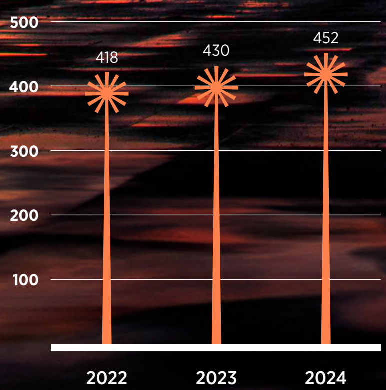
Paratus Energy

ANNUAL REPORT
2024

REVENUES
(segment, USDm)

452



SHAREHOLDER RETURN
(since June 2024 IPO, USDm)

132

FIRM BACKLOG
(USD billion)

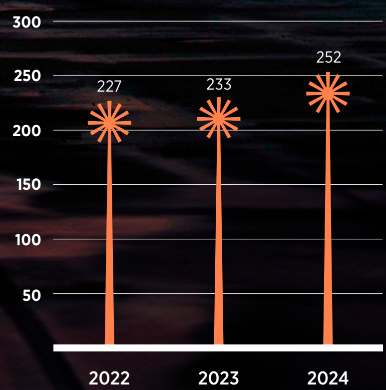
~1.2

FLEET UTILIZATION

99%

EBITDA
(segment, USDm)

252



Contents

Highlights and Key figures

Paratus[1] delivered exceptional operational and financial results in 2024, highlighted by a fleet utilization rate of around 99% and financial results that surpassed initial expectations. Combined segment revenues reached $452 million[2], reflecting a 5% increase from 2023, while adjusted EBITDA grew by 8% to $252 million[2]. Shareholders benefited from consistent cash returns, with consecutive quarterly cash distributions of $0.22 per share in Q2 and Q3, followed by a Q4 distribution paid in March 2025. Further strengthening its financial flexibility, Paratus successfully issued $500 million in bonds, enabling the partial refinancing of its 2026 senior secured notes ("2026 Notes"). Additionally, the Company completed its uplisting from Euronext Growth Oslo to the Euronext Oslo Børs, enhancing Paratus' market visibility, improving trading liquidity, and expanding investor access.

Key highlights from 2024 and notable post-year end developments include:

- Finalized the transition from Seadrill and established Paratus as a fully independent operational organization.
- Strengthened capital structure by issuing new $500 million five-year bonds, partially refinancing 2026 Notes, and extending the majority of maturities to 2029.
- Completed IPO and raised $75 million in equity, followed by an uplisting to Euronext Oslo Børs.
- Invested $12 million (pro-rata share) in Archer's private placement to support a strategic acquisition; Archer is expected to deliver cash returns in 2025 following its announcement of shareholder distributions.
- Added $2.1 billion[3] of new backlog in the Seagems JV by securing new 3-year contracts across all six vessels.
- Achieved fleet utilization of approximately 99%, with financial results exceeding initial full-year guidance.
- Combined segment revenues increased 5% year-over-year to $452 million[2], while EBITDA grew 8% to $252 million[2].
- Collected $209 million in Mexico in early 2025 through a receivable monetization agreement.
- Maintained quarterly cash distributions of $0.22 per share, including declared Q4 2024 distribution in line with Q2 and Q3.
- Post year-end 2024, completed share buybacks of around $22 million[4] under the previously announced $100 million authorization.
- Signed a 78-day contract extension for Oberon, while receiving notice of early termination options exercised for Courageous and Intrepid, both subject to a 365-day notice period.

	Combined Segment figures [2)]		**Consolidated US GAAP figures**	
(In $ millions, unless stated otherwise)	**December 31, 2024**	**December 31, 2023**	**December 31, 2024**	**December 31, 2023**
Selected financial figures				
Operating revenues	408.7	381.1	213.9	166.8
Operating income	168.9	118.1	166.9	101.0
Net income/(loss)	31.6	(22.8)	31.6	(22.8)
EPS, basic ($ per share)	0.20	(0.15)	0.20	(0.15)
Cash and cash equivalents	98.8	133.8	86.4	114.7

Alternative performance measures, Other	**Combined Segment figures** [2)]	
Contract revenues	451.5	430.2
Adjusted EBITDA	251.6	233.4
Capex	31.9	36.9
Net debt	627.7	599.0
Technical utilization rate*	98.8%	98.5%
Contract backlog	1,150.8	583.5

* As of December 31, 2024, and updated for subsequent events (market indexation of Fontis dayrates in February 2025, the 78-day contract extension for the Oberon and partial contract terminations for the Courageous and Intrepid in Q1 2025).

[1] Unless the context indicates otherwise, "Paratus," the "Company," "we," "us," "our," and similar terms, all refer to Paratus Energy Services Ltd., while "Paratus Group" or the "Group" refers collectively to the Company and its consolidated subsidiaries and its ownership in Joint Ventures ("JV"). All references to "USD" and "$" in this report denote U.S. dollars unless indicate otherwise.
[2] Combined segment results are presented in accordance with management reporting. In this context, Seagems' financial results are presented using proportional consolidation of accounting. However, in our financial reporting under US GAAP, Seagems' financial results are reported using the equity method, presented under "Share in results from joint ventures.
[3] Figures shown at 100% Seagems Joint Venture level.
[4] As of 16 April 2025.

Fleet

Fleet status report 2024.

Vessel / Rig Name	Build Year	Location	Client	Contract Start	Contract End
Seagems					
Diamante	2014	Brazil	Petrobras	October 2021 April 2025	March 2025 April 2028
Topazio	2014	Brazil	Petrobras	March 2022 April 2025	April 2025 April 2028
Esmeralda	2015	Brazil	Subsea 7 Petrobras	December 2024 May 2025	May 2025 May 2028
Onix	2015	Brazil	Brava Petrobras	April 2024 September 2025	August 2025 September 2028
Jade	2015	Brazil	Petrobras	July 2024	July 2027
Rubi	2016	Brazil	Petrobras	June 2016 May 2025	May 2025 May 2028
Fontis Energy					
Oberon*	2013	Mexico	Large NOC	March 2020	January 2026
Titania FE	2014	Mexico	Large NOC	May 2024	May 2025
Intrepid**	2008	Mexico	Large NOC	March 2020	February 2026
Courageous**	2007	Mexico	Large NOC	March 2020	February 2026
Defender	2007	Mexico	Large NOC	March 2020	January 2026

* Reflects 78-day extension agreed upon in Q1 2025.

** Reflects the early contract terminations for the Courageous and Intrepid received in Q1 2025.

Board of Director's Report

Company overview

Introduction

The legal and commercial name of the Company is Paratus Energy Services Ltd. The Company is an exempted company limited by shares incorporated and existing under the laws of Bermuda pursuant to the Bermuda Companies Act. The Company was incorporated on 14 March 2018 and was listed on the Euronext Oslo Børs on 13 November 2024.

Business operations and principal activities

Paratus Energy Services Ltd. is a holding company of a group of energy services companies and is comprised of its wholly owned subsidiary Fontis Holdings Ltd. and its subsidiaries (collectively "Fontis" or "Fontis Energy"), 50/50 joint venture interest in Seagems joint venture, comprising of Seabras Sapura Holding GmbH and Seabras Sapura Participacoes SA, (collectively "Seagems" or the "Seagems JV") and its 23.8% ownership in Archer Limited ("Archer"). The Company is listed on the Euronext Oslo Børs under the ticker "PLSV".

Fontis Energy
Fontis was established in 2014 and is an offshore driller with a fleet of five high-specification jack-up rigs. The fleet comprises two Friede & Goldman (F&G) JU-2000E and three LeTourneau Super 116-C rigs, all located in Mexico under contracts with a large state-owned petroleum company. These rigs are currently leased for use in the Gulf of Mexico for the drilling of hydrocarbons. Fontis has had a strong, long-standing commercial relationship with its client, with its five jack-ups working for this company since 2014.

Fontis has been a wholly owned subsidiary of the Company since 2 November 2021.

Fontis' fleet consists of five jack-ups: Courageous, Defender, Intrepid, Oberon, and Titania FE.

Seagems
Seagems was established in 2011 and is a subsea services company, with a fleet of six multipurpose pipe-laying support vessels ("PLSV") which are specialized vessels designed for ultra deep-water installation of flexible pipelines and equipment that connect offshore oil and gas production wells with FPSOs and other facilities. All of Seagems' vessels currently operate under long-term contracts in Brazil. Seagems is a 50/50 joint venture between the Company and Sapura Energy Berhad ("Sapura"), a global integrated energy services and solutions provider.

Seagems' fleet consists of six PLSVs: Diamante, Topazio, Esmeralda, Onix, Jade and Rubi.

Seagems is a standalone organization and is not operationally dependent on Paratus or Sapura. The Company accounts for its share of the Seagems JV using the equity method and is not a consolidated subsidiary of Paratus. However, given that the Company's primary operations revolve around its ownership interests in Seagems, the business operations of Seagems is included as part of the Group's overall business and principal activities.

Archer
Archer was established in 2007 and is a global oil services company with a heritage in drilling and well services that stretches back over 50 years, with a strong focus on safety and delivering the highest quality products and services. The group operates in about 40 locations providing drilling services, well integrity and intervention, plug and abandonment and decommissioning to its upstream oil and gas clients. Archer has been listed on the Euronext Oslo Børs since 2015 under the ticker symbol "ARCH".

The Company currently holds approximately 24% ownership interest in Archer, which is accounted for under the equity method.

Strategy and objectives

The Company is established as a long-term platform for investing into the energy services industry. The overarching business model is to be an active and value-oriented owner of portfolio companies while pursuing and executing accretive investment opportunities. The Company's principal objective is focused on delivering returns on invested capital.

Maintain a robust and efficient financial position
The Company seeks to maintain a robust and efficient capital structure to ensure financial stability and sufficient liquidity to withstand general sector volatility. The Company is of the opinion that a balanced capital structure provides flexibility to pursue near-term growth opportunities and allows the Company to capitalize on a dynamic market environment. To maintain the financial strength and flexibility to fund growth opportunities, we will look to internally generated funds and to capital markets to strengthen the Company's balance sheet.

Maintain a high-quality and diversified asset portfolio
The Company actively pursues accretive investment opportunities that align with its existing portfolio or can form the basis of new growth avenues within the offshore oil and gas services industry. In Paratus' view, the quality of the current fleet and operations, combined with long-standing commercial relationships with the relevant national oil companies (NOC) position the Group competitively within the industry. Additionally, high-specification and modern assets provide superior and more efficient operational performance.

History and important events

The following below provides an overview of key events in the history of the Company:

2011
Seabras JV (renamed to Seagems in 2024) is formed as a 50/50 joint venture between Seadrill and Sapura to build and charter multipurpose PLSVs to Petrobras. The JV expands Seadrill's oilfield services in Brazil together with the experienced oil services partner Sapura.

The first contracts awarded were 5-year contracts for three PLSVs in Brazil with Petrobras and started in 2014.

2014
Seadrill establishes SeaMex JV in 2014 with Fintech Advisory as 50/50 owners for the purpose of owning and managing the jack-ups working for a large state-owned petroleum company in Mexico, as well pursuing further opportunities in Mexico and the rest of Latin America.

2018
Seadrill New Finance Ltd. (renamed to Paratus in 2022) is incorporated in Bermuda to serve as a holding company within the reorganized Seadrill corporate structure following Seadrill's first Chapter 11 restructuring, which included 50% stake in Seagems JV, 50% stake in SeaMex JV, 46.6% stake in Seadrill Partners and a minority stake in Archer.

2021
Seadrill New Finance Ltd. enters a restructuring support agreement with noteholders to amend and extend the terms of the secured notes. The transaction involves refinancing debt, issuing new secured notes, and ultimately the sale of SeaMex assets to a new subsidiary, SeaMex Holdings Ltd. (renamed to Fontis in 2024), a wholly owned subsidiary by Seadrill New Finance Ltd.

Seadrill Partners emerged from its own Chapter 11 restructuring, which eliminated Seadrill New Finance Ltd.'s ownership stake in Seadrill Partners.

2022
Seadrill New Finance Ltd. filed for voluntary Chapter 11 bankruptcy in order to implement the restructuring agreement through a prepackaged Chapter 11 plan and announced on 12 January 2022 that it had successfully received approval from the U.S. Bankruptcy Court for the Southern District of Texas for its Chapter 11 restructuring under the plan, which it emerged from on 20 January 2022. The key terms of the plan included transferring 65% of equity ownership of Seadrill New Finance Ltd. to noteholders and reinstatement of the notes (without any discount on the outstanding notional amount).

Seadrill New Finance Ltd. was renamed Paratus Energy Services Ltd. Pursuant to the Chapter 11 plan, Seadrill retained 35% ownership of Paratus, with the remaining 65% distributed to Noteholders.

2023
Seadrill reaches agreement to sell its remaining 35% stake in Paratus to a group of existing shareholders, and its management incentive deed whereby Seadrill would be entitled to receive a 5% fee on any proceeds arising out of a liquidity event above certain level. The Company subsequently re-acquired the management incentive deed from the shareholders by issuing common shares valued at $13 million.

Paratus subscribes to $15.5 million in new equity and converts subordinated loan to equity in Archer, increasing the Company's ownership to approximately 24%.

Fontis retires $48 million balance remaining of its $219 million Fontis Notes which were issued in 2021.

Outlook

Of the total fleet (see fleet status page 2), Paratus has 10 assets contracted into next year or beyond, and the majority of contracts extend into 2027 or 2028. The Company, including its 50% share in Seagems, holds a total backlog of approximately $1.2 billion, with the vast majority concentrated in the PLSV segment, where from mid-2025 the remaining contract duration averages around 3 years.

Within Fontis, all rigs, except for the Titania, are contracted into 2026. While Paratus anticipates that increased drilling activity will be necessary to support its client's production goals in Mexico, the Company continues to explore opportunities both within and beyond the region. However, the Company expects lower average contractual dayrates in 2025 due to a general weakening of the global jack-up market, which will impact the market index mechanism for existing contracts. In contrast, Fontis' dayrates increased by 15% in 2024 from contractual floor rates, benefiting from a stronger jack-up market. This increase, however, is expected to be reversed in 2025.

For the PLSV operations in Brazil, the outlook continues to be supported by sustained offshore development and growing demand for subsea infrastructure. As operators advance both new and existing projects, the need for reliable and efficient pipeline installation is expected to drive stable vessel utilization. As of the reporting date, all Seagems PLSVs are under long-term contracts extending into 2027 and 2028. The average dayrate for the fleet will increase significantly once the remaining five PLSVs transition to their new contracts with Petrobras during 2025.

The Company is continuously monitoring developments to plan and respond to current and future economic environments.

Operational review

The following operational review is based on management reporting as defined in the alternative performance measures ("APM") section of this report. See also Note 4 Segment information.

The Group, including the Company's share in Seagems, reported combined segment contract revenues ("revenues") of $452 million and adjusted EBITDA ("EBITDA") of $252 million, up from $430 million and $233 million, respectively in 2023.

Fontis

Fontis generated contract revenues of $245 million (2023: $205 million). The revenue increase was primarily driven by the recognition of variable revenue from previously unbilled services agreed with the customer ($23 million) and higher dayrates following market indexation in February and August 2024 ($12 million). Furthermore, the 2024 revenues were impacted by the planned downtime for the Courageous due to installation of a new crane ($7 million), while the revenues for 2023 were impacted by the unplanned downtime for the Courageous and Defender in parts of early 2023 ($9 million).

Operating expenses ("Opex") totaled $96 million in 2024 (2023: $90 million), while general and administrative expenses ("G&A") amounted to $5 million (2023: $7 million). The 2023 Opex and G&A were impacted by management services fees from the Company's previous manager, Seadrill, as well as certain transition-related adjustments and timing effects that favorably impacted 2023 figures. The 2024 figures reflect increased personnel and other costs driven by the build-up of the Fontis organization.

EBITDA was $144 million, up from $108 million in 2023, primarily due to the variable revenue recognized in 2024.

In 2024, Fontis achieved an average dayrate of $128.5 thousand per day (2023: $115.8 thousand per day) and an average technical utilization of 99.5% (2023: 99.5%), closing the year-end with a contract backlog of $195 million (2023: $411 million).

At year-end 2024, the notional amount of the accounts receivable was $347 million, up from $175 million in 2023. During 2024, Fontis collected $108 million (2023: $171 million) from its client in Mexico. In early 2025, Fontis entered into an agreement with a leading international bank to facilitate payment to Fontis from the client in Mexico of $209 million of outstanding overdue invoices with its client in Mexico (the "Receivables Payment"). The Receivables Payment was subject to an undisclosed upfront fee, which was well below 10% of the gross receivables amount. On February 5, 2025, Fontis successfully received the full $209 million payment under this arrangement. Also post year-end 2024, Fontis signed a 78-day contract extension for Oberon, while receiving notice of early termination options exercised for Courageous and Intrepid, both subject to a 365-day notice period.

Seagems

The Company's 50% share in the JV contributed with $207 million in contract revenues (2023: $225 million) and $120 million in adjusted EBITDA (2023: $132 million). The revenue decrease compared to 2023 was driven by lower dayrates mainly related to Onix operating full-time with Petrobras in 2023, while in 2024, Onix mainly operated for Brava (formerly Enauta) at a lower day rate during the period. Furthermore, the revenues in 2024 were impacted by fewer operational days mainly due to the off-hire period of Onix and Jade between spot contracts, as well as days spent on the in-water survey (IWS) of Diamante, Esmeralda Topazio and Rubi and days of maintenance cap of Onix and Jade.

