

Paratus Energy
Interim Results
First Quarter 2025



Paratus Energy

FIRST QUARTER 2025 RESULTS

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 otherwise indicated.

Company overview

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"). Paratus is listed on the Euronext Oslo Børs under the ticker "PLSV".

- **Fontis** 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".

Q1 2025 highlights and post quarter-end developments

Key highlights from Q1 2025 and notable post-quarter developments include:

- Achieved strong operational performance with technical utilization of approximately 99% across the fleet.
- Reported \$103 million¹ in combined segment revenues and \$58 million¹ in adjusted EBITDA.
- Declared a \$0.22 per share quarterly cash distribution for Q1 2025, consistent with previous quarters.
- Completed \$20 million in share buybacks via a reverse bookbuilding process.
- Post-Q1, initiated open market share repurchases of up to \$5 million
- Collected \$209 million in Mexico through a receivable monetization agreement.
- Ended the quarter with \$176 million¹ in Group cash and \$551 million¹ in net debt.
- Set to receive approximately \$1.3 million in dividends from Archer following its NOK 0.63 per share declaration.
- Signed a 78-day contract extension for the Oberon; received early termination notices for Courageous and Intrepid, both subject to a 365-day notice period.

¹ 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."

Operational review for the first quarter of 2025

| | Combined Segment figures* | |
|--------------------------------------------------|---------------------------|----------------------|
| | Three months ended | |
| | March 31, 2025 | December 31, 2024 |
| <i>(In \$ millions, unless stated otherwise)</i> | | |
| <u>Selected figures</u> | | |
| Contract revenues | 102.8 | 109.0 |
| Adjusted EBITDA | 57.6 | 63.1 |
| Net income/(loss) | 3.2 | 2.5 |
| Cash and cash equivalents | 176.1 | 98.8 |
| Net debt | 551.0 | 627.7 |
| Net Leverage Ratio | 2.2 | 2.5 |
| Technical utilization rate | 99.0% | 98.8% |
| Contract backlog | 1,004.7 | 1,150.8 |

*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".

The following operational review is based on **management reporting** as defined in the alternative performance measures ("APM") section of this report. See also Note 3 Segment information in the financial statements.

The Group, including the Company's share in Seagems, reported revenues of \$103 million and EBITDA of \$58 million (Q4 2024: \$109 million and \$63 million, respectively).

Fontis

Fontis recorded revenues of \$47 million (Q4 2024: \$54 million), reflecting lower average dayrates and reduced revenues from Titania as the rig completed operations in February. While the Company maintains that the contractual end date remains in effect through mid-May 2025 and is pursuing the matter with its client in Mexico, revenues were recognized only through February, reflecting a prudent accounting approach. Following the completion of operations, the rig is now available, and the Company is actively pursuing new contract opportunities.

Operating expenses (Opex) totaled \$18 million (Q4 2024: \$26 million), while general and administrative expenses (G&A) remained steady at \$1 million. Adjusted EBITDA came in at \$27 million, broadly in line with Q4 2024 (\$28 million), though the Q4 2024 profitability was impacted by special items, including year-end bonus accruals and demobilization cost accounting provisions.

During Q1 2025, Fontis achieved an average dayrate of \$125 thousand per day (Q4 2024: \$134 thousand per day) and maintained a high technical utilization of 99.7% (Q4 2024: 99.8%). Contract backlog stood at \$139 million at the end of the quarter. As previously disclosed, from February 2025, all of the Fontis' rigs, except for Titania, which does not have indexed dayrates, operated at their contractual floor dayrates.

A significant milestone in the quarter was the successful collection of \$209 million in overdue receivables from its client in Mexico. This was achieved through a receivable monetization agreement with a leading international bank, which included an undisclosed upfront fee well below 10% of the gross receivables amount. The full payment was received on February 5, 2025, significantly improving the Company's liquidity position and reducing accounts receivable to \$185 million, down from \$347 million at year-end 2024.

Seagems

Paratus' 50% share in the Seagems JV contributed \$56 million in contract revenues (Q4 2024: \$55 million) primarily driven by higher average dayrates and fewer off-hire days across the fleet.

Reported Opex was \$18 million (Q4 2024: \$9 million), while G&A was \$3 million (Q4 2024: \$3 million). Adjusted EBITDA for the quarter was \$33 million (Q4 2024: \$40 million). The Q4 2024 EBITDA was positively impacted by a reclassification of certain expenditures from Opex to capitalised expenditures (Capex) and an insurance reimbursement related to the Esmeralda. On a normalized basis, EBITDA remained stable quarter-over-quarter.

