



Paratus Energy
Interim Results

Third Quarter 2024

THIRD QUARTER 2024 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 indicate otherwise.

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 (formerly "Seabras Sapura") joint venture, comprising of Seabras Sapura Holding GmbH and Seabras Sapura Participacoes SA, (collectively "Seagems" or the "JV") and its 24.2% 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 large 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".

Q3 2024 highlights and post-quarter developments

In the third quarter of 2024, the Company delivered solid operational and financial results, with revenues of \$110 million¹ and EBITDA of \$63 million¹, supported by solid operational execution and disciplined cost management. Additionally, the Company paid its first cash distribution to shareholders of \$0.22 per share and marked a significant milestone by uplisting to Euronext Oslo Børs, enhancing Paratus' market visibility, trading liquidity, and investor reach. Key highlights from the third quarter of 2024, and notable post-quarter developments include:

- Revenues of \$110 million, including \$8 million of variable revenue previously not recognized in Mexico.
- EBITDA of \$63 million on the back of solid operational performance and cost discipline. EBITDA excluding variable revenue in Mexico was \$54 million¹ broadly in line with the previous quarter (\$55 million)¹.
- Reported net loss of \$15 million was primarily due to a one-time, non-cash accounting expense of \$35 million related to the partial redemption of the 2026 Notes. Excluding this item, the Company generated net income of \$20 million.
- Exited the quarter with Group cash balance of \$165 million¹ and \$597 million¹ in net debt.
- Seagems secured \$32 million additional backlog for Esmeralda and Fontis dayrates were adjusted up 4% following contractual market indexation, effective August.
- In October 2024, Paratus invested \$12 million (its pro-rata share) in a private placement of Archer to support a strategic acquisition transaction.
- In November 2024, Paratus successfully uplisted onto the Euronext Oslo Børs
- In November 2024, the Board of Directors authorized a cash distribution to shareholders of \$0.22 per share for the third quarter of 2024, in line with the previous quarter.

¹ Based on Management reporting

Operational review for the third quarter of 2024

(In \$ millions, unless stated otherwise)	Note	Q3 2024 results per segment				Total Group
		Seagems (100% share)	Seagems (50% share)	Fontis	Other	
Key segment financials						
Contract revenues	4	94.0	47.0	63.1	-	110.1
Rig / Vessel operating expenses	3	34.0	16.9	23.2	-	40.1
General and administrative expenses	3	5.9	3.0	1.2	0.7	4.9
Adjusted EBITDA		49.4	24.8	38.7	(0.7)	62.8
Operating income	3	28.4	14.2	26.6	2.0	42.8
Net income/(loss)	3	26.4	13.2	13.4	(41.4)	(14.8)
Cash and cash equivalents	11	29.9	15.0	27.1	123.1	165.2
Interest-bearing debt (notional amount)	11	93.9	46.9	-	715.4	762.3
Net debt/(cash)		64.0	31.9	(27.1)	592.3	597.1
Key segment operational data						
Average contractual rate (\$ thousand per day)*		185.7	185.7	135.1		
Opex per unit (\$ thousand per day)		61.9	61.9	51.0		
Technical utilization rate		97.7%	97.7%	99.0%		
Contract backlog		1,970.0	985.0	317.0		1,302.0

* Operational days

The following operational review is based on **management reporting** as defined in the alternative performance measures (“APM”) section of this report. For reconciliation and more information about key figures, see the section on APM.

The Group, including the Company’s share in Seagems, reported contract revenues of \$110 million (Q2 2024: \$124 million) and adjusted EBITDA of \$63 million (Q2 2024: \$70 million). The Group reported net loss of \$15 million in the quarter (Q2 2024: net income of \$34 million), which was primarily due to recognition of a one-time, non-cash accounting expense of \$35 million related to the partial redemption of the 2026 Notes. Excluding this item, the Company generated net income of \$20 million.

Fontis

Fontis recorded total revenues of \$63 million (Q2 2024: \$72 million) including \$8 million (Q2 2024: \$15 million) in recognition of variable revenue from previously unbilled services that were agreed with the customer. Operating expenses (Opex) were \$23 million, which was lower than the previous quarter (Q2 2024: \$24 million), and general and administrative expenses (G&A) were \$1 million, in line with the previous quarter (Q2 2024: \$1 million). Adjusted EBITDA was \$39 million compared to \$47 million in Q2 2024 primarily due to a smaller portion of variable revenue from previously unbilled services compared to Q2 2024. For informational purposes, EBITDA generated during the quarter excluding variable revenues, was \$31 million, which was largely in line with the previous quarter (Q2 2024: \$32 million), despite the planned downtime of the Courageous for 58 days during the quarter due to the installation of a new crane.

In Q3 2024, Fontis achieved an average dayrate of \$135.1 thousand per day (Q2 2024: \$126.7 thousand per day) and an average technical utilization of 99.0% (Q2 2024: 99.8%), closing the quarter with a contract backlog of \$317 million.