Reported Opex was $62 million (2023: $67 million), while G&A was $13 million (2023: $16 million). Cost decrease compared to 2023 was mainly due to reclassification of certain expenditures, from Opex to capitalised expenditures ("Capex") and reimbursement of an insurance claim for Esmeralda, partly offset by a withholding tax reimbursement in 2023.

The JV achieved an average dayrate of $200.4 thousand per day (2023: $211.3 thousand per day) and an average technical utilization of 98.3% (2023: 97.7%). The lower average dayrate in 2024 compared to 2023 was mainly driven by the Onix as explained above and foreign exchange fluctuations, partly offset by Esmeralda operating at higher average dayrates in Q4 2024. The Seagems JV had a contract backlog of approximately $1.9 billion[5] (2023: $345 million[5]).

During 2024, Seagems JV provided cash distribution of $98 million to Paratus (2023: $114 million).

In Q4 2024, Seagems secured a $30 million capex funding from a local Brazilian bank to be paid over 3 years.

Financial statement summary

The following financial summary is based on our financial reporting under US GAAP and should be read in conjunction with the financial statements and accompanying notes provided elsewhere in this report.

Statement of operations

Reported net income in 2024 was $32 million compared to a net loss of $23 million in 2023.

[5] Figures shown at 100% Seagems Joint Venture level.

Operating income was $167 million, up $66 million compared to $101 million in 2023. The increase in operating income was mainly driven by higher revenues and higher income from equity method investment in Seagems. Additionally, the 2023 operating income was impacted by the accounting effects from the termination of the management incentive deed ("MID") with Seadrill in Q2 2023, of which $13 million was recognized as other operating expense.

Operating revenues were $214 million, up $47 million, compared to $167 million in 2023. The revenue increase was primarily driven by the recognition of variable revenue from previously unbilled services agreed with the customer ($23 million), higher dayrates following market indexation in February and August 2024 ($12 million), and lower amortization of favorable contracts ($8 million). Furthermore, 2024 operating revenues were impacted by the planned downtime for the Courageous due to installation of a new crane ($7 million), while the operating revenues for 2023 were impacted by downtime for the Courageous and Defender in parts of early 2023 ($9 million).

Opex totaled $96 million in 2024 (2023: $94 million), while G&A amounted to $17 million (2023: $10 million). The 2023 Opex and G&A were impacted by management services fees from the Company's previous manager, Seadrill, as well as certain transition-related adjustments and timing effects that favorably impacted 2023 figures. The 2024 figures reflect increased personnel and other costs driven by the build-up of the organization. G&A costs in 2024 were also significantly impacted by transaction costs incurred in connection with the placement of bonds and activities related to the IPO and subsequent uplisting to Euronext Oslo Børs.

Depreciation was $18 million ($3 million increase), compared to $15 million in 2023.

Share in results from Joint Venture was $85 million, up from $67 million in 2023 and represents the Company's 50% share in the Seagems' net income (net of taxes).

Net financial expense was $109 million, compared to $100 million in 2023. The increase in net financial expense of $9 million compared to 2023 was primarily due to the partial redemption of the 2026 Notes ($34 million) and share in net loss from Archer, partially offset by an accounting gain related to the conversion of Archer debt in 2023 and unrealized foreign exchange gain from the revaluation of provisions for uncertain tax positions ("UTP") in Mexico, compared with an unrealized foreign exchange loss recorded in 2023.

Tax expense was $27 million, compared to $24 million in 2023.

Allocation of the results

The Board approved quarterly cash distributions of $0.22 per share to shareholders in connection with its 2024 interim reporting for the second, third, and fourth quarters, with payments made in September and December 2024, and March 2025, respectively.

Under the Bermuda Companies Act, dividends cannot be paid if there are reasonable grounds for believing that (a) The company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) The realisable value of the company's assets would thereby be less than its liabilities. The Company has acted within the rules in the Bermuda Companies Act when declaring cash distributions to shareholders.

Cash flow

Consolidated cash and cash equivalents (Paratus and Fontis) at year-end 2024 was $86 million (year-end 2023: $115 million).

Net cash used in operating activities was $28 million, compared to net cash generated from operating activities of $17 million in 2023. This decrease was primarily due to increase in receivables in Mexico relative to collections, partly offset by higher net income.

Net cash from investing activities was $78 million, mainly related to distributions from Seagems to Paratus of $98 million, partly offset by additions to drilling units of $8 million and investment of $12 million (its pro-rata share) in a private placement of Archer. In comparison, net cash from investing activities in 2023 was $87 million, consisting of distributions from Seagems to Paratus of $114 million, partly offset by additions to drilling units of $12 million and purchase of marketable securities in Archer of $16 million.

Net cash used in financing activities in 2024 was $75 million, comprised of net proceeds from the private placement in June 2024 of $73 million, interest income of $5 million, interest payments of $67 million, cash distribution to shareholders of $74 million and transaction costs of $12 million related to the bond issuance in June 2024. In 2023, financing activities comprised of repayment of external loan at Fontis of $48 million, interest income of $1 million and interest payments of $35 million.

Capital structure

The Company actively manages its capital structure to ensure it maintains sufficient funding to support its strategic business objectives and maximize shareholder value. If required, the Company may adjust its capital structure through various measures, including equity or debt transactions, asset restructurings, or other strategic initiatives. Primary sources of liquidity include existing cash reserves and operating cash flows from its operating entities, including distributions from Seagems. Additionally, the Company relies on debt financing and may in the future rely on equity financing. To proactively manage liquidity, the Group prepares, reviews, and updates cash flow projections regularly. These projections incorporate various scenarios, including fluctuations in receivables collections in Mexico, to ensure sufficient funding. The Board of Directors and executive management utilize these insights for informed decision-making.

The Group closed the year-end 2024 with a cash balance of $99 million and net debt[6] of $628 million, including the Company's share in Seagems' cash balance and net debt of $12 million and $48 million, respectively. In comparison, the Group closed year-end 2023 with a cash balance of $134 million and net debt of $599 million, including the Company's share in Seagems' cash balance and net debt of $19 million and $32 million, respectively. The Group's interest-bearing debt totalled $776 million, comprised of $715 million at Paratus plus $61 million in Seagems (Company share) (2023: $767 million, comprised of $715 million and $51 million, respectively).

The Net Leverage Ratio was 2.5x[6] at year-end 2024 (2023: 2.6x[6]), or 1.7x[6] adjusted for the receivables monetization agreement in February 2025.

Bond issue in June 2024
In June 2024, the Company successfully placed a $500 million senior secured bond issue under the bond loan *"9.50% Paratus Energy Services Ltd USD 500,000,000 Senior Secured Bond Issue 2024/2029*" ("2029 Bonds"). The purpose of the bond issue was to partially refinance the 2026 Senior secured notes ("2026 Notes"). The 2029 Bonds were listed on Nordic ABM in December 2024.

Private placement in June 2024
In June 2024, the Company applied for admission to trading on Euronext Growth Oslo. On 24 June 2024, the Company announced that it has successfully completed a $75 million private placement through the conditional allocation and issuance of 15,309,059 new shares at the NOK equivalent of $4.90 per share.

Refinancing in July 2024
In July 2024, the proceeds from the bond issue in June, were used to partially refinance the 2026 Notes. As a result, the remaining aggregate principal amount under the 2026 Notes Indenture is approximately $215 million.

Going concern

The Company regularly evaluates its financial position, cash flow forecasts and its compliance with financial covenants by considering various scenarios, including fluctuations in receivables collections in Mexico.

The Company's Board of Directors conducted a review of the going concern assumption considering all relevant information available up to the date the Paratus consolidated financial statements are issued and taking into account all available information about the future covering at least 12 months from the issuance date of the annual report. The Board of Directors' review included, in particular, assessment of the Company's projected cash reserves and access to financing arrangements, considering debt maturities and its operational outlook and contract duration, while maintaining appropriate headroom in respect of sound equity, liquidity and financial covenant compliance throughout the assessment period.

Following its review, the Board of Directors confirmed that the requirements of the going concern assumption are met and that these financial statements have been prepared on that basis.

Corporate Governance

Introduction to Corporate Governance

Paratus Energy Services Ltd. is an exempted company limited by shares, incorporated in Bermuda and listed on the Euronext Oslo Børs. The Company is subject to Bermuda laws and regulations, including the Companies Act 1981 of Bermuda (the "Bermuda Companies Act"), as well as regulatory requirements for foreign companies listed on the Euronext Oslo Børs.

Paratus has adopted a corporate governance policy (the "Corporate Governance Policy"), approved by the Board of Directors (the "Board"), which is based on the Norwegian Code of Practice for Corporate Governance, issued by the Norwegian Corporate Governance Board on 14 October 2021 (the "Norwegian Code of Practice"). The Norwegian Code of Practice applies to Paratus to the extent that the provisions of this Norwegian Code of Practice do not conflict with Bermuda law and legislation.

The Board is responsible for ensuring that the Company maintains sound corporate governance practices. The Company recognizes the importance of, and is committed to, maintaining good corporate governance across the Group. It aims to comply with the recommendations of the Norwegian Code of Practice to the extent possible, however, certain deviations are necessary due to differences in corporate governance practices and legal principles applicable to Bermuda companies. These deviations are set out below.

The Norwegian Code of Practice is available in its entirety at the Euronext Oslo Børs website (www.euronext.com/nb/markets/oslo) and the website of The Norwegian Corporate Governance Board (www.nues.no).

Implementation and reporting on Corporate Governance:

"Business": In accordance with common practice for Bermuda companies, the Company's Bye-laws do not

[6] See definition of Net Debt and Net Leverage Ratio under the APM section.

include a specific description of its business. According to the Memorandum of Association, the objects for which the Company was formed and incorporated are unrestricted. As a Bermuda incorporated company, the Company has chosen to establish the constitutional framework in compliance with the common practice of Bermuda and accordingly deviates from section 2 of the Norwegian Code of Practice.

“Equity and dividends”: In accordance with Bermuda law, the Board is authorised to exercise the power of the Company to acquire its own shares to be held as treasury shares, and to issue any unissued shares within the limits of the authorised share capital. These authorities are neither limited to specific purposes nor to a specific period as recommended in section 3 of the Norwegian Code of Practice.

The Board will ensure that the Company has a capital structure that is appropriate to the Company’s objective, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The Board will continuously assess the Company’s capital requirements related to the Company’s objective, strategy and risk profile. The Board will propose to the shareholders that they consider and, if necessary, resolve to increase the authorized capital of the Company that will allow the Board some flexibility to increase the number of issued shares without further shareholder approval. Any increase of the authorized capital is, however, subject to approval by the shareholders by simple majority of the votes cast.

According to NUES section 3, the annual general meeting can resolve to grant a mandate to the board of directors to approve the distribution of dividends on the basis of the approved annual accounts. Such a mandate should be explained. The explanation should state, inter alia, how the mandate is based on the company’s dividend policy. This means that any authorization to distribute dividends must be granted by the general meeting. However, the Bye-laws state that no such approval is required from the general meeting, which constitutes a deviation from NUES Section 3.

During 2024, the Board has authorised cash distributions to shareholders of $0.22 per share in September, November 2024, as well as in February 2025.

"Equal treatment of shareholders": The Company has one class of shares, and all shares carry equal rights. Pursuant to Bye-law 2, the Board has the authority to issue any unissued shares on such terms and conditions as it may determine. Neither the Company's Bye-laws nor Bermuda company laws provide for pre-emptive rights for shareholders in connection with share capital increases. The Company is, however, subject to the general principle of equal treatment of shareholders under the Norwegian Securities Trading Act section 5-14. In connection with any future share issues, the Board will assess, on a case-by-case basis, whether deviation from the principle of equal treatment is justified.

Any transactions carried out by the Company in the Company's own shares will as a general rule be carried out through Oslo Børs and at prevailing stock exchange prices. In the event that there is limited liquidity in the Company's shares, the Company will consider other ways to ensure equal treatment of shareholders. Any transactions in own shares will be evaluated in relation to the rules on the duty of disclosure, as well as in relation to the prohibition against illegal insider trading and market manipulation, the requirement for equal treatment of all shareholders, and the prohibition of unreasonable business methods.

“General meetings”: The Company encourages shareholders to attend its general meetings. It is also the intention to have representatives of the Board to attend general meetings. The Company will, however, normally not have the entire Board attend general meetings, as this is not required by Bermuda law. This represents a deviation from section 6 of the Norwegian Corporate Code of Practice, which states that arrangements shall be made to ensure participation by all directors.

Furthermore, pursuant to Bye-law 24, general meetings of shareholders are chaired by the chair of the Board, if there be one, and if not the president of the Company, if there be one, or a person appointed by the board of directors. Having the chair, president or a director of the Board chairing general meetings simplifies the preparations for general meetings significantly and is in compliance with common procedures under Bermuda law. However, this represents a deviation from section 6 of the Norwegian Code of Practice, which states that the Board should seek to ensure that an independent chair is appointed, if considered necessary based on the agenda items or other relevant circumstances.

As a Bermuda registered company with a limited number of employees and contractors, the Company does not have a corporate assembly. Given the size of the Company this is not deemed necessary.

“Nomination committee”: As permitted under Bermuda law, the Company will not have a nomination committee as recommended by the Norwegian Code of Practice section 7. In lieu of a nomination committee comprised of independent directors, the Board is responsible for identifying and recommending potential candidates to become Board members and recommending directors for appointment to Board committees.

“Board of directors composition and independence”: The CEO serves as a Board member, deviating from section 8 of the Norwegian Code of Practice, which recommends that management not be represented on the board of directors. However, management representation is considered beneficial in the Company's current phase to ensure the Board has the necessary competence and aligns with Bermuda corporate governance practices.

Pursuant to section 8 of the Norwegian Code of Practice, the general meeting should elect the chair of the board of directors. However, according to the Company's Bye-laws, the Board elects its Chair, rather than the shareholders. Given the Company's current development status, the Company believe that this is satisfactory, and that the Chair can ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy.

The composition of the Board shall ensure that the Board can attend the common interests of all shareholders and meet the Company's need for expertise, capacity and diversity. In appointing members to the Board, it is emphasized that the Board shall have the necessary competence to independently evaluate the subject presented by the executive management team. It is also considered important that the Board can function well as a team. Board members are encouraged to own shares in the Company, as recommended in section 8 of the Norwegian Code of Practice.

"The work of the board of directors": The Board shall prepare an annual plan for its work with special emphasis on goals and strategy. The Board's primary responsibilities shall be (i) participating in the development and approval of the Company's strategy, (ii) performing necessary control functions and (iii) acting as an advisory body for the executive management team. Its duties are not static, and the focus will depend on the Company's ongoing needs. The chair of the Board is responsible for ensuring that the Board's work is performed effectively and correctly.

The Board shall ensure that the Company has proper management with a clear internal distribution of responsibilities and duties. A division of work has been established between the Board and the executive management team. Furthermore, the Board shall issue instructions that state how the Board and the executive management shall handle agreements with related parties, including whether an independent valuation must be obtained.

The Board and management will consider and determine on a case-by-case basis whether independent third-party evaluations are required if entering into agreements with related parties in accordance with section 9 of the Norwegian Code of Practice. However, the Board may decide, due to the specific agreement or transaction, to deviate from this recommendation if the interest of the shareholders in general is believed to be maintained in a satisfactory manner through other measures. The Board shall present any such agreements in their annual director's report.

Pursuant to section 9 of the Norwegian Code of Practice, the Board shall consider appointing a remuneration committee. The Board has decided not to establish such committee as it has assessed that, given the Company's limited number of employees, remuneration matters related to the Company's executive management handled directly by the Board without the need for a separate dedicated preparatory committee. Board members who are not considered independent of the Company's executive personnel will not participate in the Board's deliberations on remuneration matters. Neither the Board nor the general meeting has adopted any resolutions that are deemed to have a material impact on the Group's corporate governance regime.

Board committees
The Bye-laws empower the Board to designate one or more committees. Each such committee of one or more persons may consist partly or entirely of non-executive directors and may exercise the powers of the Board as may be delegated to such committee in the management of the business and affairs of the Company. The Board shall have power to change the members of any such committee at any time, to fill vacancies and to discharge any such committee, either with or without cause, at any time.

The Board has established an audit committee. The audit committee shall (i) carry out preparatory work for the Board's monitoring of the financial reporting, (ii) monitor the Company's systems for internal control and risk management, and the Company's internal audit function if applicable, (iii) maintain regular contact with the Company's elected auditor in respect of the statutory audit of the annual accounts, and (iv) review and monitor the independence of the statutory auditor, and in particular the extent to which services other than statutory audit provided by the auditor or audit firm represent a threat to the auditor's independence. The audit committee shall be comprised of members of Board. At least one member of the audit committee shall be independent and have competence in accounting and/or auditing.

The members of the audit committee as of 31 December 2024 were, Mei Mei Chow (chair of the committee) and Mark Mey.

The Company has established a structured system for internal control over financial reporting to ensure the integrity and reliability of its financial reporting in accordance with U.S. Generally Accepted Accounting Principles ("US GAAP") and applicable regulatory requirements. These systems are designed to identify, assess, and mitigate risks that could impact on the accuracy and completeness of the Group's financial statements, in line with applicable accounting standards and regulatory requirements.