The JV achieved an average dayrate of \$212 thousand per day (Q4 2024: \$205 thousand per day) and maintained a strong technical utilization of 98.4% (Q4 2024: 97.7%). The Seagems contract backlog at quarter-end was approximately \$1.7 billion² (Q4 2024: approximately \$1.9 billion²).

During the quarter, Paratus received \$17.5 million of cash distribution from the JV (Q4 2024: \$38 million). Distributions from Seagems are expected to increase in the second half of 2025 compared to the first half of 2025 in line with the JV's cash flow profile and timing of capital expenditures and other payments.

Other

The Other segment includes general corporate and financing activities as well as the Company's 23.8% ownership in Archer which is accounted for as an equity method investment.

Liquidity and Capital Management

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 Q1 2025 with a cash balance of \$176 million and net debt of \$551 million, including the Company's share in Seagems' cash balance and net debt of \$20 million and \$40 million, respectively. In comparison, the Group closed Q4 2024 with a cash balance of \$99 million and net debt of \$628 million, including the Company's share in Seagems' cash balance and net debt of \$12 million and \$48 million, respectively. The Group's interest-bearing debt (at notional amounts) totaled \$776 million, comprised of \$715 million at Paratus plus \$60 million in Seagems (Q4 2024: \$776 million, comprised of \$715 million and \$61 million respectively).

Financial summary for the first quarter of 2025

(In \$ millions, unless stated otherwise)

Statements of operations summary

Operating revenues
Operating income
Net financial expense
Income tax expense
Net income/(loss)
Earnings per share (\$ per share)

| US GAAP financial results | |
|---------------------------|-------------------|
| Three months ended | |
| March 31, 2025 | March 31, 2024 |
| 38.7 | 47.6 |
| 39.3 | 35.0 |
| (35.2) | (20.9) |
| (0.9) | (4.4) |
| 3.2 | 9.7 |
| 0.02 | 0.06 |

Statements of cash flows

Cash and cash equivalents at end of period
Net cash (used in)/provided by operating activities
Net cash provided by investing activities
Net cash used in financing activities

| March 31, 2025 | March 31, 2024 |
|-------------------|-------------------|
| 155.9 | 108.6 |
| 112.5 | (13.9) |
| 16.6 | 23.2 |
| (59.6) | (15.9) |

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.

Operating revenues in Q1 2025 were \$39 million (Q1 2024: \$48 million). The revenue decrease was primarily driven by reduced Titania revenues as described above, and the temporary cessation of operations for Courageous and the Intrepid in December 2024. The Courageous resumed its contract in mid-January 2025, while the Intrepid resumed its contract in late January 2025.

Total operating expenses were \$23 million (Q1 2024: \$32 million). The cost decrease compared to the previous quarter was mainly due to lower personnel costs and lower consultancy fees, as well as reversal of expected credit loss allowance following the collection of a significant receivable in February 2025.

² Figures shown at 100% Seagems Joint Venture level.

Share in results from Joint Venture was \$21 million (Q1 2024: \$19 million) and represents the Company's 50% share in the Seagems' net income (net of taxes).

Other operating income of \$3 million is related to an insurance claim refund at Fontis received during Q1 2025.

Operating income in Q1 2025 was \$39 million (Q1 2024: \$35 million). The increase in operating income was mainly driven by lower costs, higher income from Seagems JV and recognition of an insurance claim refund at Fontis (presented as Other operating income), partly offset by lower operating revenues.

Net financial expense was \$35 million (Q1 2024: \$21 million). The increase in net financial expense was primarily due to upfront fee paid on receivables monetization agreement and higher net losses in Archer which was driven by financial expenses related to the bond refinancing activities in Q1 2025.

Tax expense was \$0.9 million (Q1 2024: \$4 million) mainly driven by movements in the provision for the uncertain tax positions ("UTP") in Mexico (see Note 5).

Net income in Q1 2025 was \$3 million (Q1 2024: \$10 million).

Consolidated **cash and cash equivalents** (Paratus and Fontis) as of Q1 2024 was \$156 million compared to \$86 million at year-end 2024 (Q1 2024: \$109 million).

Net cash from **operating activities** was \$113 million, compared to net cash used in operating activities of \$14 million for the same period in 2024. This significantly improved cash flow was primarily due to the \$209 million collection from our client in Mexico.

Net cash from **investing activities** was \$17 million, mainly related to distributions from Seagems to Paratus of \$18 million, partly offset by additions to drilling units of \$1 million. In comparison, net cash from investing activities for the same period in 2024 was \$23 million, consisting of distributions from Seagems to Paratus of \$24 million, partly offset by additions to drilling units of \$1 million.

Net cash used in **financing activities** was \$60 million, comprised of cash distribution to shareholders of \$36 million, share buyback of \$20 million, interest income of \$1.3 million and interest payments of \$5 million. For the same period in 2024, financing activities comprised of interest payments of \$16 million.