At the end of Q3 2024, the notional amount of the accounts receivable was \$283 million, up from \$215 million in Q2 2024. Fontis collected \$106 million of receivables during the first nine months of 2024, including \$90 million in Q2 2024. No payments have been received since the start of the third quarter, consistent with trends amongst other similar service companies in Mexico, causing receivables to rise with billed and accrued revenues. Additionally, \$29 million was invoiced for previously unbilled services, further increasing the receivables balance. The Company has noted that the Mexican government has publicly expressed plans to support Fontis’ customer, including direct financial assistance and a tax reform to help the customer address its financial obligations and achieve operational efficiencies. The Company, leveraging over a decade-long relationship, has booked revenues of around \$825 million and collected around \$850 million² since 2021, demonstrating strong collection resilience despite short-term fluctuations. The Company is actively engaging with the client to expedite the collection of outstanding receivables and expects to recover the full amount, as has been the case in the past, while acknowledging and planning for the possibility of ongoing fluctuations in the timing of collections. Consequently, the Company is also actively exploring alternative opportunities to potentially monetize part of its receivables balance of \$283 million.

² Figures reflect period between 2021-Q3 2024. Included in the \$850 million figure is VAT and the nominal value of \$196 million unsecured notes issued by the customer in lieu of cash settlement for an equivalent amount of outstanding Fontis accounts receivables. During 2022, Fontis sold these notes for \$186 million.

Seagems

The Company's 50% share in the JV contributed with \$47 million in contract revenues (Q2 2024: \$52 million) and \$25 million in adjusted EBITDA (Q2 2024: \$28 million). The decrease in revenue was mainly driven by lower average dayrate and lower average technical utilization. Operating expenses (Opex) were \$17 million and general and administrative expenses (G&A) were \$3 million, both largely in line with the previous quarter (Q2 2024: \$17 million and \$3 million, respectively).

The JV achieved an average contractual rate of \$185.7 thousand per day (Q2 2024: \$200.8 thousand per day) and an average technical utilization of 97.7% (Q2 2024: 99.3%). The lower average dayrate in Q3 2024 compared to Q2 2024 was mainly due to Jade and Onix operating under contracts with lower dayrates in the quarter, compared to spot contracts with higher dayrates in the previous quarter.

As previously announced, pursuant to an agreed plan amongst the JV shareholders, Seagems distributes all excess cash to its JV shareholders. During Q3 2024, the JV distributed \$22 million to Paratus (Q2 2024: \$14 million).

In September, Seagems received the 2024 Petrobras Best Supplier Award as the best Pipelaying Company. This is the third time in seven editions that the company receives this award.

Other

The Other segment includes general corporate activities as well as the Company's 24.2% ownership in Archer which is accounted for as an equity method investment. Net loss during the quarter was \$41 million (Q2 2024: net loss of \$24 million) which was largely impacted by a one-time non-cash accounting item of \$35 million related to the partial redemption of the 2026 Notes as presented under "Gain/(loss) extinguishment of financial instruments".

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 the Seagems. Additionally, the Company relies on equity and debt financings. To ensure liquidity needs are adequately met, cash flow projections are regularly prepared, reviewed, and updated to account for various scenarios, including fluctuations in receivables collections in Mexico. These projections serve as a critical tool for decision-making by the Company's Board of Directors and executive management.

The Group closed Q3 2024 with a cash balance of \$165 million and net debt of \$597 million, including the Company's share in Seagems' cash balance and net debt of \$15 million and \$32 million, respectively. In comparison, the Group closed Q2 2024 with a cash balance of \$246 million and net debt of \$518 million, including the Company's share in Seagems' cash balance and net debt of \$14 million and \$35 million, respectively. The Group's interest-bearing debt (at notional amounts) totalled \$762 million, comprised of \$715 million at Paratus plus \$47 million in Seagems (Q2 2024: \$764 million, comprised of \$715 million and \$48 million respectively).

Financial summary for the first nine months of 2024

	Note	Three months ended		Nine months ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(In \$ millions, unless stated otherwise)</i>					
<u>Statements of operations summary</u>					
Operating revenues	4	55.5	46.7	167.3	120.2
Operating income	3	41.8	30.8	128.3	55.1
Net income/(loss)	3	(14.8)	2.8	29.0	(23.6)
Earnings per share (\$ per share)	13	(0.09)	0.02	0.18	(0.16)
<u>Other key financial figures</u>					
Cash and cash equivalents	6			150.2	114.7
Interest-bearing debt (notional amount)	11			715.4	715.4
Net debt				565.2	600.7

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.

Net income for the first nine months ("year-to-date" or "YTD") of 2024 was \$29 million compared to a net loss of \$24 million for the first nine months of 2023.

Operating income for YTD 2024 was \$128 million (\$73 million increase), compared to \$55 million for the same period in 2023. The increase in operating income was mainly driven by higher revenues, lower rig operating expenses and G&A following separation from Seadrill, and higher income from equity method investment in Seagems. Additionally, YTD 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 an expense.

Operating revenues for YTD 2024 were \$167 million (\$47 million increase), compared to \$120 million for the same period in 2023. The revenue increase was primarily driven by the recognition of variable revenue from previously unbilled services that were 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, YTD 2024 operating revenues were impacted by the planned downtime for the Courageous due to installation of a new crane (\$6 million), while the comparative operating revenues for YTD 2023 were impacted by downtime for the Courageous and Defender in parts of Q1 2023 (\$9 million).

Opex for YTD 2023 was impacted by higher repair and maintenance ("R&M") costs related to the Courageous and Defender incidents in part of Q1 2023 as referenced above and management services fees from manager of the Company, Seadrill, while the YTD 2024 Opex involved higher personnel costs following the termination of these management service contracts. Corporate G&A increased during YTD 2024 primarily due to transaction costs incurred in relation to the placement of bonds, the IPO, and subsequent uplisting to Euronext Oslo Børs.