The Board has delegated the audit committee the responsibility to assist the Board of Directors with its responsibilities with respect to the financial reporting process. The audit committee shall review, monitor and make recommendations to the Board of Directors regarding, inter alia, the financial reporting process, the statutory audit of the annual and consolidated accounts, the effectiveness of the company's internal control and risk management systems. At least once a year, the audit committee reviews and reports to the Board on the Company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

Directors' and officers' insurance ("D&O")
The Company has directors' and officers' liability insurance which covers the cost of compensation claims made against the Company's directors and key managers (officers) for alleged wrongful acts.

"Risk management and internal control": The Board shall ensure that the Company has sound systems for risk, impact and opportunity management and internal control, including but not limited to topics related to ESG and compliance, that are appropriate in relation to the extent and nature of the Company's activities.

The objective of the risk, impact and opportunity management and the internal control is to manage, rather than eliminate, exposure to risks in order to ensure successful conduct of the Company's business and to support the quality of its financial reporting. The Board shall define the risk appetite of the Company.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk, impact and opportunities and its internal control arrangements. The Board shall provide an account in the annual report of the main features of the Company's processes and systems for risk, impact and opportunity management and internal control to the extent required by applicable laws and regulations.

With respect to this section, the Company complies with section 10 of the Norwegian Code of Practice.

"Remuneration of the board of directors": There is no obligation to present the guidelines for remuneration of the Board to the shareholders of a Bermuda incorporated company. Consequently, the Company deviates from this part of section 11 of the Norwegian Code of Practice. There are no service contracts between the Company and any of its directors providing for benefits upon termination of their service.

The Company has granted options and warrants to members of the Board. As a general guideline, the Company does not grant such instruments to its Board members. However, to support the Company's phase as a newly listed company, certain Board members have taken on selected assignments for the Company beyond their duties. The Board shall be informed when individual Board members perform tasks for the Company outside their directorship. In some cases, it may be to include options or other financial instruments as part of Board member remuneration, evaluated on a case-by-case basis. Consequently, the Company deviates from the recommendation in section 11 of the Norwegian Code of Practice.

"Remuneration of executive personnel": There is no obligation to present the guidelines for remuneration of the executive management to the shareholders of a Bermuda incorporated company. In the view of the Company, there is sufficient transparency and simplicity in the remuneration structure and information provided through the annual report and financial statements are sufficient to keep shareholders adequately informed. The Company therefore deviates from this part of section 12 of the Norwegian Code of Practice.

"Information and communication": The Board and the executive management team assign considerable importance to giving the shareholders relevant and current information about the Company and its activity areas. Emphasis is placed on ensuring that the shareholders receive the same and simultaneous information. Sensitive information will be handled internally in a manner that minimizes the risk of leaks.

The Board have a policy on who is entitled to speak on behalf of the Company on various subjects. The Company has a contingency plan for information management in response to events of a particular character or of interest to the media. The CEO and the CFO are the main contact persons of the Company in such respects.

The Board should ensure that the shareholders are given the opportunity to make known their points of view at and outside the general meeting.

The Company is obliged to continually provide its shareholders, Euronext Oslo Børs, and the financial markets in general with timely and precise information about the company and its operations. This information shall be published via the stock exchange's reporting system and in the investor section on the Company's website

Relevant information is provided in annual and quarterly reports, press releases, notices to the stock exchange, and published investor presentations according to what is deemed appropriate and required at any given time. Paratus also holds regular presentations of annual and interim results.

The Company publishes financial calendar with an overview of dates of important events, such as the annual general meeting, interim financial reports, and public presentations. Subject to any applicable exemptions, the Company discloses all inside information promptly. The Company always provides information about certain decisions by the Board and the general meeting concerning dividends, mergers/demergers, and/or changes in share capital.

“Take-overs”: The Company has not yet established guiding principles for how it will act in the event of a take-over bid, which is a deviation from section 14 of the Norwegian Code of Practice. In the event of a takeover, the Company shall take all reasonable measures to comply with the recommendations of the Norwegian Code of Practice related to this section, which inter alia requires that all shareholders are given sufficient information and time to form an independent view of a potential takeover offer, and that the Board has specific consideration to the equal treatment of shareholders, and whilst continuing to act in accordance with its fiduciary duties governed under Bermuda law.

"Auditor": The Company’s auditor is elected at the AGM. The audit committee is responsible for ensuring that the Group is subject to an independent and effective audit. The auditor annually presents an audit plan to the audit committee and participates in audit committee meetings concerning the Company’s annual financial statements, presentation of audit findings and identified internal control process improvement opportunities. The auditor also participates in board meetings when considered appropriate, with and without management present.

Paratus’ external auditor is KPMG AS.

Enterprise risk management

The risk factors included in this section are not exhaustive with respect to all risks relating to the Group. The risks and uncertainties described in this section are the material known risks and uncertainties faced by the Group, including the Company's ownership interest in Seagems, that the Company believes are relevant to the primary users of the financial statements.

Financial risk

The Group is exposed to various financial risks that may impact its financial performance, including market risk, liquidity risk, concentration risk, and credit risk. The Group’s financial risk management is primarily handled by the Company’s finance function in accordance with guidelines established by the Board of Directors. These guidelines aim to mitigate potential adverse effects through sound business practices and structured risk management procedures.

Market risk
Market risk arises from fluctuations in foreign exchange rates and interest rates, which can affect the Group’s financial results.

Foreign currency exchange rate risk
Revenues from drilling services in Mexico are primarily denominated in US dollars, while expenditures are mainly incurred in US dollars and Mexican Pesos (“MXN”). We also have MXN exposure for payment of taxes in Mexico. Capital contributions and shareholder distributions are made in US dollars and NOK. As of year-end 2024, the Group did not have any active currency hedging instruments. However, it continuously monitors foreign currency risk exposure and evaluates potential hedging strategies to mitigate volatility.

Interest rate risk
The Group’s financing primarily consists of US dollars-denominated loans with fixed interest rates, eliminating the need for interest rate hedging. Interest rate exposure related to loans within the Seagems JV is considered limited. Additionally, the Group is exposed to interest rate fluctuations on its cash deposits, which are held at floating rates.

Liquidity risk
Liquidity risk refers to the potential inability to secure adequate funding for business operations. Effective liquidity management requires maintaining sufficient cash reserves, credit facilities, and financial resources to ensure flexibility under dynamic market conditions.

The Group’s primary sources of liquidity include existing cash reserves and operating cash flows from its operating entities, including distributions from Seagems. Additionally, the Company relies on debt financings and may in the future rely on equity financings.

To proactively manage liquidity, the Group prepares, reviews, and updates cash flow projections regularly. These projections incorporate various scenarios, including fluctuations in receivables collections in Mexico, to ensure sufficient funding. The Board and executive management utilize these insights for informed decision-making.

Investment in joint venture
The Group conducts a significant portion of its operations through Seagems JV. The terms of co-operation and shareholding in the JV are governed by the investment and shareholders' agreements between the shareholders, which contain, inter alia, provisions requiring unanimous shareholders' consent in certain matters, such as share capital changes, dividends and distributions, entering into bids, contracts, assuming liabilities, and making material changes to any contract or transaction. The Company's obligations in respect of, and the Company's ability to receive any dividends from, its JVs depend on the terms and conditions of its investment and shareholders' agreements and relationship with its joint shareholders. The Seagems JV budgets and activity plans are reviewed and approved annually. Pursuant to agreement among JV shareholders, Seagems distributes all excess cash to its shareholders.

Excessive risk concentration and credit risk
In 2024, the Company’s consolidated operating revenues were generated from a major state-owned petroleum company in Mexico. For Seagems, Petrobras accounted for a significant share of its revenues. Any reduction in activity, contract cancellations, suspensions, or non-

renewals by these key customers could significantly impact the Group's financial performance, especially if replacement contracts on similar terms are not secured. In March 2025, Fontis received early termination notices for the drilling contract for Courageous and Intrepid, which highlights the risks associated with customer dependency and contract uncertainty. Additionally, the high customer concentration may increase the Group's credit risk exposure, as evidenced by payment delays from its client in Mexico. To address these delays, Fontis secured an agreement with a leading international bank in early 2025 to accelerate the payment of $209 million in overdue invoices, subject to an upfront fee, demonstrating that the Company can access liquidity through alternative means when needed. The Company is actively engaging with the client to expedite the collection of outstanding receivables, while acknowledging and planning for the possibility of ongoing fluctuations in the timing of collections.

Operational risks

Risks relating to the jack-up drilling market and the offshore service industry
The Group's revenue from the jack-up drilling market and offshore services (through its share in Seagems) depends on its ability to sell its services and the rates it can charge customers, including dayrates for its vessels and rigs. The rates for offshore services, and consequently the value of the Group's assets, are largely influenced by supply of and demand in the offshore services industry, which historically has been a highly cyclical and volatile industry. The supply in the Group's primary markets, Brazil and Mexico, is affected by various external factors. The Group's five jack-ups are currently located in Mexico, while the Seagems JV's six PLSVs are operating in Brazil. Subsea services in Brazil rely on offshore support vessels, and their availability depends on factors such as the number of newbuilds ordered and delivered, the number of vessels being scrapped, conversion of vessels to other uses and the number of vessels that are out of service and lay-ups due to market situations. Similarly, the supply of drilling and well services in Mexico is influenced by the number of operational rigs, new rigs under construction or reactivation of stacked rigs. An increase in the supply of offshore support vessels and rigs, or decrease in the demand for such services, could reduce dayrates, which in turn may negatively impact the Group's financial performance.

Risks related to mobilization of drilling rigs and vessels between geographic areas
The offshore service market is generally global, allowing vessels and drilling rigs to be moved from one area to another. However, mobilization may be constrained by several factors such as governmental regulation, customs practices, high costs, risk of damage, availability of suitable tow vessels, weather conditions, political instability, civil unrest, military actions and the technical capability of the drilling rigs to relocate and operate in various environments. During mobilization, whether within the same market (from one location to another) or to a new geographic market, the Group may not be paid for the time the vessel or jack-up rig is out of service or reimbursed for relocation costs. Additionally, not all of the Group's units are designed to work in all regions, water depths or environmental conditions. Further, the Group may relocate vessels and/or rigs to another geographic market without a customer contract, which could result in costs that are not reimbursable by future customers.

The Group's business involves numerous operating hazards
The Group's operations are subject to hazards inherent in the offshore support vessel business and the drilling, completion and operation of oil and natural gas wells, such as use of heavy equipment, exposure to hazardous conditions, high pressure drilling, mechanical difficulties, or equipment failure, which increase the risk of delays, material costs or liabilities. Accidents, equipment breakdowns, subcontractor failures, or personnel shortages could lead to operational disruptions, as seen in the operational incidents on the Courageous in November 2022 and the Defender in January 2023, which caused operational downtime. The nature of the Group's work also carries the risk of severe injury or loss of life, particularly for crew members operating in hazardous environments, such as rig operations, extreme weather, and heavy machinery zones. Ineffective safety policies or inadequate implementation could heighten accident risks. Such incidents, and any failure to maintain consistently high standards across all of its operational fields, may harm the Group's reputation, result in significant liabilities, legal actions and/or impact its ability to secure future contracts.

The Group's Contract backlog may not be ultimately realized, whereas any non-realisation would result in lower revenues than estimated
As of 31 December 2024, Fontis and Seagems had a total backlog of approximately $195 million and $1.9 billion[7], respectively. The Group's contract backlog represents future revenue under contracts for utilization of its fleet but does not provide a precise indication when revenues will be received, nor is their realization guaranteed within the expected timeframes or at all. Backlog calculations are based on current contractual terms; however, revenue realization may be subject to price indexation clauses or other factors that may intervene with and/or result in delays. Additionally, the Group may fail to realize expected backlog due to, for example:

- contract clauses allowing inter alia (i) termination for cause, (ii) early termination for charterers' convenience, or (iii) renegotiation due to, among other reasons, adverse market conditions;

[7] Figures shown at 100% Seagems Joint Venture level.

- the Group's inability to fulfil contractual obligations, including for reasons beyond its control such as shortage of qualified personnel;
- client default or failure to pay amounts owed to the Group.

For instance, on 3 March 2025, the Company announced that Fontis had received notice of early termination of the drilling contracts for the Courageous and the Intrepid.

The aforementioned factors may impact both the timing and certainty of the Group's revenue recognition.

Political, compliance and legal risks

The Group's primary operating markets are Brazil and Mexico
The Group primarily operates in Brazil and Mexico, where political instability, government changes, and corruption scandals have led to shifts in policies and regulations. Political decisions, including shifts in economic policies, trade restrictions, or government intervention, may create uncertainties that affect the Group's business environment. Additionally, regulatory changes in areas such as taxation, labor laws, or environmental standards could impact the Group's operations, compliance obligations, and profitability. While the Group monitors political developments, unexpected policy shifts or regulatory changes could still pose challenges to its business and financial position.

The Group operates internationally and is subject to various laws and regulations
The Group operates in countries with differing political and regulatory environments, primarily Mexico and Brazil. Navigating these regulatory environments are essential for maintaining operations and growth but presents significant challenges. For instance, the Brazilian and Mexican legal system is known for its complexity and slow-paced proceedings, potentially resulting in protracted legal disputes. Failure to comply with applicable regulations or unexpected compliance costs could lead to, among other things, reputational damage, legal penalties, or operational disruptions, potentially hindering the Group's ability to conduct business effectively, limiting growth opportunities, and negatively impact its financial positions.

The Group operates in countries known to experience governmental corruption
Mexico and Brazil are known for governmental corruption, as indicated by Transparency International's Corruption Perception Index. While the Group is committed to conducting business in a legal and ethical manner, there is a risk that employees, agents or affiliates may violate anti-corruption laws and regulations, including those based on the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. In certain jurisdictions where the Group utilizes local agents and/or establish entities with local operators or strategic partners, for example in Mexico, the local activities may involve interaction by the Group's agents with government officials. If improper payments are made in connection with the Group's operations, the Group could face investigations and, if found in violation of anti-bribery laws, be subject to fines, sanctions, and other penalties, which could have a material adverse impact on its business, financial condition, and results of operations.

The Group may from time to time become involved in legal disputes and proceedings
The Group may from time to time become involved in legal disputes and legal proceedings relating to its operations, environmental issues, intellectual property rights or otherwise. Legal proceedings could result in adverse rulings requiring the Group and its affiliated companies to, inter alia, pay damages, halt operations, suspend projects or relinquish licenses. As noted above and in Note 12, the Group is currently undergoing audits by the Mexican tax authorities ("SAT") in respect of accounting years 2014 and 2018 through 2020. These liabilities relate mainly to the deductibility of mobilization costs and transfer pricing. No assurance can be made that the Mexican tax authorities will not open audits for periods from 2021 and onwards. If the audits expand in scope or the authorities continue to question the Group's tax position, the Group could face significant legal and financial consequences, such as higher taxes, penalties, and interest, which in turn could significantly affect the Group's tax expenses and effective tax rate, potentially impacting earnings and cash flow operations and the Group's overall financial position.

Environmental risk

The Group's operations are subject to laws and regulations, including, among other things, requirements to control the discharges, manage emissions, remove and remediate contamination. As an owner of offshore support vessels and drilling rigs and provider of services to oil and gas companies, the Group may be liable (under applicable laws and regulations or contractually) for damages and costs incurred in connection with spills or contamination, which may lead to, inter alia, fines, cleanups costs and liability claims. Environmental damage, including incidents involving the Group's customers, may harm its reputation, impact customer relationships and business opportunities. Although the Group actively works towards minimizing the risk of damage to the environment as a result of its operations, there are still risks of environmental damage and negative consequences for the Group.

QHSE performance

Our Quality, Health, Safety, and Environment ("QHSE") standards, procedures, and protocols are built on a set of core principles that define our approach to safety, operational excellence, and environmental responsibility. These principles ensure that every aspect of our work aligns with best practices, regulatory requirements, and our commitment to continuous improvement.

- *People First:* We foster a supportive work environment where every individual feels valued and protected.
- *Proactive Risk Management and Prevention:* Our comprehensive prevention strategies ensure a safe and secure workplace for all.
- *Compliance with Industry and Regulatory Standards***:** We continuously monitor and update our practices to remain compliant and uphold the highest standards of quality and safety, with no penalties enforced.
- *Strong Leadership and Workforce Engagement:* By empowering our workforce, we drive innovation and achieve collective success.
- *Environmental Stewardship and Sustainability:* Our Environmental Team and initiatives aim to minimize our ecological footprint and promote a greener future.
- *Continuous Improvement and Learning Culture:* We strive to enhance our processes and deliver exceptional results.

By adhering to these core QHSE principles, we create a safe, responsible, and high-performing work environment. Our structured approach to risk management, compliance, leadership engagement, environmental responsibility, and continuous improvement reflects our strong commitment to aligning with industry standards and driving progress across all areas of our operations.

During 2024, our safety performance continued to improve, demonstrating the effectiveness of our proactive risk management, enhanced safety programs, and workforce engagement initiatives. Total Recordable Incident Rate ("TRIR") at end of 2024 was 0.56, compared to 0.85 in 2023, reflecting a significant reduction in recordable incidents. This improvement is attributed to increased safety awareness, enhanced leadership commitment, and targeted risk mitigation measures.

Organization and personnel

During 2024, the average FTE (Full-Time Equivalent) for Paratus and its subsidiaries was 498. The workforce is characterized by strong cultural, religious and national diversity, with some 13 nationalities represented. At year-end 2024, the Board of Directors consisted of six members, one of whom is female. Management consisted of one woman and four men. While the Company does not currently have formalized policies on equality and diversity, the Company is committed to maintain a working environment with equal opportunities for all based on qualifications, irrespective of gender, ethnicity, sexual orientation, or disability. Diversity considerations are taken into account in recruitment and appointment processes and the Company continues to recruit and promote women who at year-end 2024 represented 36% percent of employees in managerial, administrative and other onshore positions. There were no incidents of discrimination reported through the internal mechanisms for raising concern in 2024.

