Hamilton, Bermuda, May 24, 2024 - Paratus Energy Services Ltd. (“Paratus” or the “Company”) today announced a trading update for the first quarter 2024 and updates on Paratus, its subsidiaries and associated companies (“Paratus Group” or the “Group”).

Company overview

Paratus Energy Services Ltd. is the holding company of a group of leading energy services companies. The Group is primarily comprised of its wholly-owned subsidiary Fontis Energy, a 50/50 JV interest in Seabras (equity accounted), and a 24% ownership interest in Archer Ltd. (equity accounted).

1. Key Highlights

- Delivered adjusted EBITDA of $53 million on $109 million of gross revenue
- Exited the quarter with a cash balance of $126 million and $638 million in net debt
- Secured average contractual rates of $118 thousand/day at an average utilization of 99.6% and $205 thousand/day at an average utilization of 98.7% for Fontis and Seabras, respectively
- Bolstered Seabras’ backlog by $1.8 billion
- Appointment of Group CFO
- Share split effected to simplify capital structure
- Rebranding of SeaMex

1.1 Paratus Group

In the first quarter 2024, the Group, including the Company’s share in Seabras JV, generated $109 million in gross revenue and $53 million in adjusted EBITDA, compared to $97 million and $43 million in the first quarter 2023, respectively. The full-year 2023 adjusted EBITDA stood at $227 million on the back of gross revenues totaling $430 million.

The Group closed the quarter with a cash balance of $126 million and $638 million in net debt, compared to $134 million and $632 million at year-end 2023, respectively. Compared to first quarter 2023, the cash balance has increased by $25 million whilst the net debt was reduced by $60 million (Q1 2023: Cash of $101 million and net debt of $698 million), largely driven by the retirement of senior secured notes at Fontis Energy.

1.2 Fontis Energy (previously SeaMex)

During the first quarter 2024, the Company’s wholly owned subsidiary Fontis Holdings Ltd. (“Fontis Energy”) and its subsidiaries generated $56 million in gross revenue and $27 million in EBITDA. Compared to the first quarter 2023, gross revenue and EBITDA increased by 30% and 81%, respectively, largely driven by downtime on the Courageous and Defender rigs experienced in the first quarter 2023. In 2023, Fontis Energy generated $205 million in gross revenue and $105 million in EBITDA.

In the first quarter 2024, Fontis Energy earned an average contractual rate of $118 thousand per day at an average utilization of 99.6% and ended the quarter with $419 million in contract backlog.

As of March 31, 2024, the accounts receivables balance was $222 million, up from $174 million at year-end 2023. Due to normal administrative requirements associated with its name change (as further described in Section 2.1), Fontis Energy was unable to submit new billings to its key customer for a period of six months, leading to a build in accounts receivable. Fontis Energy believes this is a non-recurring event and a normalization of collections will occur as the name change has now been completed. Beginning in March 2024, payments from its key customer resumed ahead of anticipated timing. Fontis Energy collected $16 million and $14 million in March and April 2024, respectively.

"Since the separation from Seadrill, the new management team has had a clear focus, solely dedicated to the Fontis business, and this has allowed us to build a stronger relationship with our key customer" said Raphael Siri, CEO of Fontis Energy. "Such improved cooperation was visible with the timely completion of the name change and follow-up payments received in a shorter time than anticipated. We will continue to work together to bring our accounts receivable to a more routine level"

1.3 Joint Venture in Seabras (figures reflect 100%)

Seabras UK Limited, a wholly owned subsidiary of Paratus, holds a 50% equity interest in Seabras Sapura Holding GmbH, its associated company, Seabras Sapura Participações S.A and their subsidiaries (collectively with Seabras UK Limited, "Seabras" or "JV").

During the first quarter 2024, Seabras generated $107 million in revenue (Q1 2023: $108 million) and $55 million in EBITDA (Q1 2023: $61 million). The reduction in EBITDA compared to the first quarter 2023 was largely due to a slight increase in off-hire days and modest cost increases.