Depreciation for YTD 2024 was \$14 million (\$3 million increase), compared to \$11 million for the same period in 2023.

Income from equity method investments, included in the operating income, primarily represents the Company's 50% share in the Seagems' net income (net of taxes). Total income from equity method investments for YTD 2024 was \$55 million, up from \$46 million for the same period in 2023.

Net financial expense for YTD 2024 was \$87 million, compared to \$67 million for the same period in 2023. The increase in net financial expense of \$20 million compared to the prior year was primarily due to the partial redemption of the 2026 Notes (\$35 million), compared to an accounting gain related to the conversion of Archer debt in 2023. Furthermore, for YTD 2024, the Company recognized an unrealized foreign exchange gain from the revaluation of provisions for uncertain tax positions ("UTP") in Mexico, compared with an unrealized foreign exchange loss recorded for the same period in 2023.

Tax expense for YTD 2024 was \$12 million, compared to \$12 million for the same period in 2023.

Consolidated **cash and cash equivalents** (Paratus and Fontis) as of Q3 2024 was \$150 million and **net debt** was \$565 million. In comparison, the cash balance and net debt at year-end 2023 were \$115 million and \$601 million, respectively.

Net cash **used** in **operating activities** for YTD 2024 was \$3 million, compared to net cash **from** operating activities of \$14 million for the same period in 2023. This decrease was primarily due to increase in receivables in Mexico relative to collections, partly offset by higher net earnings.

Net cash **from** **investing activities** for YTD 2024 was \$48 million, mainly related to distributions from Seagems to Paratus of \$60 million, partly offset by additions to drilling units of \$12 million. In comparison, net cash from investing activities for the

same period in 2023 was \$52 million, consisting of distributions from Seagems to Paratus of \$85 million, partly offset by additions to drilling units of \$17 million and purchase of marketable securities in Archer of \$16 million.

Net cash used in **financing activities** for YTD 2024 was \$10 million, comprised of net proceeds from the private placement in June 2024 of \$73 million, interest income of \$4 million, interest payments of \$38 million, cash distribution to shareholders of \$37 million and transaction costs of \$12 million related to the bond issuance in June 2024. For the same period in 2023, financing activities comprised of repayment of external loan at Fontis (SeaMex notes) of \$48 million, interest income of \$2 million and interest payments of \$19 million.

Subsequent Events

The Board of Directors Authorizes a Cash Distribution to Shareholders of \$0.22/Share

On November 29, 2024, the Company announced that the Board of Directors has approved a cash distribution to shareholders of \$0.22 per share for the third quarter of 2024, to be made on or about 13 December 2024 to all shareholders of record as of 4 December 2024. The distribution will be in the form of return of capital and will be made from the Company's Contributed Surplus account which consists of previously paid in share premium transferred from the Company's Share Premium account.

Paratus Increases Full-Year 2024 Earnings Guidance and Provides Update on Operations in Mexico

On November 22, 2024, the Company announced an upward revision of its full-year 2024 EBITDA guidance to \$250-260 million, representing a mid-point increase of \$25 million from the previous guidance range of \$220-240 million.

Furthermore, the Company provided commentary on its rig operations in Mexico, operated through Fontis. Paratus has noted recent reports regarding a potential temporary reduction in rig activity in Mexico. The contracts for all of Fontis' jack-ups with the client permit activity to be temporarily ceased for up to 45 days during the contract term, without revenue being generated during such period. However, any deferred days will extend the contract duration accordingly. Fontis has received notification from its client that the Courageous will temporarily cease operations for 45 days due to delays in the client's preparatory activities at its next location. Operations at the Courageous' current location is expected to be completed in early December 2024, upon which the rig will remain on standby at its location. The estimated financial impact related to this is limited and reflected in the guidance described above.

Paratus Announces Successful Uplisting to Euronext Oslo Børs, Appoints Mark Mey to Board of Directors

On November 13, 2024, the Company announced that its shares have been transferred from Euronext Growth Oslo and admitted to trading on Euronext Oslo Børs under the same ticker as on the Euronext Growth Oslo, "PLSV". Additionally, the Company announced the appointment of Mark Mey to its Board, effective November 13, 2024.

Investment in Archer Limited

On October 31, 2024, Paratus JU Newco Bermuda Limited, a wholly owned subsidiary of Paratus participated in a private placement in Archer Limited ("Archer") with a \$12 million investment (its pro-rata share) to support an acquisition transaction. Following the private placement, Paratus holds 21,583,826 shares in Archer, equal to 24.2% of the share capital of Archer. Paratus' ownership % in Archer following the transaction has remain unchanged.