Men and women with the same level of jobs, with equal professional experience and who perform equally receive the same pay in Paratus. The complexity of the job, discipline area and work experience affect the pay level of individual employees.

Diversity is an important part of the Group's key human resources processes such as recruitment, succession planning, promotions, performance management and employee development.

Board of Directors

Mei Mei Chow

Chair, served since January 2022

Mei Mei Chow is an ICAEW Chartered Accountant with over 25 years' experience at senior and executive management levels. Most recently she has been working as an expert adviser with a global management consultant on international and cross border M&A projects. Mei Mei Chow is currently an independent non-executive board member of Gas Malaysia Berhad, a company listed on Malaysia's Kuala Lumpur Stock Exchange, and also serves as its chair of the audit committee and member of the risk and compliance committee. She has also spent over 10 years recently with Sapura Energy Berhad, a global oil and gas company, as a member of Sapura's leadership team alongside the group CEO and other top management. Prior to that, Mei Mei held various senior management positions including divisional CFO roles and Group Head of Strategy, with the Sime Darby Group, a top five listed conglomerate in Malaysia. She is a chartered accountant and also a member of the Chartered Institute of Marketing. In 2024, the Minister of Women & Family to the Government of Malaysia requested Mei Mei Chow to join a newly formed committee and panel of a start-up initiative to provide support and government funding to upcoming women leaders. Mei Mei Chow has a BA Hons in Business Studies from the University of South Wales.

Robert Jensen

Director and CEO, served since February 2023

Robert A. Jensen currently serves as the CEO of Paratus Energy and has 16 years of experience across asset management, investment banking and research positions within global energy, oil services and transportation. Prior to joining Paratus Energy, Mr. Jensen was a Partner at Arctic Securities, a leading independent Norwegian investment bank, specializing in corporate finance transactions and advisory services. Prior to this, Mr. Jensen was a Partner at CF Partners Capital Management, an event-driven, liquid hedge fund with investments across the capital structure in the energy and natural resources value chain. Mr. Jensen has also held various roles at Sparebank 1 Markets, Clarksons Platou Securities, Jefferies International and Fearnley Offshore. Mr. Jensen has a MSc in Shipping, Trade and Finance from Bayes Business School in London and a MSc in Business Administration from BI Norwegian Business School.

James Ayers

Director, served since December 2018

James Ayers has served as a Director of Paratus Energy since December 2018. Mr. Ayers is the CEO of Front Ocean Management and Company Secretary for the Fredriksen Group of companies based in Bermuda, including publicly listed and SEC-regulated companies. He has served as Director and Secretary of Northern Ocean Ltd. since February 2019 and Golden Ocean Group Limited since March 2025. Mr. Ayers has more than ten years of industry experience with a range of director, officer and management positions across the maritime sectors. He holds a Master's in International Business and Commercial Law, a Bachelor's in Law and a professional qualification in Legal Practice.

Joachim Bale

Director, served since August 2023

Joachim Bale's career spans over more than 14 years in investment management, private equity, and management consulting, and brings a wealth of financial expertise and strategic insights that will contribute to the Company's continued growth and success. Mr. Bale is a founding partner at Lodbrok Capital LLP, an alternative investment management firm. Prior to Lodbrok Capital, Mr. Bale served as an investment professional at Farallon Capital, a multi-strategy hedge fund. Mr. Bale has also held roles at Bain Capital and McKinsey & Company. Mr Bale holds an MSc with Distinction in Financial Economics from University of Oxford.

Ørjan Svanevik

Director, served since December 2023

Ørjan Svanevik is an Investment Director at Seatankers. He was recently acting CEO at Western Bulk. Previously, he served as CEO of Arendals Fossekompani from 2019 to 2022, and was Director and COO at Seatankers Management from 2014 to 2017, advising companies including Seadrill, Mowi and Archer. He held roles at Kværner ASA during its reorganization into Aker companies, and was later Partner and Head of M&A at Aker. He has chaired the boards of companies including Volue, Archer, ENRX, Kleven Verft and North Atlantic Drilling. He has also been a director at Seadrill, Mowi, Nordic Jet Line, RigNet, American Shipping Company, amongst others. Mr. Svanevik has an AMP from Harvard Business School, MBA/MIM from Thunderbird and a Master's from BI Norwegian Business School.

Mark Mey

Director, served since November 2024

Mark Mey is a seasoned energy professional with more than three decades of experience from the energy and financial services industry. He served as Executive Vice President and Chief Financial Officer of Transocean from May 2015 to May 2024. Prior to Transocean, Mr. Mey served as Executive Vice President and Chief Financial Officer of Atwood Oceanics, and Senior Vice President and Chief Financial Officer and a Director of Scorpion Offshore Ltd. He also held positions of increasing responsibility during his 12 years with offshore driller Noble Corporation, including Vice President and Treasurer. He served on the Board of Directors of Transocean Partners LLC from June 2015 to December 2016. Mr. Mey earned an Advanced Diploma in Accounting and a Bachelor of Commerce degree from the University of Port Elizabeth, South Africa.

He is a Chartered Accountant and attended the Harvard Business School Executive Advanced Management Program.

Management

Robert Jensen

Group CEO

Robert A. Jensen currently serves as the CEO of Paratus Energy and has 16 years of experience across asset management, investment banking and research positions within global energy, oil services and transportation. Prior to joining Paratus Energy, Mr. Jensen was a Partner at Arctic Securities, a leading independent Norwegian investment bank, specializing in corporate finance transactions and advisory services. Prior to this, Mr. Jensen was a Partner at CF Partners Capital Management, an event-driven, liquid hedge fund with investments across the capital structure in the energy and natural resources value chain. Mr. Jensen has also held various roles at Sparebank 1 Markets, Clarksons Platou Securities, Jefferies International and Fearnley Offshore. Mr. Jensen has a MSc in Shipping, Trade and Finance from Bayes Business School in London and a MSc in Business Administration from BI Norwegian Business School.

Baton Haxhimehmedi

Group CFO

Baton Haxhimehmedi joined Paratus as Chief Financial Officer in June 2024. Mr. Haxhimehmedi has been working with the oil and gas upstream industry for 15 years. He has previously held positions as Group Head of Finance and Deputy CFO of DNO, and was an audit manager in KPMG and senior associate in Ernst & Young mainly working with international upstream oil and gas clients. Mr. Haxhimehmedi holds a Master in Accounting and Auditing and a Bachelor of Science in Business and Economics from the Norwegian Business School (BI).

Nika Hasanova

Group Head of Finance

Nika Hasanova currently serves as Group Head of Finance at Paratus Energy and has over 15 years of experience in accounting and finance. Prior to joining Paratus, she held positions of Director of Accounting and International Controller at Quorum Software, leading provider of energy software worldwide. Prior to this, Nika Hasanova was an audit manager at PricewaterhouseCoopers LLP working with Oil & Gas, Technology and Pipeline clients and holds Canadian CPA designation from the Canadian Institute of Chartered Accountants (CICA), MBA and Bachelor of Business Administration (BBA) from Azerbaijan State Oil Academy.

Raphael Siri

CEO of Fontis Energy

Raphael Siri is the CEO of Fontis Energy, a wholly-owned subsidiary of the Paratus. He brings close to three decades of experience within the oil and gas industry. Siri joined Fontis Energy in June 2023, following 17 years of operational and management experience in major oil and gas drilling contractors like Schlumberger, Pride International and Seadrill; and 10 years of Executive Management experience in the Sapura Energy Berhad Group. Throughout his entire tenure in the Sapura Energy Group as an Executive Committee member, he held the position of CEO of Sapura Drilling, and periodically managed Group Corporate functions including Risk, Performance, Transformation, SCM, IT, and QHSE. His international career included living in 11 different countries across the globe, from Africa, Asia to North and Central America. Siri holds an Engineering Diploma in Applied Mathematics from Ecole Nationale Supérieure de Techniques Avancées in Paris, and a degree in Applied Mathematics from Université de Nice Sophia Antipolis in Nice.

Rogerio Salbego

CEO of Seagems

Rogerio Salbego is the CEO of Seabras Sapura, the joint venture between Paratus and Sapura Energy. Salbego brings over 20 years of experience in the Brazilian oil and gas industry, serving as the prior COO of Seabras Sapura JV and as a member of the team since inception. Prior to this, he was a Project Operation Manager at Subsea 7. Salbego holds an MBA from Pontificia Universidade Catolica do Rio de Janeiro and a BA in Mechanical Engineering from Universidade Federal de Santa Maria.

Main events since year-end

Share buybacks

On March 4, 2025, the Company repurchased 5.4 million own shares at a price of NOK 41.5 per share by way of a reverse bookbuilding, marking the first step in deploying the previously announced share repurchase authorization of up to $100 million.

On April 2, 2025, the Company initiated repurchase of up to 1,600,000 shares by way of open market transactions on the Euronext Oslo Børs (the "Buyback"), pursuant to an agreement with Arctic Securities AS ("Arctic"). A total NOK amount equivalent to $5 million has been set aside for the Buyback. The Buyback commenced on April 2, 2025, and will remain in effect until the earlier of (i) the acquisition of the maximum number of shares as set above; (ii) the maximum total consideration as set out above has been reached; or (iii) May 28, 2025. For the period from April 2, 2025, to and including April 16, 2025, the Company purchased a total of 460,896 shares at an average price of NOK 35.4460 per share.

Following the completion of the above transactions, the Company owns a total of 5,860,896 of own shares, corresponding to 3.46% of the Company's share capital.

Contract update for Courageous and Intrepid

On March 3, 2025, the Company announced that Fontis had received notice from its client that it has elected to exercise the previously disclosed contractual options for early termination of the drilling contracts for the Courageous and the Intrepid. Both rigs are subject to a 365-day notice period.

The reasons cited for the early termination includes unfavorable contract terms, such as limited suspension rights and indexation structure of dayrates (with floor and cap), and economic considerations. Nothing in the client's notification suggests that this action was driven by reduced operational need for drilling rigs in 2026. This action may enable the client to better align contractual terms across its service providers during 2026, as Fontis' contracts benefit from certain rights, which have resulted in that all of Fontis' rigs are on contract, despite the current reduced activity announced by other service providers in the region. Following the client's election to terminate the rigs, the client has no remaining contractual flexibility to further shorten the contracts for any of Fontis' rigs.

The drilling contracts for Courageous and Intrepid will now expire on 28 February 2026 as opposed to its original expiration date of 29 November 2026 and 27 May 2026, respectively. Furthermore, Fontis has been awarded a 78-day contract extension for the Oberon.

Cash distribution to shareholders

On February 28, 2025, the Company announced that the Board of Directors has approved a cash distribution to shareholders of $0.22 per share for the fourth quarter of 2024, to all shareholders of record as of 12 March 2025. The cash distribution was paid on 21 March 2025 and was in the form of return of capital.

Receivables monetization agreement and receipt of payment in Mexico

On January 24, 2025, the Company announced that Fontis had entered into an agreement with a leading international bank to facilitate payment to Fontis of approximately $209 million of outstanding overdue invoices with its client in Mexico (the "Receivables Payment"). The Receivables Payment was subject to an undisclosed upfront fee, which was well below 10% of the gross receivables amount. On February 5, 2025, the Company announced that Fontis had successfully received full payment of approximately $209 million of overdue invoices from its client in Mexico under this arrangement. The Receivables Payment was completed in accordance with the terms of the agreement.

The Board of Directors of Paratus Energy Services Ltd.

29 April 2025

(signed)	*(signed)*	*(signed)*
Mei Mei Chow	Robert Jensen	James Ayers
Chair	*CEO and Director*	*Director*
(signed)	*(signed)*	*(signed)*
Joachim Bale	Ørjan Svanevik	Mark Mey
Director	*Director*	*Director*

Responsibility Statement

We confirm to the best of our knowledge that the consolidated financial statements for the period 1 January to 31 December 2024 have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and results for the period viewed in their entirety, and that the Board of Directors' report includes a fair review of any significant events that arose during the period and their effect on the financial statements, any significant related parties' transactions and a description of the significant risks and uncertainties to which the Group is exposed.

The Board of Directors of Paratus Energy Services Ltd.

29 April 2025

(signed)	*(signed)*	*(signed)*
Mei Mei Chow	Robert Jensen	James Ayers
Chair	*CEO and Director*	*Director*
(signed)	*(signed)*	*(signed)*
Joachim Bale	Ørjan Svanevik	Mark Mey
Director	*Director*	*Director*

Consolidated Financial Statements

- Consolidated statements of operations
- Consolidated statements of comprehensive income
- Consolidated balance sheets
- Consolidated statements of cash flows
- Consolidated statements of changes in equity
- Notes to the consolidated financial statements

Auditor’s Report

Alternative Performance Measures

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENTS OF OPERATIONS
for the years ended December 31, 2024 and 2023

(In $ millions, except per share amounts)	Note	December 31, 2024	December 31, 2023
Total operating revenues	5	**213.9**	**166.8**
Operating expenses			
Rig operating expenses		(96.0)	(94.0)
General and administrative expenses		(16.7)	(9.9)
Depreciation and amortization	10	(17.9)	(15.2)
Settlement of management incentive deed		-	(12.9)
Expected credit losses	5	(1.6)	(0.8)
Total operating expenses		**(132.2)**	**(132.8)**
Share in results from joint ventures	18	**85.2**	**67.0**
Operating income		**166.9**	**101.0**
Financial items			
Share in results from associated companies	18	(5.4)	(0.7)
Interest income		5.0	2.2
Interest expense	11	(82.1)	(85.3)
Gain /(loss) extinguishment of financial instruments	11	(34.3)	4.4
Other financial items	12	8.1	(20.6)
Net financial expense		**(108.7)**	**(100.0)**
Income before taxes		**58.2**	**1.0**
Income tax expense	12	(26.6)	(23.8)
Net income/(loss)		**31.6**	**(22.8)**
Income/(loss) per share:	14		
Basic		**0.20**	(0.15)
Diluted		**0.19**	(0.15)

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENTS OF OTHER COMREHENSIVE INCOME/(LOSS)
for the years ended December 31, 2024 and 2023

(In $ millions)	December 31, 2024	December 31, 2023
Net income/(loss)	**31.6**	**(22.8)**
Other comprehensive income/(loss):		
Share of other comprehensive income/(loss) from equity method investments	12.2	(3.5)
Archer convertible bond reclassification	-	(6.0)
Total other comprehensive income/(loss)	**43.8**	**(32.3)**

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Paratus Energy Services Ltd.
CONSOLIDATED BALANCE SHEETS
as at December 31, 2024 and 2023

(In $ millions, except par value amounts)	Note	December 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	6	86.4	114.7
Accounts receivables, net	5	339.6	169.3
Amounts due from related parties	17	3.3	3.3
Favorable contracts	5	28.9	30.7
Other current assets	7	10.0	22.5
Total current assets		**468.2**	**340.5**
Non-current assets			
Equity method investments	18	358.2	354.5
Drilling units and equipment, net	10	259.0	258.3
Favorable contracts	5	9.0	37.9
Other non-current assets		0.3	0.3
Total non-current assets		**626.5**	**651.0**
Total assets		**1,094.7**	**991.5**
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable		16.7	18.5
Other current liabilities	8, 12	65.0	18.0
Total current liabilities		**81.7**	**36.5**
Non-current liabilities			
Interest-bearing debt, long-term	11	692.5	655.4
Other non-current liabilities	9, 12	61.4	84.7
Deferred tax liabilities	12	2.2	-
Total non-current liabilities		**756.1**	**740.1**
Equity			
Shareholders' equity		256.9	214.9
Total equity		**256.9**	**214.9**
Total liabilities and equity		**1,094.7**	**991.5**

See accompanying notes that are an integral part of these Consolidated Financial Statements.