In the first quarter 2024, Seabras earned an average contractual rate of $205 thousand per day at an average utilization of 98.7% and ended the quarter with $2.1 billion in contract backlog, pro forma for the contract awards announced on May 10, 2024.

As previously announced, pursuant to an agreed plan amongst the JV shareholders, Seabras has distributed and will continue to distribute all excess cash to its JV shareholders since Q2 2023. During the first quarter 2024, Paratus received $24 million from Seabras.

2. Significant Subsequent Events and Other Updates

2.1 Fontis Energy Name Change

Since commencing its separation from Seadrill in mid-2023, the entity formerly known as SeaMex Holdings, LLC ("SeaMex") has undergone a name change to Fontis Energy. This effort has provided for complete separation from Seadrill and enhanced the Fontis Energy brand as a leading standalone player in the offshore drilling space. The name change highlights Paratus' successful efforts to complete its separation from its former parent company Seadrill.

"Our new Fontis Energy vision, values and logo – all rotating around integrity, dependability and performance – form the basis of our improved business model and deliverables that will fuel our growth" said Raphael Siri, CEO of Fontis Energy.

Going forward, reference to SeaMex will be discontinued and will be superseded with Fontis Energy.

2.2 Seabras secures additional backlog of $1.8bn for its full fleet with new contracts from Petrobras

On May 10, 2024, Paratus announced that certain entities of Seabras had successfully been awarded contracts for its full fleet of six multi-purpose pipe-laying support vessels ("PLSV") as part of a competitive Petrobras tender process. This achievement bolstered Seabras' backlog by approximately $1.8 billion. Following the contract award, Seabras' backlog stands at $2.1 billion.

The contracts, each with a three-year term, will commence on different mobilization dates between May 2024 and June 2025 according to the current contract schedule for each of the PLSVs, with the longest dated contract going through 2028, improving secured backlog visibility up to another four years.

The contract awards represent a meaningful improvement to dayrates, reflecting the positive industry momentum and the growing demand for PLSVs in Brazil. This achievement is a testament to Seabras' unwavering commitment to operational excellence, safety, and customer satisfaction. Since commencing operations in 2014, the vessels have maintained an average technical utilization of approximately 98%.

2.3 Governance Update

On May 21, 2024, Paratus, with the approval of its shareholders, has undertaken and completed an administrative reorganisation of its existing share capital and governance structure.

The effect of the reorganisation is that the capital structure of the Company has been simplified, to reduce the number of share classes to a single class of Class A Common Shares of US $0.00002 each, via the following steps:

i. with effect from March 15, 2024, the Class C Common shares of US $0.01 each in the Company were redesignated to Class A Common Shares of US $0.01 each in the Company; and
ii. with effect from May 21, 2024, each of the Class A Common Shares of US$0.01 each in the Company (including those existing following the above step), were sub-divided into 500 A Common Shares of US$0.00002 each.

In conjunction with these steps, the governance framework for the Company has been adjusted such that, with effect from May 21, 2024:

i. the shareholders' agreement relating to the Company dated January 20, 2022 has been terminated and will not be replaced; and
ii. the Company has adopted a new set of bye-laws (in substitution for the then existing bye-laws) which will form the basis for the governance of the Company going forward.

Following the administrative reorganisation, Paratus had total Class A Common Shares of 154,015,990.

2.3 Appointment of Group CFO

The Company is pleased to announce the appointment of Mr. Baton Haxhimehmedi as the Group Chief Financial Officer ("GCFO") of Paratus Management Norway AS with effect from June 1, 2024. Mr. Haxhimehmedi most recently held positions as Deputy CFO and Group Head of Finance of DNO ASA, an oil and gas company listed on the Oslo Stock Exchange, and previous senior audit positions in various 'Big 4" accounting firms, mainly working with international upstream oil and gas clients.