Subsequent events

Cash distribution to shareholders

On May 28, 2025, the Company announced that the Board of Directors has approved a cash distribution to shareholders of \$0.22 per share for the first quarter of 2025, to all shareholders of record as of June 4, 2025. The cash distribution will be paid on 11 June 2025 and is in the form of return of capital.

Director's appointments

At the 2025 Annual General Meeting (the "AGM") on May 9, 2025, Dag Skindlo was elected as non-executive Director of the Company. Ørjan Svanevik, previous Director of the Company, did not stand for re-election at the AGM.

Share buybacks

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 was set aside for the Buyback.

The Buyback commenced on April 2, 2025, and remains in effect until May 28, 2025. For the period from April 2, 2025, to and including May 27, 2025, the Company purchased a total of 1,372,000 shares at an average price of NOK 35.6725 per share.

Following the completion of the above transactions, the Company owns a total of 6,772,000 of own shares, corresponding to approximately 4% of the Company's share capital.

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENTS OF OPERATIONS
for the quarter ended March 31, 2025 and 2024

| <i>(In \$ millions, except per share amounts)</i> | Note | March 31, 2025 | March 31, 2024 |
|---------------------------------------------------|-------------|---------------------------|---------------------------|
| Total operating revenues | 4 | 38.7 | 47.6 |
| Operating expenses | | | |
| Rig operating expenses | | (18.3) | (23.5) |
| General and administrative expenses | | (3.2) | (2.6) |
| Depreciation and amortization | | (5.4) | (4.7) |
| Expected credit losses | | 3.5 | (0.7) |
| Total operating expenses | | (23.4) | (31.5) |
| Share in results from joint ventures | 10 | 21.1 | 18.9 |
| Other operating income | | 2.9 | - |
| Operating income | | 39.3 | 35.0 |
| Financial items | | | |
| Share in results from associated companies | 10 | (7.3) | (2.6) |
| Interest income | | 1.3 | 0.2 |
| Interest expense | 11 | (19.0) | (21.5) |
| Other financial items | | (10.2) | 3.0 |
| Net financial expense | | (35.2) | (20.9) |
| Income before taxes | | 4.1 | 14.1 |
| Income tax expense | 5 | (0.9) | (4.4) |
| Net income | | 3.2 | 9.7 |
| Income per share: | 13 | | |
| Basic | | 0.02 | 0.06 |
| Diluted | | 0.02 | 0.06 |

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

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME/(LOSS)
for the quarter ended March 31, 2025 and 2024

| <i>(In \$ millions)</i> | March 31, 2025 | March 31, 2024 |
|---------------------------------------------------------------------------|---------------------------|---------------------------|
| Net income | 3.2 | 9.7 |
| Other comprehensive income/(loss): | | |
| Share of other comprehensive income/(loss) from equity method investments | (0.6) | 0.8 |
| Total other comprehensive income | 2.6 | 10.5 |

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

Paratus Energy Services Ltd.
CONSOLIDATED BALANCE SHEETS
as at March 31, 2025 and December, 31 2024

| <i>(In \$ millions, except par value amounts)</i> | Note | March 31, 2025 | December 31, 2024 |
|---------------------------------------------------|------|-------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 155.9 | 86.4 |
| Accounts receivables, net | 4 | 180.8 | 339.6 |
| Amounts due from related parties | | 3.3 | 3.3 |
| Favorable contracts | 4 | 30.0 | 28.9 |
| Other current assets | 7 | 30.1 | 10.0 |
| Total current assets | | 400.1 | 468.2 |
| Non-current assets | | | |
| Equity method investments | 10 | 354.1 | 358.2 |
| Drilling units and equipment, net | | 256.9 | 259.0 |
| Favorable contracts | 4 | - | 9.0 |
| Other non-current assets | | 1.0 | 0.3 |
| Total non-current assets | | 612.0 | 626.5 |
| Total assets | | 1,012.1 | 1,094.7 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Trade accounts payable | | 4.2 | 16.7 |
| Other current liabilities | 5, 8 | 48.5 | 65.0 |
| Total current liabilities | | 52.7 | 81.7 |
| Non-current liabilities | | | |
| Interest-bearing debt, long-term | 11 | 694.8 | 692.5 |
| Other non-current liabilities | 5 | 58.9 | 61.4 |
| Deferred tax liabilities | | 2.2 | 2.2 |
| Total non-current liabilities | | 755.9 | 756.1 |
| Equity | | | |
| Shareholders' equity | | 203.5 | 256.9 |
| Total equity | | 203.5 | 256.9 |
| Total liabilities and equity | | 1,012.1 | 1,094.7 |

