096.8
Reimbursable expenses	37.4	38.0	105.5	119.5
Total contract drilling expenses (exclusive of depreciation)	417.3	405.6	1,206.2	1,216.3
Depreciation	47.3	37.1	134.6	105.7
General and administrative	25.7	26.9	78.2	70.1
Merger and integration expenses	15.5	—	40.5	—
Other operating loss, net	3.0	—	0.2	7.8
Total operating expenses	508.8	469.6	1,459.7	1,399.9
EQUITY IN EARNINGS (LOSSES) OF ARO	(3.5)	4.4	13.9	5.9
OPERATING INCOME	81.3	130.5	152.4	437.6
OTHER INCOME (EXPENSE)				
Interest income	16.3	22.6	49.6	52.1
Interest expense, net	(24.9)	(24.9)	(73.2)	(74.0)
Other, net	28.7	87.7	63.6	100.2
Total other income	20.1	85.4	40.0	78.3
INCOME BEFORE INCOME TAXES	101.4	215.9	192.4	515.9
PROVISION FOR INCOME TAXES				
Current income tax expense	8.9	29.4	50.2	81.1
Deferred income tax expense (benefit)	45.8	(0.8)	66.5	172.5
Total provision for income taxes	54.7	28.6	116.7	253.6
NET INCOME	46.7	187.3	75.7	262.3
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(0.6)	0.8	4.4	3.0
NET INCOME ATTRIBUTABLE TO VALARIS	$ 46.1	$ 188.1	$ 80.1	$ 265.3
EARNINGS PER SHARE				
Basic	$ 0.66	$ 2.66	$ 1.16	$ 3.74
Diluted	$ 0.66	$ 2.65	$ 1.14	$ 3.73
WEIGHTED-AVERAGE SHARES OUTSTANDING				
Basic	69.4	70.7	69.3	70.9
Diluted	70.3	71.0	70.3	71.2

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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
NET INCOME	$ 46.7	$ 187.3	$ 75.7	$ 262.3
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Net reclassification adjustment for amounts recognized in net income as a component of net periodic pension benefit	(0.2)	(0.2)	(0.6)	(0.6)
Foreign currency translation adjustments	(0.2)	1.2	3.2	4.3
NET OTHER COMPREHENSIVE INCOME (LOSS)	(0.4)	1.0	2.6	3.7
COMPREHENSIVE INCOME	46.3	188.3	78.3	266.0
COMPREHENSIVE (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(0.6)	0.8	4.4	3.0
COMPREHENSIVE INCOME ATTRIBUTABLE TO VALARIS	$ 45.7	$ 189.1	$ 82.7	$ 269.0

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)

	September 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 525.1	$ 599.4
Accounts receivable, net	538.1	474.8
Assets held for sale	2.0	6.4
Other current assets	193.2	144.7
Total current assets	1,258.4	1,225.3
PROPERTY AND EQUIPMENT, AT COST	2,889.5	2,598.3
Less accumulated depreciation	630.3	509.5
Property and equipment, net	2,259.2	2,088.8
LONG-TERM NOTES RECEIVABLE FROM ARO	363.4	345.0
INVESTMENT IN ARO	135.7	121.8
DEFERRED TAX ASSETS	1,298.9	1,364.2
OTHER ASSETS	166.9	159.7
Total assets	$ 5,482.5	$ 5,304.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	$ 393.7	$ 348.2
Accrued liabilities and other	375.1	343.4
Total current liabilities	768.8	691.6
LONG-TERM DEBT	1,088.5	1,086.0
DEFERRED TAX LIABILITIES	30.9	29.7
OTHER LIABILITIES	325.6	325.8
Total liabilities	2,213.8	2,133.1
COMMITMENTS AND CONTINGENCIES (Note 11)		
VALARIS SHAREHOLDERS' EQUITY		
Common Shares, $0.01 par value, 700.0 shares authorized, 76.6 and 76.4 shares issued, 69.4 and 69.2 shares outstanding as of September 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 September 30, 2026 and December 31, 2025	—	—
Stock warrants	16.4	16.4
Additional paid-in capital	1,153.6	1,134.9
Retained earnings	2,461.8	2,381.7
Accumulated other comprehensive income	63.5	60.9
Treasury shares, at cost, 7.2 shares as of September 30, 2026 and December 31, 2025	(425.1)	(425.1)
Total Valaris shareholders' equity	3,271.0	3,169.6
NONCONTROLLING INTERESTS	(2.3)	2.1
Total shareholders' equity	3,268.7	3,171.7
Total liabilities and shareholders' equity	$ 5,482.5	$ 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)

	Nine Months Ended September 30,	
	2026	**2025**
OPERATING ACTIVITIES		
Net income	$ 75.7	$ 262.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	134.6	105.7
Deferred income tax expense	66.5	172.5
Net gain on sale of property	(63.6)	(117.4)
Share-based compensation expense	26.2	18.4
Accretion of discount on Notes Receivable from ARO	(18.4)	(18.5)
Equity in earnings of ARO	(13.9)	(5.9)
Recovery of bad debt expense	(10.6)	(0.6)
Other operating loss, net	0.2	7.8
Changes in deferred costs	(38.7)	9.1
Changes in contract liabilities	26.7	(39.3)
Changes in contract assets	(11.6)	(5.5)
Other	2.4	6.7
Changes in operating assets and liabilities	(4.9)	91.8
Contributions to pension plans and other post-retirement benefits	(15.3)	(13.1)
Net cash provided by operating activities	155.3	474.0
INVESTING ACTIVITIES		
Additions to property and equipment	(328.0)	(237.2)
Proceeds from disposition of assets	102.6	136.3
Net cash used in investing activities	(225.4)	(100.9)
FINANCING ACTIVITIES		
Payments related to tax withholdings for share-based awards	(7.5)	(3.1)
Payments for share repurchases	—	(75.0)
Other	1.7	—
Net cash used in financing activities	(5.8)	(78.1)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(75.9)	295.0
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	617.5	380.5
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	$ 541.6	$ 675.5

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

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 nine months ended September 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 (which is expected to be satisfied by November 3, 2026), (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.

Shareholder meetings for both Valaris and Transocean are scheduled for November 24, 2026, and a hearing before the Supreme Court of Bermuda to sanction the Business Combination is scheduled for November 26, 2026. Subject to receipt of the requisite shareholder and court approvals, and satisfaction of the remaining closing conditions, the Business Combination is expected to close on or about December 1, 2026.

In connection with the Business Combination, we incurred professional fees and other costs of $15.5 million and $40.5 million for the three and nine months ended September 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 September 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):

	September 30, 2026	December 31, 2025
Current contract assets	$ 13.2	$ 4.3
Noncurrent contract assets	$ 15.5	$ 12.8
Current contract liabilities (deferred revenues)	$ 129.9	$ 87.7
Noncurrent contract liabilities (deferred revenues)	$ 78.1	$ 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	16.7	—
Increase due to revenue deferred during the period	—	151.1
Decrease due to amortization of deferred revenue that was included in the beginning contract liability balance	—	(69.6)
Decrease due to amortization of deferred revenue added during the period	—	(24.4)
Decrease due to transfer to receivables and payables during the period	(5.1)	—
Balance as of September 30, 2026	$ 28.7	$ 208.0

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 $75.8 million and $36.6 million as of September 30, 2026 and December 31, 2025, respectively. During the three and nine months ended September 30, 2026, amortization of such costs totaled $18.1 million and $50.6 million, respectively. During the three and nine months ended September 30, 2025, amortization of such costs totaled $9.1 million and $30.7 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 $7.1 million and $7.6 million as of September 30, 2026 and December 31, 2025, respectively. During the three and nine months ended September 30, 2026, amortization of such costs totaled $1.4 million and $5.1 million, respectively. During the three and nine months ended September 30, 2025, amortization of such costs totaled $1.9 million and $6.3 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 September 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	$ 47.3	$ 93.9	$ 21.4	$ 45.4	$ 208.0
Amortization of deferred costs	$ 22.7	$ 46.7	$ 12.9	$ 0.6	$ 82.9