Paratus Energy Services Ltd.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	Three months ended		Nine months ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(In \$ millions, except per share amounts)</i>					
Operating revenues					
Operating revenues	4	55.5	46.7	167.3	120.2
Total operating revenues		55.5	46.7	167.3	120.2
Operating expenses					
Rig operating expenses		(23.2)	(27.4)	(70.2)	(76.7)
General and administrative expenses		(1.9)	(2.8)	(11.5)	(10.3)
Depreciation and amortization		(4.5)	(3.9)	(13.8)	(11.4)
Settlement of Management Incentive Deed		-	-	-	(12.9)
Expected credit gains/(losses)		-	(0.6)	1.7	0.2
Total operating expenses		(29.6)	(34.7)	(93.8)	(111.1)
Income from equity method investments	10	15.9	18.8	54.8	46.0
Operating income		41.8	30.8	128.3	55.1
Financial items					
Interest income		2.2	0.4	3.6	2.0
Interest expense	11	(21.1)	(21.2)	(64.2)	(63.9)
Gain /(loss) extinguishment of financial instruments		(35.0)	(2.7)	(35.0)	4.4
Other financial items		1.6	1.5	8.7	(9.3)
Net financial expense		(52.3)	(22.0)	(86.9)	(66.8)
Income/(loss) before income taxes		(10.5)	8.8	41.4	(11.7)
Income tax benefit/(expense)	5	(4.3)	(6.0)	(12.4)	(11.9)
Net income/(loss)		(14.8)	2.8	29.0	(23.6)
Income/(loss) per share:	13				
Basic		(0.09)	0.02	0.18	(0.16)
Diluted		(0.09)	0.02	0.18	(0.16)

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

Paratus Energy Services Ltd.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME/(LOSS)

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(In \$ millions)</i>				
Net income/(loss)	(14.8)	2.8	29.0	(23.6)
Other comprehensive income/(loss), net of tax:				
Share of other comprehensive income (loss) from equity method investments	(1.7)	5.7	9.6	(3.2)
Archer convertible bond reclassification	-	-	-	(6.0)
Total other comprehensive loss	(16.5)	8.5	38.6	(32.8)

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

Paratus Energy Services Ltd.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

		At the end of	
		September 30, 2024	December 31, 2023
<i>(In \$ millions, except par value amounts)</i>			
ASSETS			
Current assets			
Cash and cash equivalents	6	150.2	114.7
Accounts receivables, net	4	279.2	169.3
Amounts due from related parties		3.3	3.3
Favorable contracts	4	30.7	30.7
Other current assets	7	33.6	34.0
Total current assets		497.0	352.0
Non-current assets			
Equity method investments	10	356.6	354.5
Drilling units and equipment, net		256.4	258.3
Favorable contracts	4	14.9	37.9
Other non-current assets		0.4	0.3
Total non-current assets		628.3	651.0
Total assets		1,125.3	1,003.0
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable		12.4	18.5
Other current liabilities	5, 8	70.1	29.5
Total current liabilities		82.5	48.0
Non-current liabilities			
Interest-bearing debt, long-term	11	691.6	655.4
Other non-current liabilities	5	62.3	84.7
Total non-current liabilities		753.9	740.1
Equity			
Shareholders' equity		288.9	214.9
Total equity		288.9	214.9
Total liabilities and equity		1,125.3	1,003.0

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

Paratus Energy Services Ltd.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(In \$ millions)</i>	Note	Nine months ended	
		September 30, 2024	September 30, 2023
Operating Activities			
Income/(loss) before income taxes		41.4	(11.7)
<u>Adjustments to add/(deduct) non-cash items:</u>			
Amortization of favorable contracts	4	23.0	30.9
Depreciation		13.8	11.4
Settlement of Management Incentive Deed (MID)		-	12.9
Income from equity method investments	10	(54.8)	(46.0)
Net interest expense and amortization		60.6	61.9
Loss/(gain) on realization of marketable securities		-	5.6
Unrealized foreign exchange (gain)/loss		(12.3)	4.5
Expected credit gains/(losses)		(1.7)	(0.2)
(Gain)/loss on debt extinguishment	11	35.0	(4.4)
Share-based compensation		0.2	-
Other		(0.1)	(0.5)
<u>Change in working capital items and other</u>			
Accounts receivables, net		(108.2)	(41.1)
Trade accounts payable		(6.1)	0.7
Other assets		0.4	(6.2)
Other liabilities		5.7	(3.8)
Net cash (used in)/provided by operating activities		(3.1)	14.0
Investing Activities			
Additions to drilling units and equipment		(11.9)	(17.1)
Investment in equity method investee			(16.0)
Distribution from equity method investments		59.8	84.7
Net cash (used in)/provided by investing activities		47.9	51.6
Financing Activities			
Interest on bank deposits		3.6	2.0
Redemption of bonds	11	(500.0)	(48.4)
Issuance of bonds net of debt issue costs	11	491.8	-
Payment of debt issuance costs	11	(3.4)	-
Payment of interest on borrowings		(38.0)	(19.1)
Issuance of common shares (net of issue costs)	12	72.6	-
Return of capital to shareholders		(36.5)	-
Net cash (used in)/provided by financing activities		(9.9)	(65.5)
Effect of exchange rate changes on cash and cash equivalents		0.6	(0.1)
Net increase/(decrease) in cash and cash equivalents		35.5	(0.0)
Cash and cash equivalents at beginning of period		114.7	94.0
Cash and cash equivalents at end of period		150.2	94.0

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

Paratus Energy Services Ltd.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(In \$ millions)</i>	Common shares	Additional paid- in capital	Accumulated other comprehensive loss	Accumulated deficit	Total equity
Balances as at January 1, 2024	-	1,290.9	(3.5)	(1,072.5)	214.9
Net income	-	-	-	29.0	29.0
Other comprehensive income	-	-	9.6	-	9.6
Issuance of common shares	-	71.9	-	-	71.9
Return of capital	-	(36.5)	-	-	(36.5)
Balance as at September 30, 2024	-	1,326.3	6.1	(1,043.5)	288.9
Balances as at January 1, 2023	-	1,278.0	6.0	(1,050.0)	234.0
Net loss	-	-	-	(23.6)	(23.6)
Issuance of C-shares in connection with termination of MID	-	12.9	-	-	12.9
Other comprehensive income	-	-	(9.2)	-	(9.2)
Balance as at September 30, 2023	-	1,290.9	(3.2)	(1,073.6)	214.1

The accompanying notes are an integral part of these unaudited condensed 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, its ownership in Joint Ventures ("JV") and investment in Archer.