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

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the quarter ended March 31, 2025 and 2024

| <i>(In \$ millions)</i> | Note | March 31, 2025 | March 31, 2024 |
|--------------------------------------------------------------------|------|-------------------|-------------------|
| Cash Flows from Operating Activities | | | |
| Net income | | 3.2 | 9.7 |
| <u>Adjustments to reconcile net income to net cash provided by</u> | | | |
| Amortization of favorable contracts | 4 | 7.9 | 7.8 |
| Depreciation | | 5.4 | 4.7 |
| Income from equity method investments | 10 | (13.8) | (16.3) |
| Net interest expense and amortization | | 17.7 | 21.3 |
| Unrealized foreign exchange (gain)/loss | | (3.4) | (3.3) |
| Expected credit losses | | (3.5) | 0.7 |
| Share-based compensation | | (0.1) | - |
| Additions to long-term maintenance | | (2.3) | (0.5) |
| Other | | - | (0.4) |
| <u>Change in working capital items and other</u> | | | |
| Accounts receivables, net | 4 | 162.3 | (46.9) |
| Trade accounts payable | | (12.6) | (2.9) |
| Other assets | | (20.8) | (15.2) |
| Other liabilities | | (27.5) | 27.4 |
| Net cash (used in)/provided by operating activities | | 112.5 | (13.9) |
| Investing Activities | | | |
| Additions to drilling units and equipment | | (0.9) | (0.7) |
| Distribution from equity method investee | | 17.5 | 23.9 |
| Net cash provided by investing activities | | 16.6 | 23.2 |
| Financing Activities | | | |
| Interest on bank deposits | | 1.3 | 0.2 |
| Payment of interest on borrowings | | (4.8) | (16.1) |
| Share buyback | | (20.0) | - |
| Return of capital to shareholders | | (36.1) | - |
| Net cash used in financing activities | | (59.6) | (15.9) |
| Effect of exchange rate changes on cash and cash equivalents | | - | 0.5 |
| Net increase/(decrease) in cash and cash equivalents | | 69.5 | (6.1) |
| Cash and cash equivalents at beginning of period | | 86.4 | 114.7 |
| Cash and cash equivalents at end of period | | 155.9 | 108.6 |

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 quarter ended March 31, 2025 and 2024

| | Common shares | Additional paid- in capital | Accumulated other comprehensive income/(loss) | Accumulated deficit | Total equity |
|---------------------------------------|------------------|--------------------------------|--------------------------------------------------------|------------------------|--------------|
| <i>(In \$ millions)</i> | | | | | |
| Balances as at January 1, 2024 | - | 1,290.9 | (3.5) | (1,072.5) | 214.9 |
| Net income | - | - | - | 9.7 | 9.7 |
| Other comprehensive income | - | - | 0.8 | - | 0.8 |
| Balance as at March 31, 2024 | - | 1,290.9 | (2.7) | (1,062.8) | 225.4 |
| Balances as at January 1, 2025 | - | 1,289.1 | 8.7 | (1,040.9) | 256.9 |
| Net income | - | - | - | 3.2 | 3.2 |
| Other comprehensive loss | - | - | (0.6) | - | (0.6) |
| Share buyback | - | (20.0) | - | - | (20.0) |
| Stock based compensation | - | 0.1 | - | - | 0.1 |
| Return of capital | - | (36.1) | - | - | (36.1) |
| Balance as at March 31, 2025 | - | 1,233.1 | 8.1 | (1,037.7) | 203.5 |

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 otherwise indicated.

Company details

Paratus Energy Services Ltd. is a company incorporated under the laws of Bermuda and in accordance with the Bermuda Companies Act 1981. The Company was listed is on the Euronext Oslo Børs 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".

Note 2 - Basis of presentation and accounting policies

Basis of presentation

These unaudited interim condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The unaudited interim condensed consolidated financial statements do not include all of the disclosures required under U.S. GAAP in the annual consolidated financial statements and should be read in conjunction with our audited annual consolidated financial statements and notes for the year ended December 31, 2024.

The financial statements have been prepared on a going concern basis and in management's opinion, all adjustments necessary for a fair presentation of the financial statements are reflected in the interim periods presented.

Significant accounting policies

The accounting policies adopted in the preparation of the unaudited consolidated financial statements are consistent with those as described in our annual audited consolidated financial statements for the year ended December 31, 2024.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subtotals and totals in some of the tables included in these interim financial statements may not equal the sum of the amounts shown due to rounding.

Note 3 - Segment Information

The Company reports its operations under three segments: Fontis, Seagems, and Other.

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.