29 April 2025

(signed)	*(signed)*	*(signed)*
Mei Mei Chow	Robert Jensen	James Ayers
Chair	*CEO and Director*	*Director*
(signed)	*(signed)*	*(signed)*
Joachim Bale	Ørjan Svanevik	Mark Mey
Director	*Director*	*Director*

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the year ended December 31, 2024 and 2023

(In $ millions)	Note	December 31, 2024	December 31, 2023
Cash Flows from Operating Activities			
Net income/(loss)		31.6	(22.8)
Adjustments to reconcile net income to net cash provided by			
Amortization of favorable contracts	5	30.7	38.6
Depreciation	10	17.9	15.2
Settlement of Management Incentive Deed (MID)		-	12.9
Income from equity method investments	18	(79.8)	(66.3)
Net interest expense and amortization	11	77.1	83.1
Loss on realization of marketable securities		-	4.9
Unrealized foreign exchange (gain)/loss		(12.0)	15.1
Deferred and other taxes	12	2.2	1.6
Expected credit losses	5	1.6	0.8
(Gain)/loss on extinguishment of financial instruments	11	34.3	(4.4)
Share-based compensation	15	0.3	-
Payments for long-term maintenance	10	(8.7)	(11.2)
Other		(0.4)	-
Change in working capital items and other			
Accounts receivables, net		(171.9)	(56.5)
Trade accounts payable		1.8	8.5
Related party balances		-	(2.0)
Other assets		12.5	2.7
Other liabilities		35.2	(3.4)
Net cash (used in)/provided by operating activities		**(27.6)**	**16.8**
Investing Activities			
Additions to drilling units and equipment	10	(7.7)	(11.6)
Investment in equity method investee		(12.1)	(15.6)
Distribution from equity method investee	18	97.5	114.0
Net cash provided by investing activities		**77.7**	**86.8**
Financing Activities			
Interest on bank deposits		5.0	1.1
Redemption of bonds	11	(500.0)	(48.4)
Issuance of bonds (net of debt issuance costs)	11	488.4	-
Payment of interest on borrowings	11	(66.6)	(35.2)
Issuance of common shares (net of issue costs)	13	72.5	-
Return of capital to shareholders		(74.1)	-
Net cash used in financing activities		**(74.8)**	**(82.5)**
Effect of exchange rate changes on cash and cash equivalents		(3.6)	(0.3)
Net increase/(decrease) in cash and cash equivalents		(28.3)	20.8
Cash and cash equivalents at beginning of period		114.7	93.9
Cash and cash equivalents at end of period		**86.4**	**114.7**
Supplementary disclosure of cash flow information			
Interest paid		66.6	35.0
Income taxes paid		16.7	16.0

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2024 and December 31, 2023

(In $ millions)	Common shares	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total equity
Balances as at January 1, 2023	**-**	**1,278.0**	**6.0**	**(1,049.7)**	**234.3**
Net loss	-	-	-	(22.8)	(22.8)
Other comprehensive income	-	-	(9.5)	-	(9.5)
Issuance of C-shares in connection with termination of MID	-	12.9	-	-	12.9
Balance as at December 31, 2023	**-**	**1,290.9**	**(3.5)**	**(1,072.5)**	**214.9**
Net income	-	-	-	31.6	31.6
Other comprehensive income	-	-	12.2	-	12.2
Issuance of common shares	-	72.5	-	-	72.5
Stock based compensation	-	0.3	-	-	0.3
Return of capital	-	(74.6)	-	-	(74.6)
Balance as at December 31, 2024	**-**	**1,289.1**	**8.7**	**(1,040.9)**	**256.9**

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Note 1 - General Information

Unless the context indicates otherwise, “Paratus,” the "Company," "we," "us," "our," and similar terms, all refer to Paratus Energy Services Ltd., while “Paratus Group” or the “Group” refers collectively to the Company and its consolidated subsidiaries and its ownership in Joint Ventures (“JV”). All references to "USD" and "$" in this report denote U.S. dollars unless indicate otherwise.

Company details

Paratus Energy Services Ltd. is a company incorporated under the laws of Bermuda and in accordance with the Bermuda Companies Act 1981. On June 28, 2024, the Company was listed on the Euronext Growth Oslo, and subsequently uplisted on the Euronext Oslo Børs on November 13, 2024, under the ticker “PLSV”.

Business

Paratus is a holding company of a group of energy services companies and is comprised of its wholly owned subsidiary Fontis Holdings Ltd. and its subsidiaries (collectively "Fontis"), 50/50 joint venture interest in Seagems joint venture, comprising of Seabras Sapura Holding GmbH and Seabras Sapura Participacoes SA, (collectively “Seagems” or the "JV") and its 23.8% ownership in Archer Limited ("Archer").

- **Fontis Energy** is a provider of drilling services, operating a fleet of five high-specification jack-up rigs – *Defender, Courageous, Intrepid, Oberon*, and *Titania FE* - currently located in Mexico, under contract with a state-owned company in Mexico.
- **Seagems** is a subsea services company, operating a fleet of six multipurpose pipe-laying support vessels - *Diamante, Topazio, Esmeralda, Onix, Jade* and *Rubi* – with capabilities for subsea engineering, installation, and other services, under contract in Brazil.
- **Archer** is a global oil services company which operates in 40 locations providing drilling services, well integrity and intervention, plug and abandonment and decommissioning to its upstream oil and gas clients. Archer is listed on the Euronext Oslo Børs under the ticker “ARCH”.

Basis of preparation

These Consolidated Financial Statements (the group financial statements) are presented in accordance with generally accepted accounting principles in the United States of America (“US GAAP”).

The amounts are presented in United States dollar (“US dollar”, “$” or “US$”) which is also the Company’s functional currency and presentation currency. Statements of operations and cash flows of subsidiaries, joint ventures and associated companies that have a functional currency different from the parent company are translated into the presentation currency at average exchange rates. Statements of balance sheets are translated using the exchange rate at the reporting date, with the translation differences taken directly to other comprehensive income.

Subtotals and totals in some of the tables included in the Consolidated Financial Statements may not equal the sum of the amounts shown due to rounding.

Paratus has selected a presentation in which the description of accounting policies, as well as estimates, assumptions, and judgmental considerations, are disclosed in the notes to which the policies relate.

Basis of consolidation

Investments in companies that we directly or indirectly hold more than 50% of the voting control are consolidated in the Consolidated Financial Statements. Intercompany transactions and internal sales have been eliminated on consolidation. The Company currently holds a 100% ownership in Fontis (consolidated), 50% in Seagems (equity method) and 23.8% in Archer (equity method).

Note 2 - Significant Accounting Policies

Use of estimates

The preparation of the Consolidated Financial Statements in accordance with US GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures about contingent assets and liabilities. We base these estimates and assumptions on historical experience and on various other information and assumptions that we believe to be reasonable. Critical accounting estimates are important to the portrayal of both our financial position and results of operations and require us to make subjective or complex assumptions or estimates about matters that are uncertain. Actual results could differ from those estimates.

The key assumptions and key sources of estimation uncertainty for the Group are described in each of the following notes:

- Expected credit losses (Note 5)
- Impairment of drilling units and equipment (Note 10)
- Useful lives and residual value (Note 10)
- Uncertain tax provision in Mexico (Note 12)
- Share-based compensation (Note 15)

Significant accounting policies

Revenue recognition (disclosed in Note 5)

Change in presentation of income from joint ventures in the Statements of operations (Note 18)

The Company accounts for its investments in the Seagems JV applying the equity method. Until 2023, the Company's share of income from Seagems was presented under "Financial items and other" in the Statements of Operations. However, after evaluating the relevant facts and circumstances, the Company has decided to present its share of income from Seagems in a separate line within operating income, effective January 1, 2024. This change reflects the view that the operations of the Company's investment in Seagems is "integral" to our business. The Company believes this adjustment will provide users of our financial statements with more relevant information and aligns with industry practices. Comparative figures have been updated accordingly.

Rig Operating Expenses

Rig operating expenses are costs associated with operating a drilling unit and include the remuneration of offshore crews and related costs, supplies, insurance costs, expenses for repairs and maintenance as well as costs related to onshore personnel and are expensed as incurred.

Current and non-current classification

Generally, assets and liabilities (excluding deferred taxes and liabilities subject to compromise) are classified as current assets and liabilities respectively, if their maturity is within one year of the balance sheet date. In addition, we classify any derivatives financial instruments as current.

Generally, assets and liabilities are classified as non-current assets and liabilities respectively if their maturity is beyond one year of the balance sheet date. In addition, we classify loan fees based on the classification of the associated debt principal.

Note 3 – Recently Issued Accounting Standards

We recently adopted the following accounting standard updates ("ASUs"):

ASU 2023-07 - Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures

The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The amendments in this update improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this update have been incorporated into disclosure in Note 4.

Recently issued ASUs by the FASB that we have not yet adopted but which could affect our Consolidated Financial Statements and related disclosures in future periods:

ASU 2024-01 - Compensation - Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards

In March 2024, FASB issued clarification and guidance on accounting for profits interest awards in accordance with Topic 718. There is no impact on the Company from this new guidance issued.

ASU 2024-02 - Codification Improvements - Amendments to Remove References to the Concepts Statements

The update removes references to various Concept Statements in the Codification. The update simplifies Codification and draws a distinction between authoritative and nonauthoritative literature. We do not currently expect any of these updates to affect our Consolidated Financial Statements and related disclosures. The amendments in this update are effective for public business entities for fiscal years beginning after December 15, 2024.

ASU 2024-03 / 2025-01 - Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses

In November 2024, FASB issued this update to improve the disclosures about a public business entity's expenses. The update will require disclosure of additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. This information is generally not presented in the financial statements today. The incremental information will allow investors to better understand the components of the Company's expenses, make their own judgments about the entity's performance, and more accurately forecast expenses, which in turn should enable investors to better assess the Company's prospects for future cash flows. It also will provide contextual information for an entity's preparation and an investor's consideration of management's discussion and analysis of financial position and results of operations presented in the directors' report.

The update is effective for public business entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. While early adoption is permitted we do not anticipate it will be applied. The impacts are not expected to be material and will be limited to disclosures only.

ASU 2023-06 – Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative

The amendments in this update represent changes to clarify or improve disclosure and presentation requirements of a variety of topics. We do not currently expect any of these updates to affect our Consolidated Financial Statements and related disclosures. The amendments in this update should be applied prospectively. The effective date for non-SEC registered entities will be two years after the effective date of removal of that related disclosure from regulation S-X or S-K by SEC, with early adoption prohibited.

ASU 2023-09 - Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation and information on income taxes paid. The new requirement is effective for annual periods beginning after December 15, 2024. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively, with early adoption permitted. Upon adoption, this standard will require additional disclosures to be included in our financial statements. The impacts are not expected to be material.

Note 4 - Segment Information

Accounting policy

A segment is a distinguishable component of the business that is engaged in business activities from which the Company earns revenues and incurs expenses, and whose operating results are regularly reviewed by the chief operating decision maker ("CODM"). These are subject to risks and rewards that are different from those of other segments. We have identified three reportable segments such as Seagems, Fontis and Other (Corporate expenses).

From January 1, 2024, the Company reports its operations under three segments: Fontis, Seagems, and Other. This change (i.e., presenting Seagems JV operating results and the Company 50% share of the JV) reflects the view that the operations of the JV are "integral" to our business. The Company believes this segment information will provide users of our financial statements with more relevant information and aligns with industry practices.

Fontis Holdings Ltd. and its subsidiaries (collectively "Fontis"), a wholly-owned subsidiary of Paratus, is a provider of drilling services, operating a fleet of five high-specification jack-up rigs – *Defender, Courageous, Intrepid, Oberon,* and *Titania FE* - currently located in Mexico, under contract with a state-owned company in Mexico.

The Seagems segment represents the Company's 50/50 joint venture interest in Seagems joint venture, comprising of Seabras Sapura Holding GmbH and Seabras Sapura Participacoes SA (collectively “Seagems” or the "JV"). Seagems is a subsea services company, operating a fleet of six multipurpose pipe-laying support vessels - *Diamante, Topazio, Esmeralda, Onix, Jade* and *Rubi* – with capabilities for subsea engineering, installation, and other services, under contract in Brazil. Under US GAAP, we report on Seagems' results in our consolidated financial statements using the equity method. Accordingly, the full operating results included below are not included within our consolidated results and are thus adjusted for under "Reconciling items" and fully replaced with our equity in earnings of the equity method. For segment reporting purposes, we present 50% information for Seagems. Our segment reporting for Seagems includes information to reconcile from our segment reporting for Seagems to our consolidated financial statements prepared under US GAAP.

The Other segment includes our 23.8% ownership in Archer which is accounted for as an equity method investment as well as general corporate and finance activities, and basis difference adjustment to equity method investments.

Our CODM is the Board of Directors assisted by the executive management, which is comprised of the Chief Executive Officer and Chief Financial Officer. The 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, operating expense and general and administrative expense, are used to monitor actual performance against budget and forecasted results for each segment. Further, the CODM utilizes revenue to derive a segment’s asset utilization and average dayrate. Using these metrics, the CODM can identify inefficiencies in the segments and develop strategies to enhance performance, make investment decisions and allocate resources as needed. The disaggregated segment information, as presented in the tables below, includes intercompany eliminations and aligns with the segment level information that is regularly provided to the CODM.

The following tables provide disclosures of the key metrics used by the CODM when assessing the operations of the business.

	December 31, 2024					
(In $ millions)	**Seagems (50% share)**	**Fontis**	**Other**	**Total reporting Segments**	**Reconciling Items**	**Total Consolidated**
Contract revenues	**206.9**	**244.6**	**-**	**451.5**	**(206.9)**	**244.6**
Amortization of favorable contracts	-	(30.7)		(30.7)		(30.7)
Tax on revenues	(12.1)	-	-	(12.1)	12.1	-
Operating revenues	**194.8**	**213.9**	**-**	**408.7**	**(194.8)**	**213.9**
Rig / Vessel operating expenses	(62.5)	(96.0)	-	(158.5)	62.5	(96.0)
General and administrative exp.	(12.6)	(4.8)	(11.9)	(29.3)	12.6	(16.7)
Other operating expenses	(0.2)	(1.6)	-	(1.8)	0.2	(1.6)
Depreciation and amortization	(42.3)	(17.9)	-	- 60.2	42.3	(17.9)
Share in results from joint ventures	-	-	10.0	10.0	75.2	85.2
Operating income	**77.2**	**93.6**	**(1.9)**	**168.9**	**(2.0)**	**166.9**
Share in results from associated companies	-	-	(5.4)	(5.4)	-	(5.4)
Interest expense	(6.2)	-	(82.1)	(88.3)	6.2	(82.1)
Other financial items, net	7.3	9.3	(30.5)	(13.9)	(7.3)	(21.2)
Income tax benefit/(expense)	(3.1)	(26.6)	-	(29.7)	3.1	(26.6)
Net income/(loss)	**75.2**	**76.3**	**(119.9)**	**31.6**	**-**	**31.6**

Note 4 - Segment Information (continued)

(In $ millions)	Seagems (50% share)	Fontis	Other	Total reporting Segments	Reconciling Items	Total Consolidated
	December 31, 2023					
Contract revenues	**224.8**	**205.4**	**-**	**430.2**	**(224.8)**	**205.4**
Amortization of favorable contracts	-	(38.6)		(38.6)	-	(38.6)
Tax on revenues	(10.5)	-	-	(10.5)	10.5	-
Operating revenues	**214.3**	**166.8**	**-**	**381.1**	**(214.3)**	**166.8**
Rig / Vessel operating expenses	(66.7)	(90.0)	(4.0)	(160.7)	66.7	(94.0)
General and administrative exp.	(15.7)	(6.9)	(3.0)	(25.6)	15.7	(9.9)
Other operating expenses	0.4	(2.6)	(11.1)	(13.3)	(0.4)	(13.7)
Depreciation and amortization	(41.2)	(15.2)	-	- 56.4	41.2	(15.2)
Share in results from joint ventures	-	-	(7.0)	(7.0)	74.0	67.0
Operating income	**91.1**	**52.1**	**(25.1)**	**118.1**	**(17.1)**	**101.0**
Share in results from associated companies	-	-	(0.7)	(0.7)	-	(0.7)
Interest expense	(11.5)	(1.7)	(83.6)	(96.8)	11.5	(85.3)
Other financial items, net	0.5	(18.8)	4.8	(13.5)	(0.5)	(14.0)
Income tax benefit/(expense)	(6.1)	(23.8)	-	(29.9)	6.1	(23.8)
Net income/(loss)	**74.0**	**7.8**	**(104.6)**	**(22.8)**	**-**	**(22.8)**

(In $ millions)	Seagems (50% share)	Fontis	Other	Total reporting Segments	Reconciling Items	Total Consolidated
	December 31, 2024					
Cash and cash equivalent	12.4	21.5	64.9	98.8	(12.4)	**86.4**
Property, plant and equipment	629.5	259.0	-	888.5	(629.5)	**259.0**
Capital Expenditures	15.5	16.4	-	31.9	(15.5)	**16.4**
Equity method investments	-	-	45.7	45.7	312.5	**358.2**
Total assets	674.5	668.4	426.3	1,769.2	(674.5)	**1,094.7**
Long-term interest-bearing debt, net	60.5	-	692.5	753.0	(60.5)	**692.5**

(In $ millions)	Seagems (50% share)	Fontis	Other	Total reporting Segments	Reconciling Items	Total Consolidated
	December 31, 2023					
Cash and cash equivalent	19.1	55.1	59.6	133.8	(19.1)	**114.7**
Property, plant and equipment	627.2	258.3	-	885.5	(627.2)	**258.3**
Capital Expenditures	14.1	22.8	-	36.9	(14.1)	**22.8**
Equity method investments	-	-	42.1	42.1	312.4	**354.5**
Total assets	748.6	586.4	405.1	1,740.1	(748.6)	**991.5**
Long-term interest-bearing debt, net	51.3	-	655.4	706.7	(51.3)	**655.4**

Reconciling items
Reconciling items in the tables above represent adjustments made to arrive from 50% of Seagems results (proportional consolidation of accounting) to the equity method income as disclosed under operating activities in the statement of operations.

Geographic and customer segment data
For the year ended December 31, 2024 and 2023, all of Fontis revenues were generated in one geographic location, Mexico under contract with one customer. During the same periods all of our operating drilling units were located in one geographic location, Mexico. Operations of the Seagems JV and their assets were all located in Brazil during the years ended December 31, 2024 and 2023. The vessels were contracted predominantly by one customer, with no other customers contributing 10% or more to contract revenues. As each segment disclosed in the tables above operated only in one geographical area and predominantly for one customer additional geographic and customer segment information has not been presented.

Note 5 - Revenue from Contracts with Customers

Accounting policy

The activities that primarily drive the revenue earned from our drilling contracts include (i) providing a drilling rig and the crew and supplies necessary to operate the rig, (ii) mobilizing and demobilizing the rig to and from the drill site and (iii) performing rig preparation activities and/or modifications required for the contract. Consideration received for performing these activities may consist of dayrate drilling revenue, mobilization and demobilization revenue, contract preparation revenue and reimbursement revenue. We account for these integrated services as a single performance obligation that is (i) satisfied over time and (ii) comprised of a series of distinct time increments.