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- **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, 2023.

The amounts are presented in millions of United States dollars ("U.S. dollar" or "\$"), unless otherwise stated.

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.

Certain line items in these unaudited interim condensed consolidated financial statements have been renamed to better align with the nature of the accounts and internal reporting.

Significant accounting policies

The accounting policies adopted in the preparation of the unaudited consolidated financial statements for the three and nine months ended September 30, 2024 are consistent with those as described in our annual audited consolidated financial statements for the year ended December 31, 2023.

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.

Change in presentation of income from equity investments in the Statements of operations

The Company accounts for its investments in the Seagems JV applying the equity method. Until the 2023 annual report, 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. The Company's share in income/(loss) from Archer is presented in the same manner, based on a materiality assessment.

Note 3 - Segments

From January 1, 2024, the Company reports its operations under three segments: Fontis, Seagems (formerly known as "Seabras"), 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 adjustment 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 large 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. The full operating results included below for Seagems are not included within our consolidated results and are thus adjusted for under "Seagems (50% share)" and "Reconciling Items" and replaced with our equity in earnings of the equity method investment.

The Other segment includes our 24.2% ownership in Archer which is accounted for as an equity method investment as well as general corporate activities.

The following tables provide disclosures of the key metrics used by the chief operating decision maker ("CODM") when assessing the operations of the business.

Three months ended						
September 30, 2024						
(In \$ millions)	Seagems JV (100% share)	Seagems (50% share)	Reconciling Items	Fontis	Other	Consol. Total
Contract revenues	94.0	47.0	(47.0)	63.1	-	63.1
Amortization of favorable contracts	-	-	-	(7.6)	-	(7.6)
Tax on revenues	(4.7)	(2.3)	2.3	-	-	-
Operating revenues	89.3	44.7	(44.7)	55.5	-	55.5
Rig / Vessel operating expenses	(34.0)	(16.9)	16.9	(23.2)	-	(23.2)
General and administrative exp.	(5.9)	(3.0)	3.0	(1.2)	(0.7)	(1.9)
Other operating expenses	(0.1)	(0.1)	0.1	-	-	-
Depreciation and amortization	(20.9)	(10.5)	10.5	(4.5)	-	(4.5)
Income from equity method inv.	-	-	-	-	15.9	15.9
Operating income	28.4	14.2	(14.2)	26.6	15.2	41.8
Financial items, net	(1.7)	(0.9)	0.9	(8.9)	(43.4)	(52.3)
Income tax benefit/(expense)	(0.3)	(0.1)	0.1	(4.3)	-	(4.3)
Net income/(loss)	26.4	13.2	(13.2)	13.4	(28.2)	(14.8)
Three months ended						
September 30, 2023						
(In \$ millions)	Seagems JV (100% share)	Seagems (50% share)	Reconciling Items	Fontis	Other	Consol. Total
Contract revenues	115.7	57.9	(57.9)	54.4	-	54.4
Amortization of favorable contracts	-	-	-	(7.7)	-	(7.7)
Tax on revenues	(5.5)	(2.7)	2.7	-	-	-
Operating revenues	110.2	55.2	(55.2)	46.7	-	46.7
Rig / Vessel operating expenses	(38.0)	(18.9)	18.9	(26.6)	(0.8)	(27.4)
General and administrative exp.	(9.8)	(4.9)	4.9	(2.0)	(0.8)	(2.8)
Other operating expenses	-	-	-	(0.6)	-	(0.6)
Depreciation and amortization	(20.6)	(10.3)	10.3	(3.9)	-	(3.9)
Income from equity method inv.	-	-	-	-	18.8	18.8
Operating income	41.8	21.0	(21.0)	13.6	17.2	30.8
Financial items, net	4.2	2.1	(2.1)	(1.3)	(20.7)	(22.0)
Income tax benefit/(expense)	(4.1)	(2.1)	2.1	(6.0)	-	(6.0)
Net income/(loss)	41.9	21.1	(21.1)	6.3	(3.5)	2.8

Note 3 - Segments (continued)