The accounting principles for the segments are the same as for our consolidated financial statements. The following tables provide disclosures of the key metrics used by the chief operating decision maker when assessing the operations of the business.

| Three months ended | | | | | | |
|--------------------------------------------|------------------------|-------------|---------------|--------------------------------|----------------------|---------------|
| March 31, 2025 | | | | | | |
| (In \$ millions) | Seagems (50% share) | Fontis | Other | Total reporting Segments | Reconciling Items | Consol. Total |
| Contract revenues | 56.2 | 46.6 | | 102.8 | (56.2) | 46.6 |
| Amortization of favorable contracts | - | (7.9) | - | (7.9) | - | (7.9) |
| Tax on revenues | (3.0) | - | - | (3.0) | 3.0 | - |
| Operating revenues | 53.2 | 38.7 | - | 91.9 | (53.2) | 38.7 |
| Rig / Vessel operating expenses | (17.8) | (18.3) | - | (36.1) | 17.8 | (18.3) |
| General and administrative exp. | (2.9) | (0.9) | (2.3) | (6.1) | 2.9 | (3.2) |
| Expected credit losses | - | 3.5 | - | 3.5 | - | 3.5 |
| Other operating income | - | 2.9 | - | 2.9 | - | 2.9 |
| Depreciation and amortization | (10.6) | (5.4) | - | (16.0) | 10.6 | (5.4) |
| Share in results from joint ventures | - | - | 4.0 | 4.0 | 17.1 | 21.1 |
| Operating income | 21.9 | 20.5 | 1.7 | 44.1 | (4.8) | 39.3 |
| Share in results from associated companies | - | - | (7.3) | (7.3) | - | (7.3) |
| Interest expense | (1.9) | - | (19.0) | (20.9) | 1.9 | (19.0) |
| Other financial items, net | 0.5 | (9.3) | 0.4 | (8.4) | (0.5) | (8.9) |
| Income tax benefit/(expense) | (3.4) | (0.9) | - | (4.3) | 3.4 | (0.9) |
| Net income/(loss) | 17.1 | 10.3 | (24.2) | 3.2 | - | 3.2 |

| Three months ended | | | | | | |
|--------------------------------------------|------------------------|-------------|---------------|--------------------------------|----------------------|---------------|
| March 31, 2024 | | | | | | |
| (In \$ millions) | Seagems (50% share) | Fontis | Other | Total reporting Segments | Reconciling Items | Consol. Total |
| Contract revenues | 53.2 | 55.4 | | 108.6 | (53.2) | 55.4 |
| Amortization of favorable contracts | - | (7.8) | - | (7.8) | - | (7.8) |
| Tax on revenues | (3.0) | - | - | (3.0) | 3.0 | - |
| Operating revenues | 50.2 | 47.6 | - | 97.8 | (50.2) | 47.7 |
| Rig / Vessel operating expenses | (19.5) | (23.1) | (0.4) | (43.0) | 19.5 | (23.5) |
| General and administrative exp. | (3.3) | (1.5) | (1.1) | (5.9) | 3.3 | (2.6) |
| Expected credit losses | - | (0.7) | - | (0.7) | - | (0.7) |
| Other operating expenses | 0.1 | - | - | 0.1 | (0.1) | - |
| Depreciation and amortization | (10.4) | (4.7) | - | (15.1) | 10.4 | (4.7) |
| Income from equity method inv. | - | - | 1.7 | 1.7 | 17.2 | 18.9 |
| Operating income | 17.1 | 17.6 | 0.2 | 34.9 | 0.2 | 35.0 |
| Share in results from associated companies | - | - | (2.6) | (2.6) | - | (2.6) |
| Interest expense | - | - | (21.5) | (21.5) | - | (21.5) |
| Other financial items, net | - | 3.0 | 0.2 | 3.2 | - | 3.2 |
| Income tax benefit/(expense) | 0.2 | (4.4) | - | (4.2) | (0.2) | (4.4) |
| Net income/(loss) | 17.3 | 16.2 | (23.7) | 9.8 | - | 9.7 |

Note 3 - Segments (continued)

| March 31, 2025 | | | | | | |
|--------------------------------------|------------------------|--------|-------|--------------------------------|----------------------|---------------|
| <i>(In \$ millions)</i> | Seagems (50% share) | Fontis | Other | Total reporting Segments | Reconciling Items | Consol. Total |
| Cash and cash equivalents | 20.2 | 35.6 | 120.3 | 176.1 | (20.2) | 155.9 |
| Property, plant and equipment | 594.6 | 256.9 | - | 851.5 | (594.6) | 256.9 |
| Capital Expenditures | 5.1 | 3.2 | - | 8.3 | (5.1) | 3.2 |
| Equity method investments | - | - | 41.8 | 41.8 | 312.3 | 354.1 |
| Total assets | 677.2 | 534.2 | 477.9 | 1,689.3 | (677.2) | 1,012.1 |
| Long-term interest-bearing debt, net | 60.1 | - | 694.8 | 754.9 | (60.1) | 694.8 |
| December 31, 2024 | | | | | | |
| <i>(In \$ millions)</i> | Seagems (50% share) | Fontis | Other | Total reporting Segments | Reconciling Items | Consol. Total |
| 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 |

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.