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 September 30, 2026, ARO owned nine jackup rigs, had ordered four 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, two are currently under construction (Kingdom 3 and Kingdom 4, which were ordered in October 2024 and November 2025, respectively) and two additional newbuild jackups were ordered in August 2026 (Kingdom 5 and Kingdom 6). 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 (loss), 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 (loss). A reconciliation of those components is presented below (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
50% interest in ARO net income (loss) [1]	$ (6.6)	$ 1.2	$ 4.5	$ (3.6)
Amortization of basis differences	3.1	3.2	9.4	9.5
Equity in earnings (losses) of ARO	$ (3.5)	$ 4.4	$ 13.9	$ 5.9

[1] The 50% interest in ARO net income for the nine months ended September 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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenues (exclusive of reimbursable revenues) from Lease Agreements	$ 13.5	$ 22.5	$ 46.8	$ 52.9
Reimbursable revenues from Lease Agreements	—	—	10.2	—
Total operating revenues from Lease Agreements	$ 13.5	$ 22.5	$ 57.0	$ 52.9

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

	September 30, 2026	December 31, 2025
Accounts receivable	$ 38.1	$ 47.8
Contract assets [1]	$ —	$ 2.0
Contract liabilities [1]	$ 37.0	$ 16.3
Accounts payable [1]	$ 30.8	$ 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):

	September 30, 2026	December 31, 2025
Principal amount	$ 400.7	$ 400.7
Discount	(37.3)	(55.7)
Carrying value	$ 363.4	$ 345.0
Interest receivable [1] [2]	$ 16.8	$ —

[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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest income	$ 5.7	$ 10.0	$ 16.8	$ 18.0
Non-cash amortization [1]	6.2	6.2	18.4	18.5
Total interest income on the Notes Receivable from ARO	$ 11.9	$ 16.2	$ 35.2	$ 36.5

[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):

	September 30, 2026		December 31, 2025	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
2030 Second Lien Notes [1]	$ 1,088.5	$ 1,125.2	$ 1,086.0	$ 1,144.9
Notes Receivable from ARO [2]	$ 363.4	$ 411.5	$ 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 September 30, 2026 and December 31, 2025.

Note 5 - Property and Equipment

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

	September 30, 2026	December 31, 2025
Drilling rigs and equipment	$ 2,239.7	$ 1,958.8
Work-in-progress	600.0	590.3
Other	49.8	49.2
Total property and equipment, at cost	$ 2,889.5	$ 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.

Sale of VALARIS 111

In September 2026, we entered into an agreement to sell VALARIS 111, a rig within our Jackups segment, for recycling for $1.7 million. Under the terms of the agreement, we retained the right to terminate the purchase and sale agreement within 30 days following receipt of the proceeds. On September 30, 2026, we completed the sale and received $1.7 million of cash proceeds. As of September 30, 2026, the net book value of the rig was classified as held for sale due to the cancellation option.

In October 2026, we entered into an agreement to sell the rig to another buyer for conversion to a mobile offshore production unit for cash proceeds of $10.5 million. As such, we rescinded the purchase and sale agreement with the initial buyer and made a payment of approximately $3.0 million in accordance with the termination provisions within the agreement. The sale to the new buyer was completed in October and we recognized a pre-tax gain of approximately $8.0 million in the fourth quarter.

Sale of VALARIS MS-1

In September 2026, we entered into an agreement to sell VALARIS MS-1, our only remaining semisubmersible rig within our Floaters segment, for recycling for total cash proceeds of $11.0 million. In connection with this sale, we recognized a non-cash loss on impairment of $3.0 million during the three months ended September 30, 2026 and the rig was removed from service.

Sale of VALARIS 109

In July 2026, we sold VALARIS 109, a rig within our Jackups segment. The rig was sold for cash proceeds of $34.0 million, resulting in the recognition of a pre-tax gain of $31.3 million in the third quarter of 2026.

Sale of VALARIS 104

In June 2026, we sold 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 in the second quarter of 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 VALARIS 247

In the third quarter of 2025, we sold VALARIS 247, a rig within our Jackups segment, and collected cash proceeds of approximately $108.0 million. We recognized a pre-tax gain of $88.4 million in connection with the 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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest cost	$ 7.4	$ 7.8	$ 22.2	$ 23.2
Expected return on plan assets	(8.2)	(7.4)	(24.4)	(21.9)
Amortization of net gain	(0.2)	(0.2)	(0.6)	(0.6)
Net periodic pension and retiree medical (income) loss [1]	$ (1.0)	$ 0.2	$ (2.8)	$ 0.7

[1] Included in Other, net in our Condensed Consolidated Statements of Operations.

Note 7 - Earnings Per Share

Basic earnings per share is computed by dividing net income 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 nine months ended September 30, 2026 and 2025 (in millions), except per share amounts:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Income attributable to our shares	$ 46.1	$ 188.1	$ 80.1	$ 265.3
Weighted average shares outstanding:				
Basic	69.4	70.7	69.3	70.9
Effect of stock equivalents	0.9	0.3	1.0	0.3
Diluted	70.3	71.0	70.3	71.2
EARNINGS PER SHARE:				
Basic	$ 0.66	$ 2.66	$ 1.16	$ 3.74
Diluted	$ 0.66	$ 2.65	$ 1.14	$ 3.73

Anti-dilutive share awards totaling 246,000 and 135,000 were excluded from the computation of diluted EPS for the three and nine months ended September 30, 2026, respectively.

Anti-dilutive shares totaling 227,000 and 258,000 were excluded from the computation of diluted EPS for the three and nine months ended September 30, 2025, respectively.

We had 5,470,742 warrants outstanding (the "Warrants") as of September 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 September 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 September 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 September 30, 2026.

Note 9 - Shareholders' Equity

Activity in our various shareholders' equity accounts for the three and nine months ended September 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)
Net income	—	—	—	—	46.1	—	—	0.6
Share-based compensation cost	—	—	10.6	—	—	—	—	—
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	—	—	(6.0)	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	(0.2)	—	—
BALANCE, September 30, 2026	76.6	$ 0.8	$ 1,153.6	$ 16.4	$2,461.8	$ 63.5	$ (425.1)	$ (2.3)

	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
Net income (loss)	—	—	—	—	188.1	—	—	(0.8)
Share-based compensation cost	—	—	6.8	—	—	—	—	—
Shares issued under share-based compensation plans, net	0.1	—	—	—	—	—	—	—
Net changes in pension and other postretirement benefits	—	—	—	—	—	(0.2)	—	—
Repurchase of Common Shares	—	—	—	—	—	—	(75.0)	—
Shares withheld for taxes on vesting of share-based awards	—	—	(2.8)	—	—	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	1.2	—	—
BALANCE, September 30, 2025	76.4	$ 0.8	$ 1,128.6	$ 16.4	$1,664.2	$ 37.9	$ (400.1)	$ 2.8

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 nine months ended September 30, 2026. The following table summarizes shares repurchased, aggregate cost and the average per share price (in millions, except average per share price) for the three and nine months ended September 30, 2025:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2025	
Shares repurchased	1.5	1.5
Aggregate cost	$ 75.0	$ 75.0
Average price per share	$ 48.88	$ 48.88

As of September 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 nine months ended September 30, 2026, excluding the impact of discrete tax items, was 20.1% and 21.1%, respectively. The discrete tax expense for these periods primarily related to rig sales, partially offset by the resolution of prior period tax matters. See "Note 5 - *Property and Equipment*" for further disclosures regarding rigs sold during the period.