“We are pleased to welcome Baton Haxhimehmedi as our Group Chief Financial Officer,” said Mei Mei Chow, Chairperson of the Paratus board. “With the addition of Baton’s extensive experience in a listed oil oil and gas company with global operations, coupled with his strong track record in senior management roles, Baton has joined us at a pivotal time. Together with Robert Jensen, the Paratus Group leadership team is now well positioned to further develop the business as a leading oilfield services company and continue executing on our strategic priorities.

Financial Tables and Fleet Status Report

Basis of preparation

These financials 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", "$" or "US$"). The accounting policies applied are consistent with those followed in the preparation of the Annual Report.

The interim financial information for 2024 and 2023 is unaudited.

Non-GAAP performance measurements definitions

The Company uses certain financial information calculated on a basis other than in accordance with US GAAP as listed below. These non-GAAP financial measures are important measures that the Company uses to assess its financial performance.

Gross revenues – Represents operational revenue before amortization of favorable contracts and tax on revenue. Paratus Group revenue include JV share of Seabras gross revenue (see below reconciliation).

EBITDA – Earnings before interest, tax, depreciation and amortization, represents net income/(loss) adjusted for: depreciation and impairment, credit loss allowances, other non-operating income, income from equity method investments, net financial items, and income tax.

Adjusted EBITDA – Represents EBITDA based on proportional consolidation method of accounting for Seabras JV according to internal management reporting. The bridge between the management reporting and the figures reported in accordance with the equity method is presented below.

Unaudited Financials									
	Q1 2024			Q1 2023			FY 2023		
(US $ in Millions)	Management reporting (incl. 50% in Seabras JV)	Equity accounting adjustment	Equity method reporting	Management reporting (incl. 50% in Seabras JV)	Equity accounting adjustment	Equity method reporting	Management reporting (incl. 50% in Seabras JV)	Equity accounting adjustment	Equity method reporting
Debt	765	-50	715	800	-56	744	766	-51	715
Cash	126	-18	108	101	-47	55	134	-19	115
Net Debt/-Cash	638	-31	607	698	-9	689	632	-32	600
Gross Revenue	109	-53	56	97	-54	43	430	-225	205
Adjusted EBITDA	53	-27	26	43	-31	12	227	-132	95

Contract backlog – 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.

Utilization rate – Utilization rate of vessel / rigs is based on actual operating days which excludes days at yard for periodical maintenance, upgrading, transit or idle time between contracts.

Schedule 1. Key Financial Highlights

Unaudited Financials (management reporting)[1]			
(US $ in Millions)	Q1 2024	Q1 2023	FY 2023
Fontis Energy			
Debt[2]	$0	$46	$0
Cash[3]	65	52	55
Net Cash[4]	65	6	55
Gross Revenue	56	43	205
EBITDA	27	15	105
Contract Backlog	419	500	411
Receivables Balance[5]	222	146	174
Seabras JV (figures reflect 100%)			
Debt[2]	100	111	102
Cash[3]	37	93	38
Net Debt[4]	63	18	64
Gross Revenue	107	108	450
EBITDA	55	61	264
Contract Backlog[6]	2,096	604	345
Paratus Group[1]			
Debt[2]	765	800	766
Cash[3]	126	101	134
Net Debt[4]	638	698	632
Gross Revenue	109	97	430
Adjusted EBITDA	53	43	227

Notes:

1. See section about non-Gaap measures
2. Excludes intercompany debt and any amortization of fees and fair value adjustment; represents debt principal only
3. Includes cash and restricted cash
4. Calculated as gross debt less cash
5. Reflected before expected credit loss allowances
6. Reflected pro forma to include the Petrobras contract awards announced on May 10, 2024

Schedule 2. Fleet Status Report

Fontis Energy

Rig Name	Generation / Type	Built	Location	Client	Start	Expire
Defender	BE	2007	Mexico	PEMEX	Mar-20	Jan-26
Courageous	BE	2007	Mexico	PEMEX	Mar-20	Nov-26
Intrepid	BE	2008	Mexico	PEMEX	Mar-20	May-26
Oberon	BE	2013	Mexico	PEMEX	Mar-20	Oct-25
Titania	BE	2014	Mexico	PEMEX	May-24	Apr-25