Nine months ended						
September 30, 2024						
<i>(In \$ millions)</i>	Seagems JV (100% share)	Seagems (50% share)	Reconciling Items	Fontis	Other	Consol. Total
Contract revenues	304.5	152.3	(152.3)	190.3	-	190.3
Amortization of favorable contracts	-	-	-	(23.0)	-	(23.0)
Tax on revenues	(18.1)	(9.1)	9.1	-	-	-
Operating revenues	286.4	143.2	(143.2)	167.3	-	167.3
Rig / Vessel operating expenses	(108.0)	(54.0)	54.0	(70.2)	-	(70.2)
General and administrative exp.	(18.4)	(9.2)	9.2	(3.8)	(7.7)	(11.5)
Other operating expenses	(0.4)	(0.2)	0.2	1.7	-	1.7
Depreciation and amortization	(62.4)	(31.2)	31.2	(13.8)	-	(13.8)
Income from equity method inv.	-	-	-	-	54.8	54.8
Operating income	97.2	48.6	(48.6)	81.2	47.1	128.3
Financial items, net	4.3	2.2	(2.2)	(0.6)	(86.3)	(86.9)
Income tax benefit/(expense)	(1.4)	(0.7)	0.7	(12.4)	-	(12.4)
Net income/(loss)	100.1	50.1	(50.1)	68.2	(39.2)	29.0
Nine months ended						
September 30, 2023						
<i>(In \$ millions)</i>	Seagems JV (100% share)	Seagems (50% share)	Reconciling Items	Fontis	Other	Consol. Total
Contract revenues	337.3	168.7	(168.7)	151.1	-	151.1
Amortization of favorable contracts	-	-	-	(30.9)	-	(30.9)
Tax on revenues	(15.7)	(7.9)	7.9	-	-	-
Operating revenues	321.6	160.8	(160.8)	120.2	-	120.2
Rig / Vessel operating expenses	(96.9)	(48.5)	48.5	(76.7)	-	(76.7)
General and administrative exp.	(23.7)	(11.9)	11.9	(6.8)	(3.5)	(10.3)
Other operating expenses	0.4	0.2	(0.2)	0.2	(12.9)	(12.7)
Depreciation and amortization	(61.0)	(30.5)	30.5	(11.4)	-	(11.4)
Income from equity method inv.	-	-	-	-	46.0	46.0
Operating income	140.4	70.2	(70.2)	25.5	29.6	55.1
Financial items, net	(19.5)	(9.8)	9.8	(8.2)	(58.6)	(66.8)
Income tax benefit/(expense)	(8.8)	(4.4)	4.4	(11.9)	-	(11.9)
Net income/(loss)	112.1	56.1	(56.1)	5.4	(29.0)	(23.6)
September 30, 2024						
<i>(In \$ millions)</i>	Seagems JV (100% share)	Seagems (50% share)	Reconciling Items	Fontis	Other	Consol. Total
Cash and cash equivalent	29.9	15.0	(15.0)	27.1	123.1	150.2
Equity method investments	-	-	-	-	356.6	356.6
Total assets	1,525.0	762.5	(762.5)	641.7	483.6	1,125.3
Interest-bearing debt (notional)	93.9	46.9	(46.9)	-	715.4	715.4
December 31, 2023						
<i>(In \$ millions)</i>	Seagems JV (100% share)	Seagems (50% share)	Reconciling Items	Fontis	Other	Consol. Total
Cash and cash equivalent	38.1	19.1	(19.1)	55.1	59.6	114.7
Equity method investments	-	-	-	-	354.5	354.5
Total assets	1,497.1	748.6	(748.6)	586.2	416.8	1,003.0
Interest-bearing debt (notional)	102.5	51.2	(51.2)	-	715.4	715.4

Note 4 - Revenue from contracts with customers

In the three and nine months ended September 30, 2024 and 2023 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		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(In \$ millions)</i>				
Contract revenues	63.1	54.4	190.3	151.1
Amortization of favorable contracts	(7.6)	(7.7)	(23.0)	(30.9)
Operating revenues	55.5	46.7	167.3	120.2

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

	September 30, 2024	December 31, 2023
<i>(In \$ millions)</i>		
Account receivables	283.3	175.1
Less: Allowance for credit losses	(4.1)	(5.8)
Account receivables, net	279.2	169.3

	September 30, 2024	December 31, 2023
<i>(In \$ millions)</i>		
Favorable contracts	171.9	171.9
Less: Accumulated amortization	(126.3)	(103.3)
Favorable contracts, net	45.6	68.6
Less: Favorable contracts - current	30.7	30.7
Favorable contracts - non-current	14.9	37.9

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

Balance as of January 1, 2024	68.6
Amortization of favorable contracts	(23.0)
Balance as of September 30, 2024	45.6

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 15 months.

Note 5 - Taxation and provisions for uncertain tax positions

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

Uncertain Tax Positions in Mexico ("UTP")

As disclosed in the latest audited annual report, the Company is in the process of negotiating a settlement with the Mexican tax authorities ("SAT") in respect of unsettled tax liabilities for years of account from 2014, 2018 and 2019 and open years, including interest and penalties for late payments.

In 2023, the tax liabilities relating to 2016 tax audit were resolved and settled for approximately \$9 million. In Q3 2024, the tax liabilities relating to 2017 tax audit were resolved and settled for approximately \$13 million. For the tax years that are currently open or have not yet been audited, the Company's estimate is based on the information available at the time to the best of management's knowledge. The work performed by the tax advisors is based upon the results from the concluded tax audits and it assumes similar facts and circumstances apply to all periods.

The provision for UTP as of September 30, 2024 was \$65 million (December 31, 2023: \$85.3 million), of which \$2.8 million (December 31, 2023: nil) was included in "Other-current liabilities" and \$62.2 million (December 31, 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 \$32.5 million (December 31, 2023: \$41.3 million). The movement in the UTP provision compared to year-end 2023 was mainly driven by fluctuations in foreign currency rate (included in "Other financial items"), inflation adjustment and accrual for interests (included in "Income tax expense").