The consolidated effective tax rate for the three and nine months ended September 30, 2025, excluding the impact of discrete tax items, was 14.1% and 14.8%, respectively. The discrete tax items for the nine months ended September 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 September 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. In August 2026, ARO ordered the fifth and sixth newbuild jackups, Kingdom 5 and Kingdom 6, for a purchase price of approximately $360.0 million each, with each order requiring a 25% down payment. ARO paid $45.0 million, representing 50% of the required down payment for Kingdom 5, using a combination of cash on hand and borrowings under ARO's revolving credit facility. The remaining $45.0 million down payment for Kingdom 5 and the full $90.0 million down payment for Kingdom 6 are expected to be paid in the fourth quarter of 2026 with cash from third-party financing or additional borrowings under ARO's revolving credit facility. The final payment for each newbuild 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 September 30, 2026 totaled $113.7 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 September 30, 2026, we had collateral deposits in the amount of $14.8 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 (losses) 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 nine months ended September 30, 2026 and 2025 are presented below (in millions):

Three Months Ended September 30, 2026

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues:						
Revenues (exclusive of reimbursable revenues)	$ 346.0	$ 171.2	$ 144.9	$ 38.4	$ (144.9)	$ 555.6
Reimbursable revenues	13.3	17.6	—	7.1	—	38.0
Total operating revenues	359.3	188.8	144.9	45.5	(144.9)	593.6
Operating expenses:						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	188.8	129.2	91.7	20.8	(50.6)	379.9
Reimbursable expenses	12.9	16.5	—	8.0	—	37.4
Total contract drilling expenses (exclusive of depreciation)	201.7	145.7	91.7	28.8	(50.6)	417.3
Depreciation	17.7	16.2	28.8	8.1	(23.5)	47.3
General and administrative	—	—	7.7	—	18.0	25.7
Merger and integration expenses	—	—	—	—	15.5	15.5
Other operating loss	3.0	—	—	—	—	3.0
Total operating expenses	222.4	161.9	128.2	36.9	(40.6)	508.8
Equity in losses of ARO	—	—	—	—	(3.5)	(3.5)
Operating income	$ 136.9	$ 26.9	$ 16.7	$ 8.6	$ (107.8)	$ 81.3
Property and equipment, net	$ 1,346.4	$ 641.9	$ 1,311.3	$ 217.5	$ (1,257.9)	$ 2,259.2
Capital expenditures	$ 60.3	$ 35.1	$ 69.5	$ 25.7	$ (69.0)	$ 121.6

Three Months Ended September 30, 2025

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues:						
Revenues (exclusive of reimbursable revenues)	$ 293.0	$ 216.7	$ 156.8	$ 45.9	$ (156.8)	$ 555.6
Reimbursable revenues	9.9	20.4	—	9.8	—	40.1
Total operating revenues	302.9	237.1	156.8	55.7	(156.8)	595.7
Operating expenses:						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	187.7	124.8	91.6	16.3	(52.8)	367.6
Reimbursable expenses	9.4	18.9	—	9.7	—	38.0
Total contract drilling expenses (exclusive of depreciation)	197.1	143.7	91.6	26.0	(52.8)	405.6
Depreciation	15.5	15.3	28.4	3.0	(25.1)	37.1
General and administrative	—	—	5.5	—	21.4	26.9
Total operating expenses	212.6	159.0	125.5	29.0	(56.5)	469.6
Equity in earnings of ARO	—	—	—	—	4.4	4.4
Operating income	$ 90.3	$ 78.1	$ 31.3	$ 26.7	$ (95.9)	$ 130.5
Property and equipment, net	$ 1,201.3	$ 628.9	$ 1,199.7	$ 145.4	$ (1,140.9)	$ 2,034.4
Capital expenditures	$ 37.6	$ 28.9	$ 10.9	$ —	$ (7.6)	$ 69.8

Nine Months Ended September 30, 2026

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues:						
Revenues (exclusive of reimbursable revenues)	$ 817.6	$ 550.4	$ 399.2	$ 120.0	$ (399.2)	$ 1,488.0
Reimbursable revenues	29.3	45.8	—	35.1	—	110.2
Total operating revenues	846.9	596.2	399.2	155.1	(399.2)	1,598.2
Operating expenses:						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	507.3	401.9	238.4	70.9	(117.8)	1,100.7
Reimbursable expenses	28.3	42.4	—	34.8	—	105.5
Total contract drilling expenses (exclusive of depreciation)	535.6	444.3	238.4	105.7	(117.8)	1,206.2
Depreciation	50.6	48.9	75.7	20.4	(61.0)	134.6
General and administrative	—	—	25.4	—	52.8	78.2
Merger and integration expenses	—	—	—	—	40.5	40.5
Other operating loss, net	0.2	—	—	—	—	0.2
Total operating expenses	586.4	493.2	339.5	126.1	(85.5)	1,459.7
Equity in earnings of ARO	—	—	—	—	13.9	13.9
Operating income	$ 260.5	$ 103.0	$ 59.7	$ 29.0	$ (299.8)	$ 152.4
Property and equipment, net	$ 1,346.4	$ 641.9	$ 1,311.3	$ 217.5	$ (1,257.9)	$ 2,259.2
Capital expenditures	$ 174.0	$ 79.7	$ 141.1	$ 72.3	$ (139.1)	$ 328.0

Nine Months Ended September 30, 2025

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues:						
Revenues (exclusive of reimbursable revenues)	$ 968.7	$ 614.6	$ 431.4	$ 122.4	$ (431.4)	$ 1,705.7
Reimbursable revenues	26.0	74.1	—	25.8	—	125.9
Total operating revenues	994.7	688.7	431.4	148.2	(431.4)	1,831.6
Operating expenses:						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	568.0	365.8	273.6	49.7	(160.3)	1,096.8
Reimbursable expenses	24.4	69.6	—	25.5	—	119.5
Total contract drilling expenses (exclusive of depreciation)	592.4	435.4	273.6	75.2	(160.3)	1,216.3
Depreciation	44.3	42.6	86.6	8.6	(76.4)	105.7
General and administrative	—	—	18.4	—	51.7	70.1
Other operating loss	7.8	—	—	—	—	7.8
Total operating expenses	644.5	478.0	378.6	83.8	(185.0)	1,399.9
Equity in earnings of ARO	—	—	—	—	5.9	5.9
Operating income	$ 350.2	$ 210.7	$ 52.8	$ 64.4	$ (240.5)	$ 437.6
Property and equipment, net	$ 1,201.3	$ 628.9	$ 1,199.7	$ 145.4	$ (1,140.9)	$ 2,034.4
Capital expenditures	$ 89.8	$ 138.9	$ 33.0	$ —	$ (24.5)	$ 237.2

Information about Geographic Areas

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

	Floaters	Jackups	Other	Total Valaris [1]	ARO
Middle East & Africa	5	5	7	17	9
Europe	3	10	—	13	—
North & South America	5	3	—	8	—
Asia & Pacific Rim	—	3	—	3	—
Total	13	21	7	41	9

(1) In September 2026, we sold VALARIS 111 for recycling and transferred possession of the rig to the buyer. Accordingly, the rig is excluded from the fleet table above as of September 30, 2026. However, due to a termination right stipulated within the sale agreement, the rig remained on our balance sheet and was classified as held for sale as of September 30, 2026. See "Note 5 - *Property and Equipment*" for additional information regarding the sale of VALARIS 111.