We recognize consideration for activities that correspond to a distinct time increment within the contract term in the period when the services are performed. We recognize consideration for activities that are (i) not distinct within the context of our contracts and (ii) do not correspond to a distinct time increment, ratably over the estimated contract term. The Company's current contracts (except the contract for Titania FE) with its customer includes a termination option exercisable at the discretion of the client up to 12 months in advance of the contract end date.

We determine the total transaction price for each individual contract by estimating both fixed and variable consideration expected to be earned over the term of the contract. The amount estimated for variable consideration may be constrained and is only included in the transaction price to the extent that it is probable that a significant reversal of previously recognized revenue will not occur throughout the term of the contract. When determining if variable consideration should be constrained, we consider whether there are factors outside of our control that could result in a significant reversal of revenue as well as the likelihood and magnitude of a potential reversal of revenue. We re-assess these estimates each reporting period as required. Our contracts provide for escalations in the dayrate to be included to reflect market conditions. Such escalations are only recognized as revenue when we receive written approval from the customer.

Contract Revenue – Our drilling contracts generally provide for payment on a dayrate basis, with higher rates for periods when the drilling unit is operating and lower rates or zero rates for periods when drilling operations are interrupted or restricted. The dayrate invoices billed to the customer are typically determined based on the varying rates applicable to the specific activities performed on an hourly basis. Such dayrate consideration is allocated to the distinct hourly increment it relates to within the contract term, and therefore, recognized in line with the contractual rate billed for the services provided for any given hour. The amortization of favorable revenue contract assets is recognized as an adjustment to revenues over the contract term.

Contract Balances – Accounts receivable are recognized when the right to consideration becomes unconditional based upon contractual billing schedules. Accounts receivable consist of billed and unbilled (accrued) elements. Contract asset balances consist primarily of demobilization revenues which have been recognized during the period but are contingent on future demobilization activities. Contract liabilities include payments received for mobilization as well as rig preparation and upgrade activities which are allocated to the overall performance obligation and recognized ratably over the initial term of the contract.

Local Taxes – Taxing authorities may assess taxes on our revenues. Such taxes may include sales taxes, use taxes, value-added taxes, gross receipts taxes and excise taxes. We generally record tax-assessed revenue transactions on a net basis.

(In $ millions)	**December 31, 2024**	**December 31, 2023**
Contract revenues	244.6	205.4
Amortization of favorable contracts	(30.7)	(38.6)
Operating revenues	**213.9**	**166.8**

The following tables provide information about trade receivables and favorable contracts related to our contracts with customers:

	December 31, 2024	**December 31, 2023**
(In $ millions)		
Account receivables	346.9	175.1
Less: Allowance for credit losses	(7.3)	(5.8)
Account receivables, net	**339.6**	**169.3**

Subsequent to year-end 2024, the Company received payment of $209 million in relation to account receivables balance. Refer to Note 20.

	December 31, 2024	**December 31, 2023**
(In $ millions)		
Favorable contracts	171.9	171.9
Less: Accumulated amortization	(134.0)	(103.3)
Favorable contracts, net	37.9	68.6
Of which:		
Favorable contracts - current	**28.9**	**30.7**
Favorable contracts - non-current	**9.0**	**37.9**

Note 5 - Revenue from Contracts with Customers (continued)

Changes in the favorable contract asset during the period are as follows:

	2024	2023
Opening balance at the beginning of the year	**68.6**	**107.2**
Amortization of favorable contracts	(30.7)	(38.6)
Closing balance at the end of the year	**37.9**	**68.6**

The amortization is recognized in the condensed consolidated statement of operations as an adjustment to revenue of favorable contracts. The average remaining amortization period for the favorable contracts is 13 months.

The table below shows the amounts relating to favorable contracts that is expected to be amortized over the following periods:

(In $ millions)	2025	2026	Total
Amortization of favorable contracts	28.9	9.00	**37.9**

Accounting policy

Receivables

Receivables, including accounts receivable, are recorded in the balance sheet at their nominal amount net of expected credit losses and write-offs.

Allowance for credit losses

The current expected credit loss ("CECL") model requires recognition of expected credit losses over the life of a financial asset to be incurred upon its initial recognition on in-scope receivable balances. We determined doubtful accounts on a case-by-case basis and considered the financial condition of the customer as well as specific circumstances related to the receivable such as customer disputes.

The CECL model contemplates a broader range of information to estimate expected credit losses over the contractual lifetime of an asset. It also requires us to consider the risk of loss even if it is remote. We estimate expected credit losses based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts of events which may affect the collectability. We estimate the CECL allowance using a “probability-of-default” model, calculated by multiplying the exposure at default by the probability of default by the loss given default by a risk overlay multiplier over the life of the financial instrument.

We have used a probability-of-default model to estimate expected credit losses for all classes of in-scope receivable balances. Under this methodology we use data such as customer credit ratings, maturity of loan, security of loan, and incorporate historical data published by credit rating agencies, to estimate the chance of default and loss given default. We then multiply the balance outstanding by the estimated chance of default and loss given default to calculate the allowance required for the expected credit loss. We monitor the credit quality of receivables by re-assessing credit ratings, assumed maturities and probability-of-default on a quarterly basis.

The following table summarizes the balance sheet movement in the allowance for credit losses for the years ended December 31, 2024 and 2023:

(In $ millions)	Allowance for credit losses – trade receivables	Allowance for credit losses – related party LT	Total Allowance for credit losses
As at January 1, 2023	4.8	1.7	6.5
Credit loss addition/(reversal)	0.9	(1.7)	(0.8)
As at December 31, 2023	**5.7**	**-**	**5.7**
Credit loss addition	1.6	-	1.6
As at December 31, 2024	**7.3**	**-**	**7.3**

Unrecognized unbilled escalations from November 2021 (date of Fontis acquisition) to December 31, 2024 amounted to $52.6 million (2023: $45.6 million).

Note 6 - Cash and Cash Equivalents

Accounting policy

Cash and cash equivalents comprise cash bank deposits and short-term deposits with an original maturity of three months or less.

Restricted cash represents cash collateral supporting performance guarantees issued to a large national oil company in Mexico.

(In $ millions)	**December 31, 2024**	**December 31, 2023**
Cash and cash equivalents, non-restricted	75.3	91.7
Cash and cash equivalents, restricted	11.1	23.0
Total cash and cash equivalents	**86.4**	**114.7**

Note 7 - Other Current Assets

Other current assets consist of the following:

(In $ millions)	**December 31, 2024**	**December 31, 2023**
VAT asset*	-	9.2
Taxes receivable	8.9	11.3
Prepaid expenses	1.1	2.0
Total other current assets	**10.0**	**22.5**

* Previous year balances were reclassified to conform with 2024 presentation. VAT tax balances in the same jurisdiction are shown net starting from 2024 for those balances where netting is permitted. 2023 balances have been reclassified accordingly.

Note 8 - Other Current Liabilities

Other current liabilities consist of the following:

(In $ millions)	**December 31, 2024**	**December 31, 2023**
VAT liability*	21.2	-
Taxes payable*	21.5	7.6
Employee withheld taxes and social security	2.7	2.1
Other current liabilities	16.4	8.3
Uncertain tax positions (UTP) provision	2.7	-
Accrued interest on senior secured notes	0.5	-
Total other current liabilities	**65.0**	**18.0**

* Previous year balances were reclassified to conform with 2024 presentation, refer to Note 7.

Note 9 - Other Non-Current Liabilities

Other non-current assets consist predominantly of right of use assets.

Other non-current liabilities consist of the following:

(In $ millions)	**December 31, 2024**	**December 31, 2023**
Uncertain tax positions (UTP) provision	61.3	84.7
Other non-current liabilities	0.1	-
Total other non-current liabilities	**61.4**	**84.7**

Note 10 - Drilling Units and Equipment

Accounting policy

Carrying value of rig assets

Generally, the carrying amount of our drilling units and related equipment are recorded at historical cost less accumulated depreciation. However, drilling units acquired through a business combination would be measured at fair value as of the date of acquisition. Our drilling units are subject to various estimates, assumptions, and judgments related to capitalized costs, useful lives and residual values, and impairments.

Our estimates, assumptions and judgments reflect both historical experience and expectations regarding future operations, utilization and performance.

Useful lives and residual value

The cost of our drilling units less estimated residual value is depreciated on a straight-line basis over their estimated remaining useful lives. The estimated useful life of our jack-up rigs, when new, is 30 years.

The useful lives of rigs and related equipment are difficult to estimate due to a variety of factors, including technological advances that impact the methods or cost of oil and gas exploration and development, changes in market or economic conditions, changes in laws or regulations affecting the drilling industry and possible climate change impacts. We re-evaluate the remaining useful lives of our drilling units annually and as and when events occur which may directly impact our assessment of their remaining useful lives. This includes changes in the operating condition or functional capability of our rigs as well as market and economic factors.

No residual value is assumed when depreciating drilling unit assets. Our current position is that though there is the potential that we may recover scrap value at the end of the life of a drilling unit, we are not able to form a reliable estimate of the amount, which may also be reduced by any potential decommissioning costs. Therefore, we have made a prudent estimate that the residual value at retirement is $nil. We re-evaluate residual value annually and as and when events occur which may directly impact our assessment of residual value.

The use of different estimates, assumptions and judgments in establishing estimated useful lives and residual values could result in significantly different carrying values for our drilling units which could materially affect our results of operations.

Impairment considerations (Drilling units)

The carrying values of our long-lived assets are reviewed for impairment when certain triggering events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. Asset impairment evaluations are, by nature, highly subjective. They involve expectations about future cash flows generated by our assets and reflect management’s assumptions and judgments regarding future industry conditions and their effect on future utilization levels, dayrates and costs. The use of different estimates and assumptions could result in significantly different carrying values of our assets and could materially affect our results of operations. An impairment loss is recorded in the period in which it is determined that the aggregate carrying amount is not recoverable.

For the year ended December 31, 2024 and 2023, no indicators of impairment were identified against our drilling units.

Repairs, maintenance and periodic surveys

Costs related to periodic overhauls of drilling units are capitalized under drilling units and amortized over the anticipated period between overhauls, which is generally five years. Related costs are primarily yard costs and the cost of employees directly involved in the work. Amortization costs for periodic overhauls are included in depreciation and amortization expense. Costs for other repair and maintenance activities are included in vessel and rig operating expenses and are expensed as incurred.

The gross carrying value and accumulated depreciation included in drilling units in the balance sheet are as follows:

(In $ millions)	Gross carrying value	Accumulated depreciation	Net carrying value
As at January 1, 2023	267.0	(16.3)	**250.7**
Additions	22.8	-	22.8
Depreciation	-	(15.2)	(15.2)
As at December 31, 2023	**289.8**	**(31.5)**	**258.3**
Additions	16.4	-	16.4
Depreciation*	-	(15.7)	(15.7)
As at December 31, 2024	**306.2**	**(47.2)**	**259.0**

* Depreciation charge includes the effects of an immaterial prior period adjustment.

Note 11 - Interest-bearing Debt

Accounting policy

Loan related costs, including debt issuance, arrangement fees and legal expenses, are capitalized and presented in the Consolidated Balance Sheets as a direct deduction from the carrying amount of the related financial liability, and amortized over the term of the related loan using the effective interest method, the amortization is included in “Interest expense” within the Consolidated Statement of Operations.

As of December 31, 2024 and 2023 the carrying value of our debt, all long-term, was comprised as follows:

			Carrying Amount	
(In $ millions)	**Interest Rate**	**Maturity Date**	**December 31, 2024**	**December 31, 2023**
2026 Senior secured notes plus PIK interest	9.00%	15/07/2026	215.4	715.4
2029 Senior secured bonds	9.50%	27/06/2029	500.0	-
Total interest-bearing debt (notional)			**715.4**	**715.4**
Less: Unamortized discount and debt issuance costs			(22.9)	(60.0)
Total interest-bearing debt, net			**692.5**	**655.4**
Less: Current portion, net			-	-
Long-term interest-bearing debt, net			**692.5**	**655.4**

The key terms relating to our debt in the year ended December 31, 2024 and 2023 are explained below.

2026 Senior secured notes ("2026 Notes")
Senior secured notes were issued on January 20, 2022 and are due July 15, 2026. In July 2024, the proceeds from the $500 million bond issue described below (“2029 Bonds”) were used to partially refinance the 2026 Notes. As a result, the remaining principal amount under the 2026 Notes was $215 million as at December 31, 2024. The carrying amount of the 2026 Notes are presented net of unamortized discount and debt issuance costs.

2029 Senior secured bonds ("2029 Bonds")
Secured bonds were issued on June 27, 2024 and are due June 27, 2029. At December 31, 2024, the outstanding principal amount is $500 million. The carrying amount of the 2029 Bonds are presented net of unamortized discount and debt issuance costs. Debt issuance costs amounted to $11.6 million and relate to legal and broker fees associated with the transaction.

Gain/(loss) on extinguishment of financial instruments
In connection with the partial redemption of the 2026 Notes, a $34.3 million non-cash accounting expense was recognized in 2024 in the statements of operations presented under “Gain/(loss) extinguishment of financial instruments”.

In 2023, in connection with repayment of the Fontis Notes made in July 2023 a $2.7 million loss as the result of the call premium paid on the early redemption of $2.7 million was recognized as "Gain/(loss) on extinguishment of financial instruments" presented in our 2023 Consolidated Statement of Comprehensive Income. The loss was offset by gain on conversion of Archer loan of $7.1 million, refer to Note 17.

Interest expense

Interest expense is comprised of the following:

(In $ millions)	**December 31, 2024**	**December 31, 2023**
Loan interest expense	67.2	69.7
Amortization of debt discount	14.9	15.6
Interest expense	**82.1**	**85.3**

Note 12 - Taxation and Provisions for Uncertain Tax Positions

Accounting policy

Paratus is a Bermudan company that has a number of subsidiaries and affiliates in various jurisdictions. Currently, the Company and its Bermudan subsidiary are not required to pay taxes in Bermuda on ordinary income or capital gains as they qualify as exempt companies. The Company has received written assurance from the Minister of Finance in Bermuda that it will be exempt from taxation until March 2035. Certain subsidiaries operate in other jurisdictions where taxes are imposed. Consequently, income taxes have been recorded in these jurisdictions when appropriate.

The determination and evaluation of our annual group income tax provision involves interpretation of tax laws in various jurisdictions in which we operate and requires significant judgment and use of estimates and assumptions regarding significant future events, such as amounts, timing and character of income, deductions and tax credits. There are certain transactions for which the ultimate tax determination is unclear due to uncertainty in the ordinary course of business. We recognize tax liabilities based on our assessment of whether our tax positions are more likely than not sustainable, based solely on the technical merits and considerations of the relevant taxing authority's widely understood administrative practices and precedence. We measure the tax benefit/cost of an uncertain tax position ("UTP") as the largest amount that us more than 50% likely of being realized upon settlement. We regularly assess the potential outcomes of examinations by tax authorities in determining the adequacy of our provision for income taxes.

Changes in tax laws, regulations, agreements, treaties, foreign currency exchange restrictions or our levels of operations or profitability in each jurisdiction may impact our tax liability or recognition of deferred taxes and liabilities in any given year. Current income tax expense reflects an estimate of our income tax liability for the current year, withholding taxes, changes in prior year tax estimates as tax returns are filed, from tax audit adjustments and movements in provision for UTP in Mexico. The uncertain tax provision is included in "Other current" and "Other non-current liabilities" on the Consolidated Balance Sheets.

Deferred tax assets and liabilities are based on temporary differences that arise between carrying values used for financial reporting purposes and amounts used for taxation purposes of assets and liabilities and the future tax benefits of tax loss carry forwards. The amount provided is based upon the expected manner of settlement.

Our deferred tax expense or benefit represents the change in the balance of deferred tax assets or liabilities as reflected on the Consolidated Balance Sheets. Valuation allowances are determined to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. A change in such estimates and assumptions, such as future taxable income or where our drilling units operate, along with any changes in tax laws, could require us to adjust the deferred tax assets, liabilities, or valuation allowances.

Income taxes is comprised of the following:

(In $ millions)	**December 31, 2024**	**December 31, 2023**
Current tax expense:		
Foreign	24.2	18.6
Deferred tax expense:		
Foreign	2.4	5.2
Income tax expense	**26.6**	**23.8**
Effective tax rate	*46%*	*2380%*

Income tax expense are primarily impacted by withholding taxes and movements in the UTP in Mexico.

Income tax expense for the year ended December 31, 2024 and 2023 differed from the amount computed by applying the statutory income tax rate in Bermuda of 0% as follows:

(In $ millions)	**December 31, 2024**	**December 31, 2023**
Income tax Bermuda at statutory tax rate (0%)	-	-
Income tax in other jurisdictions (excl. Mexico) at statutory tax rates	26.9	28.5
Non-taxable income	(26.9)	(28.6)
Mexico		
Withholding taxes on bareboat charter	15.9	8.3
Income tax at statutory tax rate (30%)	(2.2)	2.1
FX variations between functional and tax currency	1.7	(4.6)
Valuation allowance	7.1	9.2
Other items including other permanent differences	(2.0)	(1.3)
Uncertain tax positions	6.1	10.2
Income tax expense reconciled	**26.6**	**23.8**

Note 12 - Taxation and Provisions for Uncertain Tax Positions (continued)

Deferred income taxes

Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes.