Note 6 - Cash and cash equivalents

<i>(In \$ millions)</i>	September 30, 2024	December 31, 2023
Cash and cash equivalents, non-restricted	128.0	91.7
Cash and cash equivalents, restricted	22.2	23.0
Total cash and cash equivalents	150.2	114.7

Restricted cash represents cash collateral supporting performance guarantees issued to a large national oil company in Mexico. Post Q3 2024, the restricted cash was partially released with \$11.2 million.

Note 7 - Other current assets

Other current assets consist of the following:

<i>(In \$ millions)</i>	September 30, 2024	December 31, 2023
VAT asset	22.6	20.7
Taxes receivable	9.8	11.3
Prepaid expenses	1.2	2.0
Total other current assets	33.6	34.0

Note 8 - Other current liabilities

Other current liabilities consist of the following:

<i>(In \$ millions)</i>	September 30, 2024	December 31, 2023
VAT liability	19.1	11.5
Taxes payable	25.2	7.6
Employee withheld taxes and social security	1.3	4.4
Other current liabilities	9.3	6.0
Uncertain tax positions (UTP) provision	2.8	-
Accrued interest on senior secured notes	12.4	-
Total other current liabilities	70.1	29.5

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 approximately their fair value due to the relatively short maturities. For other financial instruments, a comparison of fair value and carrying value is as follows:

(In \$ millions)

	Level	September 30, 2024		December 31, 2023	
		Fair value	Carrying value	Fair value	Carrying value
Assets					
Related party loans receivables – Seagems loans receivables	2	3.0	3.3	3.0	3.3
Liabilities					
\$620m of Senior Secured Notes*	1	215.7	202.1	699.0	655.4
\$500m of Senior Secured Notes*	1	500.9	489.5	-	-

* 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

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

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 September 30, 2024 and December 31, 2023 are comprised as follows:

	September 30, 2024	December 31, 2023
Ownership percentage		
Seagems	50.0 %	50.0 %
Archer	24.2 %	24.2 %

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

	Seagems			
	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(In \$ millions, except ownership percentage)</i>				
Operating revenues	111.3	102.9	321.9	324.6
Operating income	43.1	60.8	112.0	159.5
Net income/(loss)	26.4	41.9	100.2	112.2
Company's ownership percentage	50.0 %	50.0 %	50.0 %	50.0 %
Share of net income/(loss)	13.2	21.0	50.1	56.1
Amortization of basis differences	1.9	(1.7)	6.1	(6.6)
Share in results of Seagems	15.1	19.3	56.2	49.5
	Archer			
	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(In \$ millions, except ownership percentage)</i>				
Operating revenues	283.5	248.1	809.0	335.3
Operating income	19.8	16.6	53.2	31.0
Net income / (loss)	2.9	(2.5)	(6.9)	(15.4)
PES ownership percentage*	24.2 %	24.2 %	24.2 %	24.2 %
Share of net income/(loss)	0.7	(0.6)	(1.7)	(3.7)
Amortization of basis differences	0.1	0.1	0.3	0.2
Share in results of Archer	0.8	(0.5)	(1.4)	(3.5)

* 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 September 30, 2023 in the comparative periods.

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

	Seagems		Archer	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
<i>(In \$ millions, except ownership percentage)</i>				
Current assets	199.8	192.3	376.9	354.8
Non-current assets	1,256.1	1,304.8	553.3	550.9
Current liabilities	(180.2)	(309.0)	(307.8)	(277.5)
Non-current liabilities	(118.7)	(126.3)	(430.9)	(432.0)
Net Assets (gross, 100%)	1,157.0	1,061.8	191.5	196.2
Company's ownership percentage	50.0 %	50.0 %	24.2 %	24.2 %
Company's share of book equity	578.5	530.9	46.3	47.5
Shareholder loans held as equity	0.9	57.6	-	-
Basis difference	(264.2)	(276.1)	(4.9)	(5.4)
Carrying amount equity method investments	315.2	312.4	41.4	42.1

Note 11 - Interest-bearing debt

As of September 30, 2024 and December 31, 2023 the carrying value of our debt, all long-term, was comprised as follows:

<i>(In \$ millions)</i>	Interest Rate	Maturity Date	Carrying Amount	
			September 30, 2024	December 31, 2023
\$620m Senior Secured Notes plus PIK interest	9.00%	15/07/2026	215.4	715.4
\$500m Senior Secured Notes	9.50%	27/06/2029	500.0	-
Total interest-bearing debt			715.4	715.4
Less: Unamortized debt issuance costs			(23.8)	(60.0)
Total interest-bearing debt, net			691.6	655.4
Less: Current portion, net			-	-
Long-term interest-bearing debt, net			691.6	655.4

The key terms relating to our debt in the nine months ended September 30, 2024 and year ended December 31, 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 Q3 2024, the proceeds from the \$500 million bond issue ("2029 Notes", below) were used to partially refinance the 2026 Notes. As a result, the remaining principal amount under the 2026 Notes was \$215 million at September 30, 2024. The carrying amount of the Senior Secured Notes are presented net of unamortized discount and debt issuance costs.

In connection with the partial redemption of the 2026 Notes, a \$35 million non-cash accounting expense was recognized in the statements of operations presented under "Gain/(loss) extinguishment of financial instruments".