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

ARO has ordered four newbuild jackups (two which are under construction in the Middle East and two which were ordered in August 2026) that 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):

	September 30, 2026	December 31, 2025
Trade	$ 502.4	$ 424.1
Income tax receivables [1]	6.5	49.8
Other	34.2	15.8
	543.1	489.7
Allowance for doubtful accounts [2]	(5.0)	(14.9)
	$ 538.1	$ 474.8

[1] We received U.S. income tax refunds totaling approximately $43.0 million during the nine months ended September 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):

	September 30, 2026	December 31, 2025
Deferred costs	$ 62.0	$ 37.7
Prepaid taxes	61.1	58.2
Prepaid expenses	22.0	13.3
Other	48.1	35.5
	$ 193.2	$ 144.7

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

	September 30, 2026	December 31, 2025
Current contract liabilities (deferred revenues)	$ 129.9	$ 87.7
Personnel costs	73.9	81.6
Income and other taxes payable	61.8	73.9
Accrued interest	38.4	15.4
Lease liabilities	27.9	35.6
Accrued claims	14.8	21.3
Other	28.4	27.9
	$ 375.1	$ 343.4

Other liabilities consisted of the following (in millions):

	September 30, 2026	December 31, 2025
Unrecognized tax benefits (inclusive of interest and penalties)	$ 136.6	$ 136.2
Noncurrent contract liabilities (deferred revenues)	78.1	63.2
Pension and other post-retirement benefits	50.8	68.3
Lease liabilities	41.3	37.3
Other	18.8	20.8
	$ 325.6	$ 325.8

Condensed Consolidated Statements of Operations Information

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net gain on sale of property	$ 27.5	$ 89.5	$ 63.6	$ 117.4
Net foreign currency exchange gains (losses)	0.3	(1.8)	(3.1)	(16.1)
Net periodic pension and retiree medical income (loss)	1.0	(0.2)	2.8	(0.7)
Other income (expense)	(0.1)	0.2	0.3	(0.4)
	$ 28.7	$ 87.7	$ 63.6	$ 100.2

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):

	September 30, 2026	December 31, 2025
Cash and cash equivalents	$ 525.1	$ 599.4
Restricted cash—current [1]	5.9	7.0
Restricted cash—non-current [1]	10.6	11.1
	$ 541.6	$ 617.5

[1] Restricted cash consists primarily of collateral on letters of credit of $14.8 million and $16.3 million as of September 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 nine months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended							
	September 30, 2026				September 30, 2025			
	Floaters	Jackups	Other	Total	Floaters	Jackups	Other	Total
BP plc ("BP")	6 %	4 %	5 %	15 %	5 %	3 %	6 %	14 %
Petróleo Brasileiro S.A. ("Petrobras")	13 %	— %	— %	13 %	13 %	— %	— %	13 %
Azule Energy ("Azule")	7 %	4 %	— %	11 %	7 %	4 %	— %	11 %
Equinor ASA ("Equinor")	10 %	— %	— %	10 %	6 %	— %	— %	6 %
Other customers [1]	25 %	24 %	2 %	51 %	20 %	33 %	3 %	56 %
	61 %	32 %	7 %	100 %	51 %	40 %	9 %	100 %

	Nine Months Ended							
	September 30, 2026				September 30, 2025			
	Floaters	Jackups	Other	Total	Floaters	Jackups	Other	Total
Petrobras	15 %	— %	— %	15 %	13 %	— %	— %	13 %
BP	4 %	5 %	6 %	15 %	4 %	3 %	5 %	12 %
Azule	9 %	4 %	— %	13 %	7 %	3 %	— %	10 %
Equinor	8 %	— %	— %	8 %	6 %	— %	— %	6 %
Other customers [1]	17 %	28 %	4 %	49 %	24 %	32 %	3 %	59 %
	53 %	37 %	10 %	100 %	54 %	38 %	8 %	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							
	September 30, 2026				September 30, 2025			
	Floaters	Jackups	Other	Total	Floaters	Jackups	Other	Total
Brazil	$ 137.1	$ —	$ —	$ 137.1	$ 144.5	$ —	$ —	$ 144.5
Angola	81.1	22.7	—	103.8	65.0	23.0	—	88.0
United Kingdom	—	93.4	—	93.4	—	99.4	—	99.4
Gulf of America	40.9	—	31.6	72.5	48.9	—	32.4	81.3
Australia	—	16.3	—	16.3	40.0	25.9	—	65.9
Other countries [1]	100.2	56.4	13.9	170.5	4.5	88.8	23.3	116.6
	$ 359.3	$ 188.8	$ 45.5	$ 593.6	$ 302.9	$ 237.1	$ 55.7	$ 595.7

	Nine Months Ended							
	September 30, 2026				September 30, 2025			
	Floaters	Jackups	Other	Total	Floaters	Jackups	Other	Total
Brazil	$ 361.2	$ —	$ —	$ 361.2	$ 462.7	$ —	$ —	$ 462.7
Angola	225.8	69.5	—	295.3	149.5	48.6	—	198.1
United Kingdom	—	287.5	—	287.5	—	297.9	—	297.9
Gulf of America	122.7	1.0	96.0	219.7	180.0	—	93.2	273.2
Australia	—	48.5	—	48.5	117.6	111.5	—	229.1
Other countries [1]	137.2	189.7	59.1	386.0	84.9	230.7	55.0	370.6
	$ 846.9	$ 596.2	$ 155.1	$1,598.2	$ 994.7	$ 688.7	$ 148.2	$1,831.6

[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 November 3, 2026, we own 41 rigs, including 13 drillships and 28 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 approvals. All required regulatory approvals have been obtained and applicable regulatory waiting periods are expected to expire or terminate.

Shareholder meetings for both Valaris and Transocean are scheduled for November 24, 2026, and a hearing before the Supreme Court of Bermuda to sanction the Business Combination is scheduled for November 26, 2026. Subject to receipt of the requisite shareholder and court approvals, and satisfaction of the remaining closing conditions, the Business Combination is expected to close on or about December 1, 2026.

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 ongoing 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 higher oil prices and 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 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 $24.0 million and $62.0 million for the three and nine months ended September 30, 2026, respectively. These impacts primarily reflected incremental costs and lower revenues associated with project delays for VALARIS 250 and VALARIS 116 (approximately $15.0 million and $29.0 million for the three and nine months ended September 30, 2026, respectively), which were undergoing planned maintenance and contract preparation projects in shipyards located in the region beginning in late 2025, and incremental costs to maintain insurance coverage for war-related risks for jackups that we operate in the region (approximately $7.0 million and $26.0 million for the three and nine months ended September 30, 2026, respectively). The adverse impacts began to moderate during the third quarter of 2026 as VALARIS 250 and VALARIS 116 recommenced their bareboat charter contracts in July and September, respectively.

The geopolitical environment in the Middle East remains volatile, and if the ongoing conflicts persist or escalate, including a further 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. A further escalation of conflict could result in additional military actions, economic sanctions or other governmental measures, including attacks on energy infrastructure and disruptions to regional ports or further restrictions on maritime traffic through key waterways such as the Strait of Hormuz. Continued disruptions or closures affecting ports or key waterways, 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 November 2, 2026 and February 17, 2026 (in millions):

	November 2, 2026	February 17, 2026
Floaters [1]	$ 2,904.1	$ 3,030.8
Jackups [2]	1,166.7	1,125.8
Other [3]	679.3	515.7
Total	$ 4,750.1	$ 4,672.3
ARO [4]	$ 2,198.6	$ 2,011.3

[1] The decrease for Floaters is primarily due to revenues realized, partially offset by a contract extension for VALARIS DS-4, a two-well contract for VALARIS DS-18 and a one-well contract extension for VALARIS DS-12, which resulted in incremental aggregate backlog of approximately $545.0 million.

[2] The increase for Jackups is primarily due to various contract awards and extensions executed, which resulted in incremental aggregate backlog of approximately $445.0 million, 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. The increase in Other primarily relates to the execution of three-year service contracts for both of our managed rigs, which resulted in incremental aggregate backlog of approximately $290.0 million.

[4] The increase for ARO is primarily due to three-year contract extensions for five ARO-owned rigs.

BUSINESS ENVIRONMENT

Floaters

Within the floater segment, utilization for the global marketed drillship fleet was approximately 90% as of September 30, 2026 and included 10 drillships across the industry that were not working at quarter-end due to gaps between contracts. Market conditions are expected to continue to improve as these rigs commence new contracts with nine of these 10 rigs scheduled to return to work during 2026 or in early 2027, including VALARIS DS-18. 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 continues to be lower than for drillships. In response to these market conditions, we retired three benign environment semisubmersibles in 2025 and sold VALARIS DPS-1 and VALARIS MS-1 for recycling in April and September 2026, respectively. As a result, we no longer have any semisubmersible rigs in our floater fleet.