Note 4 - Revenue from contracts with customers

In the three months ended March 31, 2025 and 2024 the Company had only one customer with external contract revenues. During the same periods all of our operating drilling units were located in one geographic location, Mexico.

| | Three months ended | |
|-------------------------------------|--------------------|-------------|
| | March 31, | March 31, |
| | 2025 | 2024 |
| (In \$ millions) | | |
| Contract revenues | 46.6 | 55.4 |
| Amortization of favorable contracts | (7.9) | (7.8) |
| Operating revenues | 38.7 | 47.6 |

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

| | March 31, | December 31, |
|-----------------------------------|--------------|--------------|
| | 2025 | 2024 |
| | | |
| (In \$ millions) | | |
| Account receivables | 184.6 | 346.9 |
| Less: Allowance for credit losses | (3.8) | (7.3) |
| Account receivables, net | 180.8 | 339.6 |

In Q1 2025 the Group received \$209 million repayment of overdue invoices from its client in Mexico as the result of the monetization agreement concluded at the beginning of the year. The agreement was subject to an undisclosed upfront fee below 10% of the gross amount received. The fee is included in Other financial items in the Consolidated Statement of Operations.

| | March 31, | December 31, |
|-----------------------------------|-------------|--------------|
| | 2025 | 2024 |
| | | |
| (In \$ millions) | | |
| Favorable contracts | 171.9 | 171.9 |
| Less: Accumulated amortization | (141.9) | (134.0) |
| Favorable contracts, net | 30.0 | 37.9 |
| <i>Of which:</i> | | |
| Favorable contracts - current | 30.0 | 28.9 |
| Favorable contracts - non-current | - | 9.0 |

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

| | |
|-------------------------------------|-------------|
| Balance as of January 1, 2025 | 37.9 |
| Amortization of favorable contracts | (7.9) |
| Balance as of March 31, 2025 | 30.0 |

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 8 months.

Note 5 - Taxation and provisions for uncertain tax positions

Income tax expense mainly relates to current tax provision, withholding taxes and movements in provision for uncertain tax positions ("UTP") in Mexico.

Uncertain Tax Positions in Mexico ("UTP")

As disclosed in the latest annual report, the Group is currently undergoing audits by the Mexican tax authorities ("SAT") in respect of accounting years 2014, 2018, 2019 and 2020. In 2024, the tax liabilities relating to 2017 tax audit were resolved and settled for approximately \$13 million. In Q1 2025, the tax liabilities in relation to 2014 Titania rig operating entity were resolved and settled for approximately \$3.5 million. The 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 March 31, 2025 was \$58.3 million (December 31, 2024: \$64 million), of which nil (year-end 2024: \$2.7 million) was included in "Other-current liabilities" and \$58.3 million (year-end 2024: \$61.3 million) in "Other non-current liabilities" on the balance sheet. Included in the provision for UTP is accrued interest and penalties totaling \$19.4 million (year-end 2024: \$21.1 million). The movement in the UTP provision during the first quarter of 2025 compared to year-end 2024 was mainly driven by fluctuations in foreign currency rates (included in "Other financial items"), settlements made, inflation adjustments and accruals for interest and other (included in "Income tax expense").

Note 6 - Cash and cash equivalents

| <i>(In \$ millions)</i> | March 31, 2025 | December 31, 2024 |
|-------------------------------------------|---------------------------|------------------------------|
| Cash and cash equivalents, non-restricted | 144.8 | 75.3 |
| Cash and cash equivalents, restricted | 11.1 | 11.1 |
| Total cash and cash equivalents | 155.9 | 86.4 |

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

Note 7 - Other current assets

Other current assets consist of the following:

| <i>(In \$ millions)</i> | March 31, 2025 | December 31, 2024 |
|-----------------------------------|---------------------------|------------------------------|
| VAT asset | 19.2 | - |
| Taxes receivable | 8.8 | 8.9 |
| Prepaid expenses | 2.1 | 1.1 |
| Total other current assets | 30.1 | 10.0 |

Note 8 - Other current liabilities

Other current liabilities consist of the following:

| <i>(In \$ millions)</i> | March 31, 2025 | December 31, 2024 |
|---------------------------------------------|---------------------------|------------------------------|
| VAT liability | - | 21.2 |
| Taxes payable | 18.3 | 21.5 |
| Employee withheld taxes and social security | 3.0 | 2.7 |
| Other current liabilities | 14.8 | 16.4 |
| Uncertain tax positions (UTP) provision | - | 2.7 |
| Accrued interest on senior secured notes | 12.4 | 0.5 |
| Total other current liabilities | 48.5 | 65.0 |

Note 9 - Fair values 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.