2029 Senior Secured Bonds ("2029 Notes")

Secured bonds were issued on June 27, 2024 and are due June 27, 2029. At September 30, 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.

Interest expense is comprised of the following:

<i>(In \$ millions)</i>	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Loan interest expense	18.2	16.4	50.4	53.6
Amortization of debt discount	2.9	4.8	13.8	10.3
Interest expense	21.1	21.2	64.2	63.9

Note 12 - 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.

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 the Initial Public Offering ("IPO") in June.

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.

	September 30, 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 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.

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

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(in USD million, except share and per share amounts)</i>				
Net income/(loss)	(14.8)	2.8	29.0	(23.6)
Weighted average numbers of shares outs. (basic)	169,371,516	154,016,000	159,451,229	148,126,242
Weighted average numbers of shares outs. (diluted)	169,371,516	154,016,000	159,451,229	148,126,242
Earnings per share:				
Basic	(0.09)	0.02	0.18	(0.16)
Diluted	(0.09)	0.02	0.18	(0.16)

Note 14 - Subsequent events

The Board of Directors Authorizes a Cash Distribution to Shareholders of \$0.22/Share

On November 29, 2024, the Company announced that the Board of Directors has approved a cash distribution to shareholders of \$0.22 per share for the third quarter of 2024, to be made on or about 13 December 2024 to all shareholders of record as of 4 December 2024. The distribution will be in the form of return of capital and will be made from the Company's Contributed Surplus account which consists of previously paid in share premium transferred from the Company's Share Premium account.

Paratus Increases Full-Year 2024 Earnings Guidance and Provides Update on Operations in Mexico

On November 22, 2024, the Company announced an upward revision of its full-year 2024 EBITDA guidance to \$250-260 million, representing a mid-point increase of \$25 million from the previous guidance range of \$220-240 million.

Furthermore, the Company provided commentary on its rig operations in Mexico, operated through Fontis. Paratus has noted recent reports regarding a potential temporary reduction in rig activity in Mexico. The contracts for all of Fontis' jack-ups with the client permit activity to be temporarily ceased for up to 45 days during the contract term, without revenue being generated during such period. However, any deferred days will extend the contract duration accordingly. Fontis has received notification from its client that the Courageous will temporarily cease operations for 45 days due to delays in the client's preparatory activities at its next location. Operations at the Courageous' current location is expected to be completed in early December 2024, upon which the rig will remain on standby at its location. The estimated financial impact related to this is limited and reflected in the guidance described above.

Paratus Announces Successful Uplisting to Euronext Oslo Børs, Appoints Mark Mey to Board of Directors

On November 13, 2024, the Company announced that its shares have been transferred from Euronext Growth Oslo and admitted to trading on Euronext Oslo Børs under the same ticker as on the Euronext Growth Oslo, "PLSV". Additionally, the Company announced the appointment of Mark Mey to its Board, effective November 13, 2024.

Investment in Archer Limited

On October 31, 2024, Paratus JU Newco Bermuda Limited, a wholly owned subsidiary of Paratus participated in a private placement in Archer Limited ("Archer") with a \$12 million investment (its pro-rata share) to support an acquisition transaction. Following the private placement, Paratus holds 21,583,826 shares in Archer, equal to 24.2% of the share capital of Archer. Paratus' ownership % in Archer following the transaction has remain unchanged.

Alternative performance measures

The Group discloses certain alternative performance measures ("APM") as a supplement to the 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

	Note	Three months ended		Nine months ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(In \$ millions)</i>					
Calculation of adjusted EBITDA					
Contract revenues		63.1	54.4	190.3	151.1
Rig operating expenses		(23.2)	(27.4)	(70.2)	(76.7)
General and administrative expenses		(1.9)	(2.8)	(11.5)	(10.3)
Adjusted EBITDA (consolidated)		38.0	24.2	108.6	64.1
Contract revenues	3	47.0	57.9	152.3	168.7
Tax on revenues		(2.3)	(2.7)	(9.1)	(7.9)
Vessel operating expenses		(16.9)	(18.9)	(54.0)	(48.5)
General and administrative expenses		(3.0)	(4.9)	(9.2)	(11.9)
Adjusted EBITDA (50% Seagems)		24.8	31.4	80.0	100.5
Adjusted EBITDA (including 50% Seagems)		62.8	55.6	188.6	164.6

	September 30, 2024	December 31 2023
<i>(In \$ millions)</i>		
Net debt		
Interest-bearing debt (notional amount)	715.4	715.4
<i>Paratus</i>	715.4	715.4
<i>Fontis</i>	-	-
Less: Cash and cash equivalents	150.2	114.7
<i>Paratus</i>	123.1	59.6
<i>Fontis</i>	27.1	55.1
Net debt	565.2	600.7
50% of Seagems interest-bearing debt (notional amount)	46.9	51.2
Less: 50% of Seagems cash and cash equivalents	15.0	19.1
50% of Seagems net debt	31.9	32.1
Net debt (as per management reporting)	597.1	632.8

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 is defined as external interest-bearing debt, excluding any unamortized discounts, less cash and cash equivalents. 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 utilised to pay down outstanding borrowings.

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 "Income from equity method investments." Additionally, in management reporting, operating revenues include contract revenues before amortization of favorable contracts for Fontis and exclude revenue taxes for Seagems.

Additionally, the Group 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.