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 148 rigs as of September 30, 2026. This decrease is primarily attributable to rig retirements, including 17 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 90% as of September 30, 2026, driven primarily by demand from national oil companies focused on energy security and infrastructure development. However, ongoing conflicts in the Middle East have disrupted offshore operations in certain parts of the region and uncertainty remains regarding when operating conditions will fully normalize, which may impact the timing of future work programs in the region.

From a supply perspective, as of September 30, 2026, there were 489 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 September 30, 2026 (the "current quarter") to the immediately preceding fiscal quarter ended June 30, 2026 (the "preceding quarter"). We also discuss any material changes in our results of operations for the nine months ended September 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 September 30, 2026 Compared to Three Months Ended June 30, 2026

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

	Three Months Ended			
	September 30, 2026	June 30, 2026	Change	% Change
Operating revenues				
Revenues (exclusive of reimbursable revenues)	$ 555.6	$ 502.3	$ 53.3	11 %
Reimbursable revenues	38.0	36.9	1.1	3 %
Total operating revenues	593.6	539.2	54.4	10 %
Operating expenses				
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	379.9	380.4	(0.5)	— %
Reimbursable expenses	37.4	35.1	2.3	7 %
Total contract drilling expenses (exclusive of depreciation)	417.3	415.5	1.8	— %
Depreciation	47.3	44.6	2.7	6 %
General and administrative	25.7	27.2	(1.5)	(6)%
Merger and integration expenses	15.5	11.4	4.1	36 %
Other operating loss	3.0	—	3.0	NM
Total operating expenses	508.8	498.7	10.1	2 %
Equity in earnings (losses) of ARO	(3.5)	10.6	(14.1)	(133)%
Operating income	81.3	51.1	30.2	59 %
Other income, net	20.1	29.5	(9.4)	(32)%
Provision for income taxes	54.7	33.6	21.1	63 %
Net income	46.7	47.0	(0.3)	(1)%
Net (income) loss attributable to noncontrolling interests	(0.6)	3.4	(4.0)	(118)%
Net income attributable to Valaris	$ 46.1	$ 50.4	$ (4.3)	(9)%

NM - Not meaningful

Revenues increased in the current quarter compared to the preceding quarter, partially driven by incremental revenues of $52.3 million for VALARIS DS-10 and VALARIS DS-15, which completed shipyard projects and commenced new contracts in June and September, respectively. For the remaining fleet, we had a $14.7 million increase in average daily revenues, primarily driven by VALARIS DS-9, which commenced a new contract at a higher day rate in the current quarter, partially offset by a $11.1 million net decrease from fewer operating days relative to the preceding quarter, largely attributable to downtime for repairs and scheduled maintenance for various rigs in the current quarter, including VALARIS 249 which was in the shipyard for scheduled maintenance ahead of its next contract.

Contract drilling expense remained relatively flat in the current quarter compared to the preceding quarter, largely attributable to a $6.5 million decrease in insurance expense related to war-risk insurance costs, primarily due to the negotiation of longer-term insurance policies at reduced rates late in the preceding quarter for certain jackup rigs operating in the Middle East, $4.3 million of lower repair and maintenance costs associated with VALARIS 250 and VALARIS 116, which were undergoing scheduled maintenance through the preceding quarter and recommenced operations in the current quarter, and a $3.4 million decrease in personnel-related costs. These decreases were largely offset by an $11.7 million increase in expense resulting from the reversal of previously recognized bad debt expense in the preceding quarter following a favorable legal settlement and the associated collection of outstanding customer invoices from 2020.

Merger and integration expenses increased in the current quarter compared to the preceding quarter, primarily due to higher professional fees incurred in connection with the pending Business Combination.

Other operating loss for the current quarter includes a $3.0 million non-cash loss on impairment recognized in connection with the retirement and sale of VALARIS MS-1 for recycling in September 2026. See "Note 5 - *Property and Equipment*" to our condensed consolidated financial statements included in "Item 1. *Financial Statements*" for information regarding the sale of VALARIS MS-1.

Equity in earnings (losses) of ARO decreased compared to the preceding quarter, primarily due to the non-recurring recognition of $14.3 million in additional income in the preceding quarter, 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, decreased primarily due to $10.2 million of lower pre-tax gains recognized on the sale of assets in the current quarter relative to the preceding quarter.

The consolidated effective tax rates, excluding the impact of discrete tax items, for the current quarter and preceding quarter were 20.1% and 19.8%, respectively. Discrete tax items during the current quarter were primarily related to rig sales, partially offset by the resolution of prior period tax matters. Discrete tax items during the preceding quarter were primarily related to the resolution of prior period tax matters.

Nine Months Ended September 30, 2026 Compared to Nine Months Ended September 30, 2025

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

	Nine Months Ended			
	September 30, 2026	September 30, 2025	Change	% Change
Operating revenues				
Revenues (exclusive of reimbursable revenues)	$ 1,488.0	$ 1,705.7	$ (217.7)	(13)%
Reimbursable revenues	110.2	125.9	(15.7)	(12)%
Total operating revenues	1,598.2	1,831.6	(233.4)	(13)%
Operating expenses				
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	1,100.7	1,096.8	3.9	— %
Reimbursable expenses	105.5	119.5	(14.0)	(12)%
Total contract drilling expenses (exclusive of depreciation)	1,206.2	1,216.3	(10.1)	(1)%
Depreciation	134.6	105.7	28.9	27 %
General and administrative	78.2	70.1	8.1	12 %
Merger and integration expenses	40.5	—	40.5	NM
Other operating loss, net	0.2	7.8	(7.6)	(97)%
Total operating expenses	1,459.7	1,399.9	59.8	4 %
Equity in earnings of ARO	13.9	5.9	8.0	136 %
Operating income	152.4	437.6	(285.2)	(65)%
Other income, net	40.0	78.3	(38.3)	(49)%
Provision for income taxes	116.7	253.6	(136.9)	(54)%
Net income	75.7	262.3	(186.6)	(71)%
Net loss attributable to noncontrolling interests	4.4	3.0	1.4	47 %
Net income attributable to Valaris	$ 80.1	$ 265.3	$ (185.2)	(70)%

NM - Not meaningful

Revenues decreased compared to the prior year period, partially driven by lower operating revenues of $163.9 million for VALARIS 247, VALARIS DPS-1 and VALARIS MS-1, which completed their contracts in the second half of 2025 and were subsequently sold in August 2025, April 2026 and September 2026, respectively. For the remaining fleet, we had a net decrease of $116.7 million from fewer operating days, primarily 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 $59.1 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 remained relatively flat compared to the prior year period, primarily due to higher repair and maintenance costs of $67.3 million, largely attributable to various rigs which were undergoing scheduled maintenance and upgrade projects and/or repairs in the current year period, and a $23.0 million increase in insurance expenses primarily to maintain coverage for war-related risks for certain rigs within our Jackups and Other fleets which are located in the Middle East. Further contributing to the increase were $7.3 million from higher onshore support costs incurred in the current year period, partially driven by higher compensation costs related to our long-term incentive plans, and $3.8 million from higher amortization of mobilization costs as a result of various rigs mobilizing and commencing new contracts since the end of the prior year period. 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. These increases were partially offset by lower operating costs of $103.8 million for rigs which have been sold.

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 $5.2 million of higher compensation costs related to our long-term incentive plans and $1.3 million of higher professional fees compared to the prior year period.

Merger and integration expenses were $40.5 million for the nine months ended September 30, 2026 primarily due to professional fees incurred in connection with the pending Business Combination.

Other operating loss, net, includes non-cash losses on impairments and related gains on remeasurements of our assets which are classified as held for sale. During the current year period, we recognized a net $0.2 million other operating loss relating to the sales of VALARIS MS-1 and VALARIS DPS-1. 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. See "Note 5 - *Property and Equipment*" to our condensed consolidated financial statements included in "Item 1. *Financial Statements*" for information regarding the Retired Semis, VALARIS DPS-1 and VALARIS MS-1.