The tax effects of temporary differences and net operating losses carried forward:

(In $ millions)	**December 31, 2024**	**December 31, 2023**
Other current liabilities	13.8	10.1
Net operating losses carried forward	17.9	30.6
Deferred tax asset	**31.7**	**40.7**
Valuation allowance	(18.6)	(29.5)
Total deferred tax assets	**13.1**	**11.2**
Property, plant and equipment	(10.7)	(10.3)
Other temporary differences	(4.6)	(0.9)
Total deferred tax liabilities	**(15.3)**	**(11.2)**
Net deferred tax liabilities	**(2.2)**	**-**

In 2024 valuation allowance decreased by $11.3 million (2023: $12.9 million) of which is primarily related to return to provision adjustments.

Uncertain tax positions

The Group is currently undergoing audits by the Mexican tax authorities ("SAT") in respect of accounting years 2014, 2018, 2019 and 2020. In 2023, the tax liabilities relating to 2016 tax audit were resolved and settled for approximately $9 million. In 2024, the tax liabilities relating to 2017 tax audit were resolved and settled for approximately $13 million. Subsequent to December 31, 2024, the tax liabilities in relation to 2014 Titania rig operating entity were resolved and settled for approximately $3.5 million. The Group's UTP estimate, including for those accounting years that are currently not subject to audit, is based on the information available at the time to the best of management's assessment of all relevant available information including the tax audits that have been finalized.

The provision for UTP as of December 31, 2024 was $64.1 million (2023: $85.3 million), of which $2.7 million (2023: nil) was included in "Other-current liabilities" and $61.3 million (2023: $85.3 million) in "Other non-current liabilities" on the balance sheet. Included in the provision for UTP is accrued interest and penalties totaling $21.1 million (2023: $41.3 million). The movement in the UTP provision compared to year-end 2023 was mainly driven by fluctuations in foreign currency rates (included in "Other financial items"), settlements made, inflation adjustments and accruals for interest (included in "Income tax expense").

(In $ millions)	**December 31, 2024**	**December 31, 2023**
Balance at the beginning of the year	85.3	73.2
Increase a result of position taken in the current year	1.2	5.8
Decrease as a result of settlements	(13.0)	(9.1)
Increase/(decrease) as a result of positions taken in previous years*	5.0	3.1
Increase/(decrease) due to foreign currency revaluation	(14.4)	12.3
Uncertain tax positions	**64.1**	**85.3**

*Increase includes additional interest, penalties and inflation adjustments.

Pillar 2

In December 2023, Bermuda passed into law the Corporate Income Tax 2023 (the “Corporate Income Tax Act”) in response to the Organization for Economic Co-operation and Development's ("OECD") Pillar 2 global minimum tax initiative to impose a 15% corporate income tax that will be effective for fiscal years beginning on or after January 1, 2025. The assurance granted by the Minister of Finance pursuant to the Tax Protection Act has been made subject to the application of any taxes payable pursuant to the Corporate Income Tax Act. Subject to certain exceptions, Bermuda entities that are part of a multinational group will be in scope of the provisions of the Corporate Income Tax Act if, with respect to a fiscal year, such group has annual revenue of Euro 750 million or more in the consolidated financial statements for at least two of the four fiscal years immediately prior to such fiscal year (“Bermuda Constituent Entity Group”).

While we are still closely monitoring developments of these rules and evaluating the potential impact on future periods, we do not expect they will have an impact on our financials in the near term.

Note 13 - Share Capital

On May 21, 2024, the Company, with the approval of its shareholders, undertook and completed a share split of its existing A-shares into 500 class A-shares, via the following steps:

i. with effect from March 15, 2024, the Class C shares of US $0.01 each in the Company were redesignated to Class A shares of US $0.01 each in the Company; and
ii. with effect from May 21, 2024, each of the Class A shares of US$0.01 each in the Company, were split into 500 A shares of US$0.00002 each.

Except where indicated, the number of shares outstanding and share equivalents have been retroactively restated for this change.

On June 26, 2024, the Company issued 15,309,059 new shares in relation with a private placement immediately before the Initial Public Offering ("IPO") in June. Issuance costs capitalized in relation to the private placement amounted to $0.7 million.

On September 12, 2024, the Company issued 225,000 new shares in relation with exercise of warrants by the chair of the board of directors.

Following the above, Paratus, had total Class A common shares of 169,550,049 at par value of US $0.00002 each at December 31, 2024. The share information provided as at December 31, 2023 in the table immediately below is prior to the share split.

	December 31, 2024	**December 31, 2023**
Class A ordinary shares	169,550,049	142,849,991
Class C ordinary shares	-	11,165,999
Total	**169,550,049**	**154,015,990**

Note 14 - Earnings per Share (EPS)

The computation of basic income/(loss) per share ("EPS") is based on the weighted average number of shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net income/(loss) by the weighted average number of shares outstanding during the period, plus the weighted average number of ordinary shares that would be outstanding if all the dilutive potential ordinary shares were issued. Anti-dilutive options granted to employees totaling 780,000 shares were excluded from the computation of diluted EPS.

The following reflects the net income/(loss) and share data used in the earnings per share calculation:

(in $ million, except share and per share amounts)	**December 31, 2024**	**December 31, 2023**
Net income/(loss)	**31.6**	**(22.8)**
Weighted average numbers of shares outs. (basic)	161,989,730	149,610,784
Weighted average numbers of shares outs. (diluted)	162,060,493	149,610,784
Earnings per share:		
Basic	0.20	(0.15)
Diluted	0.19	(0.15)

Note 15 - Stock Options and Other Share-Based Compensation

Accounting policy

The Company issues stock options and warrants compensation to certain employees and board members. For equity awards total compensation cost is based on the grant date fair value. The fair value of stock option awards is estimated using a Black-Scholes-Merton option-pricing model. The company recognizes stock-based compensation expense for stock-options over the service period required to earn the award, which is the time period from the grant date to the vesting date of the award, at which point employee becomes eligible to maintain it. The company amortizes these awards on a straight-line basis. Compensation expense for performance based awards granted is recognized as the fair value of the award in the reporting period in which certain performance criteria is achieved.

The Company has made a policy election to estimate the number of stock-based compensation awards that will ultimately vest to determine the amount of compensation expense recognized each reporting period.

In April 2023, the Company approved establishment of incentive plans to provide selected participants with a financial incentive, which recognizes long-term corporate, organization and individual performance and accomplishments. In September 2024, the new incentive plan was established and implemented by the Board of Directors. The plan allows directors and management of the Company and/or its subsidiaries to be awarded from time to time in accordance with the plan.

In April 2023, the Company issued warrants and stock options to the directors of the Company as compensation for the services performed. The Warrants issued are performance-based awards and require achievement of certain performance criteria, which is predefined by the Board of Directors at the time of grant. Stock option awards expire 4 years after the grant date and vest based upon the passage of time. Both warrants and options granted in 2023 have a USD exercise price.

In September and November 2024 the Company issued two share option awards under the new Incentive plan. A total of 780,000 options were awarded to certain members of the management team and board members. Stock option awards expire 5 years after the grant date and vest based upon passage of time. Awards issued under the incentive plan have a NOK exercise price as the Company is listed in Euronext Oslo Børs.

The grant date fair value of stock options and warrants granted were measured using the Black-Scholes option-pricing model with the following weighted average assumptions:

Share options with USD exercise price

	2024	2023
Expected term in years	-	4
Volatility	-	50%
Risk-free interest rate	-	3.58%
Weighted average fair value per option/warrant granted	-	0.3

	2024			2023		
	Number of shares	Weighted-Average Exercise Price, USD	Average Remaining Contractual Term (Years)	Number of shares	Weighted-Average Exercise Price, USD	Average Remaining Contractual Term (Years)
Outstanding at beginning of the year	625,000	3.9	3.9	-	-	-
Granted	-	-	-	625,000	3.9	3.9
Exercised	225,000			-		
Outstanding at end of the year	400,000	4.6	2.9	625,000	3.9	3.9
Exercisable at the end of the year	200,000	3.3	2.9	75,000	2.0	3.9

Share options with NOK exercise price

	2024	2023
Expected term in years	3	-
Volatility	54%	-
Risk-free interest rate	3.18%	-
Weighted average fair value per option/warrant granted	20.1	-

	2024			2023		
	Number of shares	Weighted-Average Exercise Price, NOK	Average Remaining Contractual Term (Years)	Number of shares	Weighted-Average Exercise Price, NOK	Average Remaining Contractual Term (Years)
Outstanding at beginning of the year	-	-	-	-	-	-
Granted	780,000	55.7	4.7	-	-	-
Exercised	-			-		
Outstanding at end of the year	780,000	55.7	4.7	-	-	-
Exercisable at the end of the year	-	-	-	-	-	-

Compensation expense recognized for stock options in 2024 was $0.3m (2023: $0.06m) and is presented in general and administrative expenses in our consolidated statements of operation. The expense related to performance based awards was recognized in 2024. No performance bonus awards remain outstanding as of December 31, 2024.

Note 16 - Risk Management and Financial Instruments

The Company is exposed to various financial risks that may impact its financial performance, including market risk, liquidity risk, concentration risk, and credit risk. To manage these exposures, the Company may utilize a range of derivative instruments and financial contracts, there can however be no assurance that such measures will be undertaken, or if undertaken, that such measures will be sufficient. The Paratus financial risk management is primarily handled by the Group finance function in accordance with guidelines established by the Board of Directors. These guidelines aim to mitigate potential adverse effects through sound business practices and structured risk management procedures. No hedge accounting is applied.

Market risk
Market risk arises from fluctuations in foreign exchange rates and interest rates, which can affect the Group's financial results.

Foreign currency exchange rate risk
Revenues from drilling services in Mexico are primarily denominated in US dollars, while expenditures are mainly incurred in US dollars and Mexican Pesos (MXN). We have also MXN exposure for payment of taxes in Mexico. Capital contributions and shareholder distributions are made in US dollars and NOK. As of year-end 2024, the Company did not have any active currency hedging instruments. However, it continuously monitors foreign currency risk exposure and evaluates potential hedging strategies to mitigate volatility.

Interest rate risk
The Company's financing primarily consists of US dollar denominated bond loans with fixed interest rates, eliminating the need for interest rate hedging. Interest rate exposure related to loans within the Seagems JV is considered limited, and no hedging arrangements were in place during 2024. Additionally, the Company is exposed to interest rate fluctuations on its cash deposits, which are held at floating rates.

Liquidity risk
Liquidity risk refers to the potential inability to secure adequate funding for business operations. Effective liquidity management requires maintaining sufficient cash reserves, credit facilities, and financial resources to ensure flexibility under dynamic market conditions.

The Group's primary sources of liquidity include existing cash reserves and operating cash flows from its operating entities, including distributions from Seagems. Additionally, the Company relies on debt financings, and may in the future rely on equity financings. To proactively manage liquidity, the Group prepares, reviews, and updates cash flow projections regularly. These projections incorporate various scenarios, including fluctuations in receivables collections in Mexico, to ensure sufficient funding. The Board of Directors and executive management utilize these insights for informed decision-making.

Investment in joint venture
The Company conducts a significant portion of its operations through the Seagems JV. The terms of co-operation and shareholding in the JV are governed by the investment and shareholders' agreements between the shareholders, which contain, inter alia, provisions requiring unanimous shareholders' consent in certain matters, such as share capital changes, dividends and distributions, entering into bids, contracts, assuming liabilities, and making material changes to any contract or transaction. The Company's obligations in respect of, and the Company's ability to receive any dividends from, its JVs depend on the terms and conditions of its investment and shareholders' agreements and relationship with its joint shareholders. The Seagems JV budgets and activity plans are reviewed and approved annually. Pursuant to agreement among JV shareholders, Seagems distributes all excess cash to its shareholders.

Excessive risk concentration and credit risk
In 2024, the Company's consolidated operating revenues were generated from a major state-owned petroleum company in Mexico. For Seagems JV, Petrobras accounted for a significant share of its revenues. Any reduction in activity, contract cancellations, suspensions, or non-renewals by these key customers could significantly impact the Group's financial performance, especially if replacement contracts on similar terms are not secured. In March 2025, Fontis received early termination notices for the drilling contract for Courageous and Intrepid, which highlights the risks associated with customer dependency and contract uncertainty. Additionally, the high customer concentration may increase the Group's credit risk exposure, as evidenced by payment delays from its client in Mexico. To address these delays, Fontis secured an agreement with a leading international bank in early 2025 to accelerate the payment of $209 million in overdue invoices, subject to an upfront fee, demonstrating that the Company can access liquidity through alternative means when needed. The Company is actively engaging with the client to expedite the collection of outstanding receivables while acknowledging and planning for the possibility of ongoing fluctuations in the timing of collections. For details on how we estimate expected credit losses, refer to Note 5 – "Revenue from Contracts with Customers".

Our cash and cash equivalents are held by financial institutions that are considered investment-grade and financially stable representing minimal risk to the Company. We do not believe a significant credit risk exists for our cash and cash equivalents balances. We monitor the credit ratings of these institutions to make decisions on limiting the exposure to any such institution.

Fair value of financial instruments
Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy prescribed by US GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical instruments in active markets.
Level 2: Quoted market prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant inputs or significant value drivers are unobservable.

Note 16 - Risk Management and Financial Instruments (continued)

For the majority of our financial instruments, the carrying value approximates their fair value due to the relatively short maturities. In circumstances where payments are delayed the fair value could differ for time value of money. For other financial instruments, a comparison of fair value and carrying value is as follows:

(In $ millions)		December 31, 2024		December 31, 2023	
Assets	**Level**	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**
Related party loans receivables – Seagems loans receivables	2	3.0	3.3	3.0	3.3
Liabilities					
2026 Senior secured notes*	1	215.4	203.2	699.0	655.4
2029 Senior secured notes*	1	488.2	489.3	-	-

* These instruments are at a fixed interest rate

The carrying value of cash and cash equivalents, restricted cash, accounts receivable, related party payables and accounts payable are by their nature short-term. As a result, the carrying values included in the Condensed Consolidated Balance Sheets approximate fair value. These assets and liabilities are categorized as Level 1 on the fair value measurement hierarchy.

Related party loans receivables - Seagems loans receivable
We estimate the fair value of the related party loans receivable from Seagems to be equal to the carrying value after adjusting for expected credit losses. The debt is not freely tradeable and cannot be recalled by us at prices other than specified in the loan note agreements. The loans were entered into at market rates. The loans are categorized as Level 2 on the fair value hierarchy.

$620m of Senior secured notes ("2026 Notes")
The fair value of the senior secured notes were derived using market traded value, and as such, we have categorized this at Level 1 on the fair value measurement hierarchy. Refer to Note 11 – Debt for further information.

$500m Senior secured bonds ("2029 Bonds")
The fair value of the senior secured bonds were derived using market traded value, and as such, we have categorized this at Level 1 on the fair value measurement hierarchy. Refer to Note 11 – Debt for further information.

US GAAP emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, US GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within level 3 of the hierarchy).

The carrying value of cash and cash equivalents, restricted cash, accounts receivable (net of ECL), related party payables and accounts payable are by their nature short-term. As a result, the carrying values included in the Consolidated Balance Sheets approximate fair value.

Level 1
The carrying value of cash and cash equivalents and restricted cash, which are highly liquid, is a reasonable estimate of fair value and categorized at level 1 of the fair value hierarchy. Quoted market prices are used to estimate the fair value of marketable securities, which are valued at fair value on a recurring basis.
The fair value of the senior secured notes were derived using market traded value. We have categorized this at level 1 on the fair value measurement hierarchy. Refer to Note 11 – Debt for further information.

Level 2
We estimate the fair value of the related party loans receivable from Seagems to be equal to the carrying value after adjusting for expected credit losses. The debt is not freely tradable and cannot be recalled by us at prices other than specified in the loan note agreements. The loans were intended to be entered into at market rates. The loans are categorized as level 2 on the fair value hierarchy. Other trading balances with related parties not shown in the table above are covered in Note 17 – Related party transactions. The fair value of other trading balances with related parties are also assumed to be equal to their carrying value after adjusting for expected credit losses on the receivables.

Note 17 - Related Party Transactions

Accounting policy

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence.

In prior periods we have entered into certain agreements with affiliates of Seadrill to provide certain management and administrative services, as well as technical and commercial management services. All of these services were terminated in November, 2023. These services are now provided by other affiliates of PESL or performed in-house.

Both Seadrill and Fintech, the former JV partners, have also provided financing arrangements as described within this note below.

Related party expenses include:

	December 31, 2024	December 31, 2023
Management and administrative fees [(a)]	(0.8)	(10.0)
Gain on Archer convertible debt instrument [(b)]	-	2.0
Total	**(0.8)**	**(8.0)**

	December 31, 2024	December 31, 2023
Seagems loan receivable [(c)]	3.3	3.3
Total	**3.3**	**3.3**

(a) Management and administrative service agreements and short-term other payables - Fontis received management, administrative, and operational support services from Seadrill Limited. The expenses incurred for these services are reported within either "Vessel and rig operating expenses" or "Selling, general and administrative expenses" on the Consolidated Statement of Operations, depending on the nature of the service provided. Agreement with Seadrill was terminated in November, 2023. From 2024 administrative services are provided by affiliates of PESL.