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) | | March 31, 2025 | | December 31, 2024 | |
|-------------------------------------------------------------|-------|----------------|----------------|-------------------|----------------|
| 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 | 215.8 | 209.2 | 215.4 | 203.2 |
| 2029 Senior secured notes* | 1 | 495.5 | 485.6 | 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.

Note 10 - Equity method investments

Our equity method investments as of March 31, 2025 and December 31, 2024 are comprised as follows:

| | March 31, 2025 | December 31, 2024 |
|-----------------------------|-------------------|----------------------|
| Ownership percentage | | |
| Seagems | 50.0 % | 50.0 % |
| Archer | 23.8 % | 23.8 % |

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

| <i>(In \$ millions, except ownership percentage)</i> | Seagems | |
|------------------------------------------------------|---------------------------|---------------------------|
| | Three months ended | |
| | March 31, 2025 | March 31, 2024 |
| | 107.0 | 113.7 |
| | 48.5 | 34.0 |
| | 34.1 | 34.3 |
| | 50.0 % | 50.0 % |
| | 17.1 | 17.2 |
| | 4.0 | 1.7 |
| | 21.1 | 18.9 |
| <i>(In \$ millions, except ownership percentage)</i> | Archer | |
| | Three months ended | |
| | March 31, 2025 | March 31, 2024 |
| | 294.3 | 308.3 |
| | 16.3 | 17.9 |
| | (29.6) | (10.8) |
| | 23.8 % | 24.2 % |
| | (7.0) | (2.6) |
| | (0.3) | - |
| | (7.3) | (2.6) |

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

| <i>(In \$ millions, except ownership percentage)</i> | Seagems | | Archer | |
|------------------------------------------------------|---------------------------|------------------------------|---------------------------|------------------------------|
| | March 31, 2025 | December 31, 2024 | March 31, 2025 | December 31, 2024 |
| | 224.3 | 197.6 | 432.1 | 404.1 |
| | 1,196.6 | 1,208.4 | 619.3 | 596.5 |
| | (179.2) | (158.3) | (346.6) | (338.2) |
| | (110.8) | (115.3) | (495.3) | (437.2) |
| | - | - | (15.8) | (15.4) |
| | 1,130.9 | 1,132.4 | 193.7 | 209.8 |
| | 50.0 % | 50.0 % | 23.8 % | 23.8 % |
| | 565.5 | 566.2 | 46.1 | 50.7 |
| | 0.9 | 0.9 | - | - |
| | (254.1) | (254.6) | (4.3) | (5.0) |
| | 312.3 | 312.5 | 41.8 | 45.7 |

Note 11 - Interest-bearing debt

As of March 31, 2025 and December 31, 2024 the carrying value of our debt, all long-term, was comprised as follows:

| | | | Carrying Amount | |
|----------------------------------------------------|---------------|---------------|-------------------|----------------------|
| | | | March 31, 2025 | December 31, 2024 |
| (In \$ millions) | Interest Rate | Maturity Date | | |
| 2026 Senior secured notes plus PIK interest | 9.00% | 15/07/2026 | 215.4 | 215.4 |
| 2029 Senior secured bonds | 9.50% | 27/06/2029 | 500.0 | 500.0 |
| Total interest-bearing debt | | | 715.4 | 715.4 |
| Less: Unamortized discount and debt issuance costs | | | (20.6) | (22.9) |
| Total interest-bearing debt, net | | | 694.8 | 692.5 |
| Less: Current portion, net | | | - | - |
| Long-term interest-bearing debt, net | | | 694.8 | 692.5 |

The key terms relating to our debt in the year ended March 31, 2025 and year ended December 31, 2024 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 March 31, 2025 (December 31, 2024: \$215 million). The carrying amount of the 2026 Notes is presented net of unamortized discount and debt issuance costs.

2029 Senior Secured Bonds ("2029 Notes")

Secured bonds were issued on June 27, 2024 and are due June 27, 2029. As at March 31, 2025, the outstanding principal amount is \$500 million (December 31, 2024: \$500 million). The carrying amount of the 2029 Bonds are presented net of unamortized discount and debt issuance costs.

Interest expense is comprised of the following:

| | Three months ended | |
|-------------------------------|--------------------|-------------------|
| | March 31, 2025 | March 31, 2024 |
| (In \$ millions) | | |
| Loan interest expense | 16.7 | 16.1 |
| Amortization of debt discount | 2.3 | 5.4 |
| Interest expense | 19.0 | 21.5 |

Note 12 - Share capital

Paratus, has total Class A common shares of 169,550,049 at par value of US \$0.00002 each at March 31, 2025 and December 31, 2024.

| | March 31, 2025 | December 31, 2024 |
|-------------------------|--------------------|----------------------|
| Class A ordinary shares | 169,550,049 | 169,550,049 |
| Class C ordinary shares | - | - |
| Total | 169,550,049 | 169,550,049 |

Note 13 - 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:

| <i>(in \$ million, except share and per share amounts)</i> | March 31, 2025 | March 31, 2024 |
|------------------------------------------------------------|-------------------|-------------------|
| Net income/(loss) | 3.2 | 9.7 |
| Weighted average numbers of shares outs. (basic) | 169,550,049 | 154,016,000 |
| Weighted average numbers of shares outs. (diluted) | 169,553,959 | 154,016,000 |
| Earnings per share: | | |
| Basic | 0.02 | 0.06 |
| Diluted | 0.02 | 0.06 |

*Income per share for Q1 2024 is calculated using the share number following subdivision in May 2024.

Note 14 - Subsequent events

Cash distribution to shareholders

On May 28, 2025, the Company announced that the Board of Directors has approved a cash distribution to shareholders of \$0.22 per share for the first quarter of 2025, to all shareholders of record as of June 4, 2025. The cash distribution will be paid on 11 June 2025 and is in the form of return of capital.

Director's appointments

At the 2025 Annual General Meeting (the "AGM") on May 9, 2025, Dag Skindlo was elected as non-executive Director of the Company. Ørjan Svanevik, previous Director of the Company, did not stand for re-election at the AGM.

Share buybacks

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 was set aside for the Buyback.

The Buyback commenced on April 2, 2025, and remains in effect until May 28, 2025. For the period from April 2, 2025, to and including May 27, 2025, the Company purchased a total of 1,372,000 shares at an average price of NOK 35.6725 per share.

Following the completion of the above transactions, the Company owns a total of 6,772,000 of own shares, corresponding to approximately 4% of the Company's share capital.

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)

Calculation of adjusted EBITDA

| | March 31, 2025 | March 31, 2024 |
|-----------------------------------------------|-------------------|-------------------|
| Net income/(loss) | 3.2 | 9.7 |
| Add back: Income tax expense | 0.9 | 4.4 |
| Add back: Net financial expense | 35.2 | 20.9 |
| Deduct: Share in results from joint ventures | (21.1) | (18.9) |
| Add back: Expected credit losses | (3.5) | 0.7 |
| Deduct: Other operating income | (2.9) | - |
| Add back: Depreciation and amortization | 5.4 | 4.7 |
| Add back: Amortization of favorable contracts | 7.9 | 7.8 |
| Adjusted EBITDA (consolidated) | 25.1 | 29.3 |
| Net income/(loss) - 50% of Seagems | 17.1 | 17.3 |
| Add back: Income tax expense | 3.4 | (0.2) |
| Add back: Net financial expense | 1.4 | - |
| Add back: Depreciation and amortization | 10.6 | 10.4 |
| Add back: Other operating expenses | - | (0.1) |
| Adjusted EBITDA (50% Seagems) | 32.5 | 27.4 |
| Combined Segment EBITDA | 57.6 | 56.6 |

(In \$ millions)

Net debt

| | March 31, 2025 | December 31 2024 |
|--------------------------------------------------------|-------------------|---------------------|
| Interest-bearing debt (notional amount) | 715.4 | 715.4 |
| Paratus | 715.4 | 715.4 |
| Less: Cash and cash equivalents | 155.9 | 86.4 |
| Paratus | 120.3 | 64.9 |
| Fontis | 35.6 | 21.5 |
| Less: Market value Archer shares* | 48.4 | 49.4 |
| Paratus | 48.4 | 49.4 |
| Net debt | 511.1 | 579.6 |
| 50% of Seagems interest-bearing debt (notional amount) | 60.1 | 60.5 |
| Less: 50% of Seagems cash and cash equivalents | 20.2 | 12.4 |
| 50% of Seagems net debt | 39.9 | 48.1 |
| Net debt (as per management reporting) | 551.0 | 627.7 |
| Net Leverage Ratio | | |
| Net debt (as per management reporting) | 551.0 | 627.7 |
| Combined Segment EBITDA | 253.0 | 251.6 |
| Net Leverage Ratio | 2.2 | 2.5 |

* 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 EBITDA 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.