Equity in earnings of ARO increased compared to the prior year period, primarily due to the recognition of $14.3 million of 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, net, decreased primarily due to $53.8 million of lower pre-tax gains recognized on the sale of assets, which were partially offset by $13.0 million of favorable foreign currency exchange rate fluctuations relative to the prior year period.

The consolidated effective tax rates, excluding the impact of discrete tax items, for the nine months ended September 30, 2026 and prior year period were 21.1% and 14.8%, respectively. Discrete tax items during the nine months ended September 30, 2026 were primarily related to rig sales, partially offset by the resolution of prior period tax 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:

	September 30, 2026	June 30, 2026	September 30, 2025
Total Fleet			
Floaters [1]	13	14	15
Jackups [2] [3]	21	23	26
Other [4]	7	7	7
Total Fleet - Valaris	41	44	48
ARO [5]	9	9	9
Active Fleet [6]			
Floaters [7]	10	11	12
Jackups [8]	17	17	17
Other [4]	7	7	7
Active Fleet - Valaris	34	35	36
ARO [5]	9	9	9

[1] During the second and third quarter of 2026, we sold VALARIS DPS-1 and VALARIS MS-1, respectively, for recycling.

[2] During the second and third quarter of 2026, we sold VALARIS 104 and VALARIS 109, respectively. During the fourth quarter of 2025, we sold VALARIS 102 and VALARIS 145.

[3] In September 2026, we sold VALARIS 111 for recycling and transferred possession of the rig to the buyer. Accordingly, the rig is excluded from the fleet table above as of September 30, 2026. However, due to a termination right stipulated within the sale agreement, the rig remained on our balance sheet and was classified as held for sale as of September 30, 2026. See "Note 5 - *Property and Equipment*" to our condensed consolidated financial statements included in "Item 1. *Financial Statements*" for information regarding the sale of VALARIS 111.

[4] 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.

[5] This represents the jackup rigs owned by ARO, which are operating under long-term contracts with Saudi Aramco. This table does not include four ARO newbuild jackups — two that are under construction in the Middle East and two that were ordered in August 2026.

[6] 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.

[7] 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. During the third quarter of 2026, we sold VALARIS MS-1.

[8] 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		Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2026	September 30, 2025
Rig Utilization - Total Fleet [1]				
Floaters	58 %	47 %	46 %	57 %
Jackups	64 %	64 %	65 %	60 %
Other [2]	89 %	78 %	81 %	100 %
Total Valaris	67 %	61 %	62 %	66 %
ARO	89 %	77 %	82 %	87 %
Rig Utilization - Active Fleet [1]				
Floaters	75 %	62 %	60 %	76 %
Jackups	85 %	90 %	90 %	91 %
Other [2]	89 %	78 %	81 %	100 %
Total Valaris	83 %	79 %	79 %	88 %
ARO	89 %	77 %	82 %	87 %
Average Daily Revenue [3]				
Floaters	$ 469,000	$ 451,000	$ 455,000	$ 381,000
Jackups	131,000	134,000	134,000	137,000
Other [2]	52,000	53,000	57,000	50,000
Total Valaris	$ 200,000	$ 189,000	$ 187,000	$ 180,000
ARO	$ 111,000	$ 113,000	$ 112,000	$ 113,000

[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 September 30, 2026

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues						
Revenues (exclusive of reimbursable revenues)	$ 346.0	$ 171.2	$ 144.9	$ 38.4	$ (144.9)	$ 555.6
Reimbursable revenues	13.3	17.6	—	7.1	—	38.0
Total operating revenues	359.3	188.8	144.9	45.5	(144.9)	593.6
Operating expenses						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	188.8	129.2	91.7	20.8	(50.6)	379.9
Reimbursable expenses	12.9	16.5	—	8.0	—	37.4
Total contract drilling expenses (exclusive of depreciation)	201.7	145.7	91.7	28.8	(50.6)	417.3
Depreciation	17.7	16.2	28.8	8.1	(23.5)	47.3
General and administrative	—	—	7.7	—	18.0	25.7
Merger and integration expenses	—	—	—	—	15.5	15.5
Other operating loss	3.0	—	—	—	—	3.0
Total operating expenses	222.4	161.9	128.2	36.9	(40.6)	508.8
Equity in losses of ARO	—	—	—	—	(3.5)	(3.5)
Operating income	$ 136.9	$ 26.9	$ 16.7	$ 8.6	$ (107.8)	$ 81.3

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 September 30, 2026 Compared to Three Months Ended June 30, 2026

Floaters

Floater revenues increased $67.0 million, or 24%, for the current quarter compared to the preceding quarter, primarily driven by incremental revenues of $52.3 million for VALARIS DS-10 and VALARIS DS-15, which completed shipyard projects and commenced new contracts in June and September, respectively. Further contributing to the increase were $8.4 million from higher average daily revenues for the remaining fleet, primarily attributable to VALARIS DS-9, which commenced a new contract at a higher day rate in the current quarter, and a net $6.2 million from more operating days, primarily driven by VALARIS DS-12, which commenced its contract in April relative to a full quarter of operations in the current quarter.

Floater contract drilling expense increased $20.9 million, or 12%, for the current quarter compared to the preceding quarter, primarily due to an $11.7 million increase in expense resulting from the reversal of previously recognized bad debt expense in the preceding quarter following a favorable legal settlement and the associated collection of outstanding customer invoices from 2020. Further contributing to the increase were $5.2 million of higher amortized mobilization costs and $2.3 million of higher personnel-related costs, both of which were largely attributable to rigs commencing new contracts since late in the preceding quarter.

Jackups

Jackup revenues decreased $12.2 million, or 7%, for the current quarter compared to the preceding quarter, primarily due to a net decrease of $13.7 million from fewer operating days, largely driven by VALARIS 249, which entered the shipyard early in the current quarter for scheduled maintenance projects ahead of its next contract, and certain rigs in the North Sea which were mobilizing between contracts in the current quarter.

Jackup contract drilling expense decreased $14.7 million, or 10%, for the current quarter compared to the preceding quarter, primarily due to $5.8 million of lower mobilization costs, largely driven by VALARIS 106, which mobilized to the shipyard for leg repairs in the preceding quarter and lower amortized mobilization costs for other rigs. Further contributing to the decrease was $5.6 million of lower personnel-related costs primarily attributable to rigs that were undergoing scheduled maintenance and repairs in the current quarter. In addition, we had a $4.4 million decrease in insurance expense related to war-risk insurance costs, primarily due to the negotiation of longer-term insurance policies at reduced rates late in the preceding quarter for certain jackup rigs operating in the Middle East. These decreases were partially offset by a $3.1 million increase in repair and maintenance costs, largely driven by VALARIS 249.

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 increased $18.0 million, or 14%, for the current quarter compared to the preceding quarter, primarily due to a net increase of $16.7 million from more operating days, largely driven by certain rigs, including VALARIS 250 and VALARIS 116, which recommenced operations during the current quarter following scheduled maintenance and contract preparations in the preceding quarter.

ARO contract drilling expense increased $20.1 million, or 28%, for the current quarter compared to the preceding quarter primarily due to an aggregate $15.4 million of non-recurring adjustments which reduced expense in the preceding quarter that were recorded by ARO in connection with the finalization of its 2025 financial statements during the preceding quarter and $6.2 million of increased bareboat charter expenses for VALARIS 250 and VALARIS 116 during the current quarter.

ARO depreciation expense increased $6.8 million, or 31%, for the current quarter compared to the preceding quarter primarily due to new assets placed in service for certain rigs that underwent capital upgrades.

Other

Other revenue decreased $1.5 million, or 4%, for the current quarter compared to the preceding quarter, primarily driven by the recognition of $6.1 million of compensation from ARO recognized in the preceding quarter for certain contractual obligations relating to a previously terminated bareboat charter, largely offset by higher revenues for VALARIS 250 and VALARIS 116, which recommenced operations during the current quarter.

Other contract drilling expense decreased $6.6 million, or 24%, for the current quarter compared to the preceding quarter, primarily due to lower repair and maintenance costs of $4.3 million as a result of VALARIS 250 and VALARIS 116 completing their scheduled maintenance and contract preparations during the current quarter, and a $2.1 million decrease in insurance expense related to war-risk insurance costs for VALARIS 250 and VALARIS 116, which are operating in the Middle East.

Nine Months Ended September 30, 2026 Compared to Nine Months Ended September 30, 2025

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

Nine Months Ended September 30, 2026

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues:						
Revenues (exclusive of reimbursable revenues)	$ 817.6	$ 550.4	$ 399.2	$ 120.0	$ (399.2)	$ 1,488.0
Reimbursable revenues	29.3	45.8	—	35.1	—	110.2
Total operating revenues	846.9	596.2	399.2	155.1	(399.2)	1,598.2
Operating expenses:						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	507.3	401.9	238.4	70.9	(117.8)	1,100.7
Reimbursable expenses	28.3	42.4	—	34.8	—	105.5
Total contract drilling expenses (exclusive of depreciation)	535.6	444.3	238.4	105.7	(117.8)	1,206.2
Depreciation	50.6	48.9	75.7	20.4	(61.0)	134.6
General and administrative	—	—	25.4	—	52.8	78.2
Merger and integration expenses	—	—	—	—	40.5	40.5
Other operating loss, net	0.2	—	—	—	—	0.2
Total operating expenses	586.4	493.2	339.5	126.1	(85.5)	1,459.7
Equity in earnings of ARO	—	—	—	—	13.9	13.9
Operating income	$ 260.5	$ 103.0	$ 59.7	$ 29.0	$ (299.8)	$ 152.4

Nine Months Ended September 30, 2025

	Floaters	Jackups	ARO	Other	Reconciling Items	Consolidated Total
Operating revenues						
Revenues (exclusive of reimbursable revenues)	$ 968.7	$ 614.6	$ 431.4	$ 122.4	$ (431.4)	$ 1,705.7
Reimbursable revenues	26.0	74.1	—	25.8	—	125.9
Total operating revenues	994.7	688.7	431.4	148.2	(431.4)	1,831.6
Operating expenses						
Contract drilling expenses (exclusive of depreciation and reimbursable expenses)	568.0	365.8	273.6	49.7	(160.3)	1,096.8
Reimbursable expenses	24.4	69.6	—	25.5	—	119.5
Total contract drilling expenses (exclusive of depreciation)	592.4	435.4	273.6	75.2	(160.3)	1,216.3
Depreciation	44.3	42.6	86.6	8.6	(76.4)	105.7
General and administrative	—	—	18.4	—	51.7	70.1
Other operating loss	7.8	—	—	—	—	7.8
Total operating expenses	644.5	478.0	378.6	83.8	(185.0)	1,399.9
Equity in earnings of ARO	—	—	—	—	5.9	5.9
Operating income	$ 350.2	$ 210.7	$ 52.8	$ 64.4	$ (240.5)	$ 437.6

Nine Months Ended September 30, 2026 Compared to Nine Months Ended September 30, 2025

Floaters

Floater revenues decreased $151.1 million, or 16%, during the nine months ended September 30, 2026 compared to the prior year period, partially driven by lower operating revenues of $112.3 million for VALARIS DPS-1 and VALARIS MS-1, which completed their contracts and were sold for recycling since the end of the prior year period. For the remaining fleet, we had a net decrease of $76.6 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 a net increase of $45.6 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 $60.7 million, or 11%, during the nine months ended September 30, 2026 compared to the prior year period, primarily due to lower operating costs of $81.3 million for rigs which have been sold since the prior year period. For the remaining fleet, there were lower personnel-related costs of $11.1 million, largely driven by rigs that were warm-stacked or preparing for contracts during the current year period, and lower amortized mobilization costs of $4.0 million. These decreases were partially offset by a $32.1 million increase in repair and maintenance costs, primarily attributable to rigs 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.

Floater depreciation expense increased $6.3 million, or 14%, during the nine months ended September 30, 2026 compared to the prior year period, primarily due to new assets placed in service for certain rigs that underwent capital upgrades.

Other operating loss, net, for the current year period is comprised of a non-cash loss on impairment of $3.0 million related to the retirement and sale of VALARIS MS-1 for recycling in September 2026 and a gain on remeasurement of VALARIS DPS-1 (which was classified as held for sale during the first quarter of 2026) of $2.8 million during the first quarter of 2026. For the prior year period, other operating loss includes a $7.8 million non-cash loss on impairment recognized in connection with retirement and sale of VALARIS DPS-3, VALARIS DPS-5 and VALARIS DPS-6 (collectively, the "Retired Semis") in 2025. See "Note 5 - *Property and Equipment*" to our condensed consolidated financial statements included in "Item 1. *Financial Statements*" for information regarding the Retired Semis, VALARIS DPS-1 and VALARIS MS-1.

Jackups

Jackup revenues decreased $64.2 million, or 10%, during the nine months ended September 30, 2026 compared to the prior year period, largely driven by lower operating revenues of $51.6 million for VALARIS 247, which completed its contract and was sold during the third quarter of 2025. For the remaining fleet, we had a net decrease of $13.7 million from average daily revenues, primarily due to certain jackups in the North Sea providing lower day rate accommodation services during the current year period.

Jackup contract drilling expense increased $36.1 million, or 10%, during the nine months ended September 30, 2026 compared to the prior year period, primarily due to $22.6 million of higher repair and maintenance costs, largely attributable to scheduled maintenance for VALARIS 117 and VALARIS 249 and unplanned leg repairs for VALARIS 106, and $19.0 million of incremental insurance expenses to maintain coverage for war-related risks for certain rigs which are located in the Middle East. Further contributing to the increase were $9.6 million of higher mobilization costs, primarily due to the mobilization of VALARIS 106 to the shipyard and higher amortized mobilization costs for other rigs during the current year period, and $8.3 million of higher personnel-related costs, partially driven by wage increases in certain regions. These increases were partially offset by lower operating costs of $22.5 million for VALARIS 247.

Jackup depreciation expense increased $6.3 million, or 15%, during the nine months ended September 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 $32.2 million, or 7%, during the nine months ended September 30, 2026 compared to the prior year period, primarily due to a net decrease of $79.0 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 $29.5 million for VALARIS 76, which commenced a new contract in December 2025, and a net increase of $16.7 million from higher average daily revenues as a result of the commencement of five long-term contract extensions during 2025 at higher day rates than those previously earned.

ARO contract drilling expense decreased $35.2 million, or 13%, during the nine months ended September 30, 2026 compared to the prior year period, primarily due to lower operating costs of $51.6 million for VALARIS 250 and VALARIS 116, which were in the shipyard for scheduled maintenance projects in the current year period. Further contributing to the decrease was an aggregate $15.4 million of non-recurring adjustments recorded by ARO in connection with the finalization of its 2025 financial statements during the current year period. These decreases were partially offset by incremental operating costs of $20.2 million for VALARIS 76 compared to the prior year period and $11.6 million of higher bareboat charter lease expense for five of our leased rigs which commenced long-term bareboat charter lease extensions at higher rates during 2025.

ARO depreciation expense decreased $10.9 million, or 13%, comparing the two periods, primarily due to assets that were fully depreciated since the prior year period.

Other

Other revenue remained relatively flat during the nine months ended September 30, 2026 compared to the prior year period, primarily due to a net decrease in lease revenue of $35.7 million for VALARIS 250 and VALARIS 116, which were undergoing planned maintenance and contract preparation projects during much of the current year period, largely offset by $18.8 million of incremental lease revenue from the commencement of operations for VALARIS 76 in December 2025 and a net increase of $4.7 million in lease revenue for the remaining leased rigs. Further contributing to the offset were $6.1 million of compensation from ARO recognized in the current year period for certain contractual obligations relating to a previously terminated bareboat charter and $3.7 million of higher revenue for our managed rigs.

Other contract drilling expense increased $21.2 million, or 43%, during the nine months ended September 30, 2026 compared to the prior year period, primarily due to a $12.6 million increase in repair and maintenance costs, largely driven by planned maintenance and contract preparation projects for VALARIS 250 and VALARIS 116, and a $4.0 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 $11.8 million, or 137%, relative to the prior year period, primarily due to capital upgrades placed in service since the end of the prior year period.

Other Income (Expense)

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

	Three Months Ended		Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2026	September 30, 2025
Net gain on sale of property	$ 27.5	$ 37.7	$ 63.6	$ 117.4
Interest expense, net	(24.9)	(24.0)	(73.2)	(74.0)
Interest income	16.3	16.3	49.6	52.1
Net foreign currency exchange gains (losses)	0.3	(1.7)	(3.1)	(16.1)
Net periodic pension and retiree medical income (loss)	1.0	0.9	2.8	(0.7)
Other, net	(0.1)	0.3	0.3	(0.4)
	$ 20.1	$ 29.5	$ 40.0	$ 78.3

Three Months Ended September 30, 2026 Compared to Three Months Ended June 30, 2026

Net gains on sale of property for the current quarter related to the sale of VALARIS 109, which resulted in the recognition of a pre-tax gain of $31.3 million, which was partially offset by net losses on sales of capital spares. Net gains on sale of property for the preceding quarter related to the sale of VALARIS 104, which resulted in the recognition of a 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 these asset sales.

Nine Months Ended September 30, 2026 Compared to Nine Months Ended September 30, 2025

Net gains on sale of property for the nine months ended September 30, 2026 were largely attributable to the sales of VALARIS 104 and VALARIS 109, which resulted in the recognition of pre-tax gains of $36.6 million and $31.3 million, respectively. Net gains on sale of property for the prior year period primarily related to the sales of VALARIS 247, VALARIS 75 and an office in Angola, which resulted in non-recurring pre-tax gains of $88.4 million, $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.

Net foreign currency exchange losses were $3.1 million during the nine months ended September 30, 2026 compared to $16.1 million in the prior year period, primarily driven by favorable exchange rate movements in the euro, British pound and Brazilian real, partially offset by unfavorable exchange rate movement in the 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 September 30, 2026 and December 31, 2025 were $525.1 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 October 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):

	Nine Months Ended September 30,	
	2026	2025
Net cash provided by operating activities	$ 155.3	$ 474.0
Capital expenditures	$ (328.0)	$ (237.2)

During the nine months ended September 30, 2026, we generated $155.3 million of cash flow from operating activities, primarily due to operating income for the period of $152.4 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 $102.6 million of cash proceeds for the sale of assets during the current period, primarily related to the sales of VALARIS 104, VALARIS 109, VALARIS MS-1 and VALARIS DPS-1. Our primary use of cash was $328.0 million for maintenance and upgrades of our drilling rigs.

During the nine months ended September 30, 2025, we generated $474.0 million of cash flow from operating activities primarily due to operating income for the period of $437.6 million and approximately $26.0 million of tax refunds received from the Australian tax authority during the first quarter of 2025. An additional source of cash was $132.0 million of cash proceeds related to the sales of VALARIS 247, VALARIS 75 and the Retired Semis. Our primary uses of cash were $237.2 million for maintenance and upgrades of our drilling rigs.

Based on our current projections, we expect capital expenditures during 2026 to approximate $445.0 million to $470.0 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 $32.1 million as of September 30, 2026.

The Notes Receivable from ARO, which are governed by the laws of Saudi Arabia, mature in October 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 September 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.

There were no share repurchases during the three and nine months ended September 30, 2026. The following table summarizes shares repurchased, aggregate cost and the average per share price (in millions, except average per share price) for the three and nine months ended September 30, 2025:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
		2025		
Shares repurchased		1.5		1.5
Aggregate cost	$	75.0	$	75.0
Average price per share	$	48.88	$	48.88

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.

As of September 30, 2026, we had approximately $175.0 million available for share repurchases pursuant to the Share Repurchase Program.

Other Commitments

We have other commitments that we are contractually obligated to fulfill with cash under certain circumstances. As of September 30, 2026, we were contingently liable for an aggregate amount of $113.7 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 approximately $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 September 30, 2026, we had collateral deposits in the amount of $14.8 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. ARO has a revolving credit facility which provides for borrowings of up to $150.0 million. As of September 30, 2026, $50.0 million was outstanding under this facility. Our Notes Receivable from ARO are subordinated and junior in right of payment to both ARO's term loan and credit 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. In August 2026, ARO ordered the fifth and sixth newbuild jackups, Kingdom 5 and Kingdom 6, for a purchase price of approximately $360.0 million each, with each order requiring a 25% down payment. ARO paid $45.0 million, representing 50% of the required down payment for Kingdom 5, using a combination of cash on hand and borrowings under ARO's revolving credit facility. The remaining $45.0 million down payment for Kingdom 5 and the full $90.0 million down payment for Kingdom 6 are expected to be paid in the fourth quarter of 2026 with potential third-party financing or through further borrowings under ARO's revolving credit facility. The final payment for each newbuild rig will be due upon delivery and ARO expects those payments 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 September 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 September 2026, we entered into an agreement to sell VALARIS 111, a rig within our Jackups segment, for recycling for $1.7 million. Under the terms of the agreement, we retained the right to terminate the purchase and sale agreement within 30 days following receipt of the proceeds. On September 30, 2026, we completed the sale and received $1.7 million of cash proceeds. As of September 30, 2026, the net book value of the rig was classified as held for sale due to the cancellation option.

In October 2026, we entered into an agreement to sell the rig to another buyer for conversion to a mobile offshore production unit for cash proceeds of $10.5 million. As such, we rescinded the purchase and sale agreement with the initial buyer and made a payment of approximately $3.0 million in accordance with the termination provisions within the agreement. The sale to the new buyer was completed in October and we recognized a pre-tax gain of approximately $8.0 million in the fourth quarter.

In September 2026, we entered into an agreement to sell VALARIS MS-1, our only remaining semisubmersible rig within our Floaters segment, for recycling for total cash proceeds of $11.0 million. In connection with this sale, we recognized a non-cash loss on impairment of $3.0 million during the three months ended September 30, 2026 and the rig was removed from service.

In July 2026, we sold VALARIS 109, a rig within our Jackups segment. The rig was sold for cash proceeds of $34.0 million, resulting in the recognition of a pre-tax gain of $31.3 million in the third quarter of 2026.

In June 2026, we sold 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 in the second quarter of 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 September 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 September 30, 2026. As the interest rates for such borrowings are at variable rates, we are subject to interest rate risk. As of September 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 September 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 September 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 September 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 September 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 September 30, 2026.

Item 5. *Other Information*

During the three months ended September 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	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).
*4.1	Supplemental Indenture, dated as of July 16, 2026 between Valaris Limited, Valaris Finance Company LLC, Valaris Holdings II LP and Wilmington Savings Fund Society, FSB, as collateral trustee.
*4.2	Supplemental Indenture, dated as of September 14, 2026 between Valaris Limited, Valaris Finance Company LLC, Valaris UK 1 Limited, Valaris Bermuda 1 Limited and Wilmington Savings Fund Society, FSB, as collateral trustee.
+*10.1	US Form Amended Severance Letter
+*10.2	UK Form Amended Severance Letter
+*10.3	Anton Dibowitz Employment Agreement with Amended Exhibit A
*31.1	Certification of the Chief Executive Officer of Registrant Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of the Chief Financial Officer of Registrant Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**32.1	Certification of the Chief Executive Officer of Registrant Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**32.2	Certification of the Chief Financial Officer of Registrant Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*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 September 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: November 3, 2026

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

/s/ MELISSA BARRON
Melissa Barron
Controller
(principal accounting officer)