(b) Gain on Archer convertible debt instrument - In 2020 Archer Limited (“Archer”) issued a convertible loan for the principal amount of $13 million maturing in 2024. The convertible loan included an equity conversion option which was exercised by PESL on April 20, 2023. Shown in the table above is a gain recognized in 2023 on the conversion option included within the convertible bond prior to conversion. On conversion PESL received 208,000,000 new common shares of Archer in connection with the conversion of the convertible loan. From the date of the conversion PESL started applying equity method accounting in relation to Archer. Prior to the conversion date, the investment in Archer was recognized as Marketable Securities included in "Other Current Assets" in the Consolidated Balance Sheets.

On the date of conversion, the fair value of the convertible debt instrument was $22 million. The value of shares received on conversion date was estimated as $20 million and was based on quoted market prices. We recognized gain on conversion of the loan in the amount of $7.1 million in Gain/(loss) on extinguishment of financial instruments in our 2023 Consolidated Statement of Comprehensive Income. This gain includes the difference between the fair value of the new shares received and the net carrying value of the convertible debt extinguished, including the impact of the related fair value movements in the period. The gain includes $6 million realized gain as a result of the reclassification of related changes in fair value from AOCI into income.

(c) Seagems loan receivable - this includes a series of loan facilities that we extended to Seagems between May 2014 and December 2016. The $3.3 million balance shown in the table above includes only $3.3 million of loan principal. Nil accrued interest and allowance for expected credit loss. The loans are repayable on demand, subject to restrictions on Seagems' external debt facilities. No repayments were received in relation to the loan during 2024 (2023: $56 million).

Note 18 - Equity Method Investments

Accounting policy

Equity method investments are accounted for using the equity method if we have the ability to significantly influence, but not control, the investee. Significant influence is presumed to exist if our ownership interest in the voting stock of the investee is between 20% and 50%. We also consider other factors such as representation on the investee's board of directors and the nature of commercial arrangements. We classify our equity investees as “Investments in Associated Companies”. The Company recognizes its share of earnings or losses from the JV equity in the Consolidated Statements of Operations as “Share in results from joint ventures”. Refer to Note 2 - Significant accounting policies. Share of earnings or losses of other associated companies is recognized as "Share of results in associated companies" in the Consolidated Statements of Operations.

We assess our equity method investments for impairment at each reporting period when events or circumstances suggest that the carrying amount of the investments may be impaired. We record an impairment charge for other-than-temporary declines in value when the value is not anticipated to recover above the cost within a reasonable period after the measurement date. We consider: (1) the length of time and extent to which fair value is below carrying value, (2) the financial condition and near-term prospects of the investee, and (3) our intent and ability to hold the investment until any anticipated recovery. If an impairment loss is recognized, subsequent recoveries in value are not reflected in earnings until sale of the equity method investee occurs.

Our equity method investments as of December 31, 2024 and 2023 are comprised as follows:

Ownership percentage	**December 31, 2024**	**December 31, 2023**
Seagems	50.0 %	50.0 %
Archer	23.8 %	24.2 %

The tables below set out the results of these entities, and our share in the results of these equity method investments:

	Seagems		**Archer**	
	Twelve months ended		**Twelve months ended**	
(In $ millions, except ownership percentage)	**December 31, 2024**	**December 31, 2023**	**December 31, 2024**	**December 31, 2023**
Operating revenues	439.3	433.0	1,300.7	695.0
Operating income	174.3	207.0	71.3	48.0
Net income / (loss)	150.4	148.0	(24.5)	(7.0)
Paratus ownership percentage*	50.0 %	50.0 %	23.8 %	24.2 %
Share of net income/(loss)	**75.2**	**74.0**	**(5.8)**	**(1.7)**
Amortization of basis differences	10.0	(7.0)	0.4	1.0
Share in results	**85.2**	**67.0**	**(5.4)**	**(0.7)**

* On April 20, 2023, the Company exchanged Archer convertible debt in exchange for new common shares issued. As a result of the conversion, the Company's holding in Archer increased to 24.2%. Prior to the conversion in April 2023, the investment in Archer was accounted for as a marketable security. Archer results are shown for the period from April 20, 2023 to December 31, 2023 in the comparative periods.

On October 30, 2024, the Company subscribed to a pro-rata number of shares in Archer issued as part of the Private Placement transaction.

On November 14, 2024 Archer agreed to acquire additional 10% of the shares in Iceland Drilling from its joint venture partner for $2.5 million. This transaction was settled through the issuance of new Archer shares. As the result of the above transactions the Company's ownership decreased to 23.8% as at December 31, 2024.

The summarized balance sheets of our equity method investments and our share of recorded equity in these entities is as follows:

	Seagems		**Archer**	
(In $ millions, except ownership percentage)	**December 31, 2024**	**December 31, 2023**	**December 31, 2024**	**December 31, 2023**
Current assets	197.6	192.3	404.1	354.8
Non-current assets	1,208.4	1,304.8	596.5	550.9
Current liabilities	(158.3)	(309.0)	(338.2)	(277.5)
Non-current liabilities	(115.3)	(126.3)	(437.2)	(432.0)
Non-controlling interest	-	-	(15.4)	-
Net Assets (gross, 100%)	**1,132.4**	**1,061.8**	**209.8**	**196.2**
Paratus' ownership percentage	50.0 %	50.0 %	23.8 %	24.2 %
Paratus' share of book equity	**566.2**	**530.9**	**50.7**	**47.5**
Shareholder loans held as equity	0.9	57.6	-	-
Basis difference	(254.6)	(276.1)	(5.0)	(5.4)
Carrying amount equity method investments	**312.5**	**312.4**	**45.7**	**42.1**

Note 19 - Commitments and Contingencies

The Company may from time to time become involved in legal disputes and legal proceedings relating to its operations through its subsidiaries and JV, environmental issues, intellectual property rights or otherwise. Legal proceedings could result in adverse rulings requiring the Company and its affiliated companies to, inter alia, pay damages, halt operations, suspend projects or relinquish licenses. As described in Note 12, the Company is currently undergoing audits by the Mexican tax authorities in respect of accounting years 2014 and 2018 through 2020. No assurance can be made that the Mexican tax authorities will not open audits for periods from 2021 and onwards. If the audits expand in scope or the authorities continue to question the Company's tax position, the Company could face significant legal and financial consequences, such as higher taxes, penalties, and interest, which in turn could significantly affect the consolidated tax expenses and effective tax rate, potentially impacting earnings and cash flow operations and the Company's overall financial position.

Note 20 - Subsequent Events

Share buybacks

On March 4, 2025, The Company repurchased 5.4 million own shares at a price of NOK 41.5 per share by way of a reverse bookbuilding, marking the first step in deploying the previously announced share repurchase authorization of up to $100 million.

On April 2, 2025, the Company initiated repurchase of up to 1,600,000 shares by way of open market transactions on the Euronext Oslo Børs (the "Buyback"), pursuant to an agreement with Arctic Securities AS ("Arctic"). A total NOK amount equivalent to $5 million has been set aside for the Buyback. The Buyback commenced on April 2, 2025, and will remain in effect until the earlier of (i) the acquisition of the maximum number of shares as set above; (ii) the maximum total consideration as set out above has been reached; or (iii) May 28, 2025. For the period from April 2, 2025, to and including April 16, 2025, the Company purchased a total of 460,896 shares at an average price of NOK 35.4460 per share.

Following the completion of the above transactions, the Company owns a total of 5,860,896 of own shares, corresponding to 3.46% of the Company's share capital.

Contract update for Courageous and Intrepid

On March 3, 2025, the Company announced that Fontis had received notice from its client that it has elected to exercise the previously disclosed contractual options for early termination of the drilling contracts for the Courageous and the Intrepid. Both rigs are subject to a 365-day notice period.

The reasons cited for the early termination includes unfavorable contract terms, such as limited suspension rights and indexation structure of dayrates (with floor and cap), and economic considerations. Nothing in the client's notification suggests that this action was driven by reduced operational need for drilling rigs in 2026. This action may enable the client to better align contractual terms across its service providers during 2026, as Fontis' contracts benefit from certain rights, which have resulted in that all of Fontis' rigs are on contract, despite the current reduced activity announced by other service providers in the region. Following the client's election to terminate the rigs, the client has no remaining contractual flexibility to further shorten the contracts for any of Fontis' rigs.

The drilling contracts for the Courageous and the Intrepid will now expire on 28 February 2026 as opposed to its original expiration date of 29 November 2026 and 27 May 2026, respectively. Furthermore, Fontis has been awarded a 78-day contract extension for the Oberon.

Cash distribution to shareholders

On February 28, 2025, the Company announced that the Board of Directors has approved a cash distribution to shareholders of $0.22 per share for the fourth quarter of 2024, to all shareholders of record as of 12 March 2025. The cash distribution was paid on 21 March 2025 and was in the form of return of capital.

Receivables monetization agreement and receipt of payment in Mexico

On January 24, 2025, the Company announced that Fontis had entered into an agreement with a leading international bank to facilitate payment to Fontis of approximately $209 million of outstanding overdue invoices with its client in Mexico (the "Receivables Payment"). The Receivables Payment was subject to an undisclosed upfront fee, which was well below 10% of the gross receivables amount. On February 5, 2025, the Company announced that Fontis had successfully received full payment of approximately $209 million of overdue invoices from its client in Mexico under this arrangement. The Receivables Payment was completed in accordance with the terms of the agreement.

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To the General Meeting of Paratus Energy Services Ltd.

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Paratus Energy Services Ltd., which comprise the consolidated financial statements of Paratus Energy Services Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated statement of operations, the consolidated statement of other comprehensive income (loss), the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (USGAAP).

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Paratus Energy Services Ltd. for three years from our engagement by the Board of Directors on 7 June 2023 for the accounting year 2022.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Uncertain tax positions</u>

Reference is made to Note 12 Taxation and provisions for uncertain tax positions

The Key Audit Matter	*How the matter was addressed in our audit*
The Group has made a provision for uncertain tax positions in Mexico of $64.1 million as at 31 December 2024. The Group recognizes liabilities for uncertain tax positions based upon its assessment on whether the tax positions are more likely than not to be sustainable based upon the technical merits and its considerations of the relevant tax authorities including administrative practices and precedence. The Group is currently undergoing audits by the Mexican tax authorities ("SAT") in respect of accounting years 2014, 2018, 2019 and 2020.The Group considers information from ongoing and completed tax audits in making these estimates. Determining the liabilities for uncertain tax position requires significant judgment by management and includes a high degree of estimation uncertainty.	Our audit procedures in this area included: • We obtained an understanding of management's processes, including the roles and responsibilities of management's external tax expert. • We compared management's estimates to settlements reached in 2024 and subsequent to year-end. • We involved our tax specialists in Mexico to assist with evaluating correspondence with tax authorities and to be in dialogue with management's external tax experts, understand the judgments applied in interpreting local tax rules and regulations, including the consideration of ongoing and completed settlements. Our tax specialists also assisted in evaluating the reasonableness of the assumptions and judgements used by management including the application of interest and penalties and other significant inputs to management's estimate and testing the mathematical accuracy of management's calculations. • We assessed the sufficiency of relevant disclosures in the consolidated financial statements between the current and long-term portions of the liabilities.

<u>Recoverability of accounts receivable and allowance for credit losses</u>

Reference is made to Note 5 Revenue from contracts with customers

The Key Audit Matter	*How the matter was addressed in our audit*
As at 31 December 2024, the Group's net accounts receivables balance was $339.6 million including the related allowance for credit losses of $7.3 million. The Group estimates current expected credit losses using a "probability of default" model using data including exposure amounts, maturity dates, customer credit ratings, security and the probability of default and loss expected in a default and a management determined risk overlay. As described in Note 20 to the consolidated financial statements, in 2025, the Group	Our audit procedures in this area included: • We obtained an understanding of the Group's process to develop the model, assumptions and data used in determining the estimate. • Involved our credit risk specialists, who assisted in evaluating the appropriateness of the model utilized by the Group, including the assumptions and data and performed sensitivities of certain alternative approaches. • We tested the mathematical accuracy of management's calculations.

received payment of approximately $209 million of overdue invoices in a transaction involving an international bank. Determining the recoverability of accounts receivable, including the allowance for credit losses requires significant management judgment including determining the appropriate model and inputs.	• We independently gathered certain external data sources to compare with those used in the Group's model. • We considered the impact of events subsequent to the year-end, including, tracing the post year end payment received to the bank account as cash received. • We assessed the sufficiency of relevant disclosures in the consolidated financial statements.

Other Information
The Board of Directors and the Chief Executive Officer (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements, and;
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statement on Corporate Governances.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)
Opinion
As part of the audit of the financial statements of Paratus Energy Services Ltd., we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300XB7T5BX418QX67-2024-12-31-0-en.xhtml, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor’s Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – “Assurance engagements other than audits or reviews of historical financial information”. The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company’s processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 29 April 2025

KPMG AS

Thomas Sørhaug

John Thomas Sørhaug
State Authorised Public Accountant

Alternative Performance Measures

The Company discloses certain alternative performance measures ("APM") as a supplement to the consolidated financial statement prepared in accordance with US GAAP. These measures provide additional insight into the Group's operating performance, financing, and future prospects, often used by analysts, investors, and other stakeholders.

Other companies may not calculate the APMs in the same manner, and, as a result, the presentation thereof may not be fully comparable to measures used by other companies under the same or similar titles. Accordingly, undue reliance should not be placed on the APMs contained below and should not be considered as a substitute for revenue or other financial metrics.

(In $ millions)	**December 31, 2024**	**December 31, 2023**
Calculation of adjusted EBITDA		
Net income/(loss)	31.6	(22.8)
Add back: Income tax expense	26.6	23.8
Add back: Net financial expense	108.7	100.0
Deduct: Share in results from joint ventures	(85.2)	(67.0)
Add back: Expected credit losses	1.6	0.8
Add back: Settlement of Management Incentive Deed	-	12.9
Add back: Depreciation and amortization	17.9	15.2
Add back: Amortization of favorable contracts	30.7	38.6
Adjusted EBITDA (consolidated)	**131.9**	**101.5**
Net income/(loss) - 50% of Seagems	75.2	74.0
Add back: Income tax expense	3.1	6.1
Add back: Net financial expense	(1.1)	11.0
Add back: Depreciation and amortization	42.3	41.2
Add back: Other operating expenses	0.2	(0.4)
Adjusted EBITDA (50% Seagems)	**119.7**	**131.9**
Combined Segment EBITDA	**251.6**	**233.4**

(In $ millions)	**December 31, 2024**	**December 31 2023**
Net debt		
Interest-bearing debt (notional amount)	**715.4**	**715.4**
Paratus	*715.4*	*715.4*
Less: Cash and cash equivalents	**86.4**	**114.7**
Paratus	*64.9*	*59.6*
Fontis	*21.5*	*55.1*
Less: Market value Archer shares*	**49.4**	**33.9**
Paratus	*49.4*	*33.9*
Net debt	**579.6**	**566.8**
50% of Seagems interest-bearing debt (notional amount)	60.5	51.3
Less: 50% of Seagems cash and cash equivalents	12.4	19.1
50% of Seagems net debt	**48.1**	**32.2**
Net debt (as per management reporting)	**627.7**	**599.0**

Net Leverage Ratio		
Net debt (as per management reporting)	627.7	599.0
Combined Segment EBITDA	251.6	233.4
Net Leverage Ratio	**2.5**	**2.6**

* Trading venue: Euronext Oslo Børs (ticker: ARCH).

Alternative performance measures (continued)

Definitions and explanations of APMs

EBITDA is an abbreviation of "Earnings Before Interest, Income taxes, Depreciation and Amortization" and represents net income/(loss) before net interest expense, income taxes, depreciation and amortization.

Adjusted EBITDA, as applied by the Company, represents EBTIDA excluding certain non-cash items such as expected credit gains/(losses), impairment charges, amortization of favorable contracts, and other items that the Company believes are not indicative of ongoing performance of its core operations. The Company presents this APM as it provides useful supplemental information about the financial performance of its business, enables comparison of financial results between periods where certain items may vary independent of business performance, and allows for greater transparency with respect to key metrics used by management in operating our business and measuring our performance. Further, it may provide comparability to similarly titled measures of other companies.

Net debt as defined under the bond indenture agreement, is interest-bearing debt (notional) including the Company's share in Seagems interest-bearing debt (notional) less total cash and cash equivalents including the Company's share in Seagems cash and cash equivalents, and the market value of marketable securities (the Company's ownership in Archer). The Company presents this APM as it is a useful indicator of the Group's net interest-bearing indebtedness as it indicates the level of borrowings after taking into account cash that could be utilized to pay down outstanding borrowings.

Net Leverage Ratio is defined as the ratio of Net debt to adjusted EBITDA. The Company presents this APM as it is a useful indicator of the Group's financial leverage, as it measures the level of net debt relative to adjusted EBITDA, providing insight into the Company's ability to service its debt obligations.

Management reporting represents the Company's internal financial and operational performance assessment. In this context, Seagems' financial results are presented using proportional consolidation of accounting. However, in our financial reporting under US GAAP, Seagems' financial results are reported using the equity method, presented under "Share in results from joint ventures." Additionally, in management reporting, operating revenues reflect contract revenues before amortization of favorable contracts for Fontis and exclude revenue taxes for Seagems.

Additionally, the Company uses other performance indicators that are not considered to be an APM, but is important for assessing the Group's performance:

Contract backlog represents the sum of estimated undiscounted revenue related to secured contracts. Contract backlog may be subject to price indexation clauses or other factors that may intervene with and/or result in delays in revenue realization, and it does not include potential growth or value of non-declared options within existing contracts.

Technical utilization is based on actual operating days versus actual available days excluding days at yard for periodical maintenance, upgrading, transit or idle time between contracts.