Seabras

Vessel Name	Generation / Type	Built	Location	Client	Start	Expire
Diamante	PLSV	2014	Brazil	Petrobras	Oct-21	Mar-25
	PLSV	2014	Brazil	Petrobras	Mar-25	Mar-28
Topazio	PLSV	2014	Brazil	Petrobras	Mar-22	Mar-25
	PLSV	2014	Brazil	Petrobras	Apr-25	Mar-28
Esmeralda	PLSV	2016	Brazil	Petrobras	Apr-16	Aug-24
	PLSV	2016	Brazil	Petrobras	Sep-24	Sep-27
Onix	PLSV	2015	Brazil	Enauta	Apr-24	Jun-25
	PLSV	2015	Brazil	Petrobras	Jun-25	Jun-28
Jade	PLSV	2016	Brazil	PetroRio	Apr-24	May-24
	PLSV	2016	Brazil	Petrobras	May-24	May-27
Rubi	PLSV	2016	Brazil	Petrobras	Jun-16	Sep-24
	PLSV	2016	Brazil	Petrobras	Sep-24	Sep-27

Paratus -- Forward-Looking Statements

This release includes forward-looking statements. Such statements are generally not historical in nature, and specifically include statements about the Company's and / or the Paratus Group's (including any member of the Paratus Group) plans, strategies, business prospects, changes and trends in its business and the markets in which it operates. These statements are based on management's current plans, expectations, assumptions and beliefs concerning future events impacting the Company and / or the Paratus Group and therefore involve a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, which speak only as of the date of this news release. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, management's reliance on third party professional advisors and operational partners and providers, the Company's ability (or inability) to control the operations and governance of certain joint ventures and investment vehicles, oil and energy services and solutions market conditions, subsea services market conditions, and offshore drilling market conditions, the cost and timing of capital projects, the performance of operating assets, delay in payment or disputes with customers, the ability to successfully employ operating assets, procure or have access to financing, ability to comply with loan covenants, liquidity and adequacy of cash flow from operations of its subsidiaries and investments, fluctuations in the international price of oil or alternative energy sources, international financial, commodity or currency market conditions, including, in each case, the impact of pandemics and related economic conditions, changes in governmental regulations, including in connection with pandemics, that affect the Paratus Group, increased competition in any of the industries in which the Paratus Group operates, the impact of global economic conditions and global health threats, including in connection with pandemics, our ability to maintain relationships with suppliers, customers, joint venture partners, professional advisors, operational partners and providers, employees and other third parties and our ability to maintain adequate financing to support our business plans, factors related to the offshore drilling, subsea services, and oil and energy services and solutions markets, the impact of global economic conditions, our liquidity and the adequacy of cash flows for our obligations, including the ability of the Company's subsidiaries and investment vehicles to pay dividends, political and other uncertainties, the concentration of our revenues in certain geographical jurisdictions, limitations on insurance coverage, our ability to attract and retain skilled personnel on commercially reasonable terms, the level of expected capital expenditures, our expected financing of such capital expenditures, and the timing and cost of completion of capital projects, fluctuations in interest rates or exchange rates and currency devaluations relating to foreign or U.S. monetary policy, tax matters, changes in tax laws, treaties and regulations, tax assessments and liabilities for tax issues, legal and regulatory matters, customs and environmental matters, the potential impacts on our business resulting from climate-change or greenhouse gas legislation or regulations, the impact on our business from climate-change related physical changes or changes in weather patterns, and the occurrence of cybersecurity incidents, attacks or other breaches to our information technology systems, including our rig operating systems. Consequently, no forward-looking statement can be guaranteed.

Neither the Company nor any member of the Paratus Group undertakes any obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, we cannot assess the impact of each such factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement.