



PARATUS ENERGY SERVICES LTD.

(an exempted company limited by shares incorporated and existing under the laws of Bermuda)

Listing and trading of the Company's Shares on Euronext Oslo Børs

This prospectus (the "**Prospectus**") has been prepared by Paratus Energy Services Ltd. (the "**Company**" or "**Paratus**"), an exempted company limited by shares incorporated and existing under the laws of Bermuda (together with its consolidated subsidiaries and joint venture undertakings, the "**Group**"), solely for use in connection with the listing (the "**Listing**") of the Company's 169,550,049 shares, each with a par value of USD 0.00002 (the "**Shares**") on Euronext Oslo Børs, a stock exchange operated by Oslo Børs ASA ("**Oslo Børs**" or the "**Oslo Stock Exchange**").

The Shares have been trading on Euronext Growth Oslo, a multilateral trading facility operated by Oslo Børs, since 28 June 2024 under the ticker code "PLSV" with ISIN BMG6904D1083. On 5 November 2024, the Company applied for the Shares to be admitted to trading and Listing on Euronext Oslo Børs. The Company's Listing application was approved by Oslo Børs on 6 November 2024. Upon Listing, the Shares will be deregistered from Euronext Growth Oslo and admitted to trading through the facilities of Oslo Børs. Trading in the Shares on Euronext Oslo Børs is expected to commence on or about 13 November 2024, under the ticker code "PLSV".

As of 7 November 2024, 168,420,204 Shares, constituting USD 3,368.40408 of the Company's issued share capital, are registered in book-entry form with the Norwegian Central Securities Depository, being Euronext Securities Oslo (ultimately owned by Euronext N.V.) (the "**ESO**"). The distribution of this Prospectus in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any restrictions (see Section 16 "*Transfer restrictions*").

THIS PROSPECTUS SERVES AS A LISTING PROSPECTUS ONLY. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR INVITATION TO PURCHASE, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SHARES, BENEFICIAL INTERESTS OR OTHER SECURITIES ARE BEING OFFERED OR SOLD IN ANY JURISDICTION PURSUANT TO THIS PROSPECTUS.

Investing in the Shares involves a high degree of risk. Prospective investors should read the entire Prospectus and, in particular, consider Section 2 "*Risk Factors*" when considering an investment in the Company.

Manager

DNB
Markets

DNB Markets, a part of DNB Bank ASA

The date of this Prospectus is 12 November 2024

IMPORTANT INFORMATION

This Prospectus has been prepared by the Company in connection with the Listing of the Shares on Euronext Oslo Børs.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended (the "**Norwegian Securities Trading Act**") and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act (the "**EU Prospectus Regulation**"). This Prospectus has been prepared solely in the English language. This Prospectus has been approved by the Financial Supervisory Authority of Norway (Nw.: Finanstilsynet) (the "**Norwegian FSA**"), as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors between the time of approval of this Prospectus by the Norwegian FSA and the Listing on Euronext Oslo Børs, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

No person is authorized to give information or to make any representation concerning the Group or in connection with the Listing or the Shares other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorized by the Company or by any of the affiliates, representatives, or advisors of the foregoing.

No Shares or any other securities are being offered or sold in any jurisdiction pursuant to this Prospectus. The distribution of this Prospectus in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, subscribe for or sell, any of the securities described herein. No one has taken any action that would permit a public offering of the Shares. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company requires persons in possession of this Prospectus to inform themselves about, and to observe, any such restrictions. In addition, the Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 16 "*Transfer restrictions*".

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its content is prohibited.

In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Group, including the merits and risks involved. Neither the Company nor any of its representatives or advisers, are making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

Specific permission is required from the Bermuda Monetary Authority ("**BMA**"), pursuant to the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of securities of Bermuda companies, other than in cases where the BMA has granted a general permission. The BMA, in its notice to the public dated 1 June 2005, has granted general permission for the issue and subsequent transfer of any securities from and/or to a non-resident of Bermuda where any equity securities of such company (which includes the Shares), are listed on an appointed stock exchange, for as long as any equity securities of the company remain so listed. Euronext Oslo Børs has been appointed as an appointed stock exchange under Bermuda law and therefore the specific permission of the BMA is not required to be obtained prior to any issuance or transfer of the Shares. Neither the BMA nor the Bermuda Registrar of Companies have reviewed or approved this Prospectus and no statement to the contrary, explicit or implicit, is authorised to be made in this regard.

DNB Markets, a part of DNB Bank ASA ("**DNB**"), is acting as manager in connection with the Listing (the "**Manager**"). Ducera Partners LLC is acting as financial advisor to the Company in connection with the Listing.

All Sections of the Prospectus should be read in context with the information included in Section 4 "*General Information*". For definitions of certain other terms used throughout this Prospectus, see Section 18 "*Definitions and Glossary*".

This Prospectus shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Listing or this Prospectus.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is an exempted company limited by shares incorporated and existing under the laws of Bermuda. As a result, the rights of holders of the Shares will be governed by the laws of Bermuda and the Company's memorandum of association ("**Memorandum of Association**") and bye-laws (the "**Bye-laws**"). The

rights of shareholders under the laws of Bermuda may differ from the rights of shareholders of companies incorporated in other jurisdictions. Except for one Board Member, the members of the Company's board of directors (the "**Board Members**" or "**Directors**", and the "**Board of Directors**", respectively) and all of the members of the senior management of the Company (the "**Management**") are not residents of the United States. Virtually all of the Company's assets and the assets of most of the Board Members and all of the members of Management are located outside the United States. As a result, it may be impossible or difficult for investors in the United States to effect service of process upon the Company, the Board Members and members of Management in the United States or to enforce against the Company or those persons judgments obtained in U.S. courts, predicated upon civil liability provisions of the federal securities laws or other laws of the United States.

It is uncertain whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Bermuda against the Company or the Board Members or members of Management under the securities laws of other jurisdictions.

Similar restrictions may apply in other jurisdictions.

AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will during any period in which it is neither subject to Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the "**U.S. Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of Shares, or to any prospective purchaser designated by any such registered holder, upon the request of such holder, beneficial owner or prospective owner, the information required to be delivered pursuant to Rule 144A(d)(4) of the U.S. Securities Act ("**Rule 144A**"). The Company will also make available to each such holder or beneficial owner, all notices of shareholders' meetings and other reports and communications that are made generally available to the Company's shareholders. The Company is not currently subject to any periodic reporting or other information requirements of the U.S. Exchange Act.

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1. SUMMARY

INTRODUCTION

- Warning*..... This summary should be read as an introduction to the Prospectus. Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole by the investor. An investment in the Shares involves inherent risk and the investor could lose all or part of its invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
- Securities*..... The Company has one class of shares in issue. The Shares have been issued under the Companies Act 1981 of Bermuda (the "**Bermuda Companies Act**"), and are registered with the Norwegian Central Securities Depository (Nw.: *Verdipapirsentralen*) ("**ESO**") under ISIN BMG6904D1083.
- Issuer*..... The issuer of the securities is Paratus Energy Services Ltd. with registration number 53451 and LEI code 549300XB7T5BX418QX67. The Company's registered office is located at Par-La-Ville Place, 14 Par-La-Ville Road, Hamilton, HM 08 Bermuda, its main telephone number at that address is 1(441) 295-6935 and its e-mail is info@paratus-energy.com. The Company's website can be found at www.paratus-energy.com/. The content of www.paratus-energy.com/ is not incorporated by reference into, nor otherwise forms part of, this Prospectus.
- Competent authority*..... The Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*), with registration number 840 747 972 and registered address at Revierstredet 3, 0151 Oslo, Norway, and telephone number +47 22 93 98 00 has reviewed and, on 12 November 2024, approved this Prospectus.

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

- Corporate information*..... The Company is an exempted company limited by shares, incorporated and existing under the laws of Bermuda pursuant to the Bermuda Companies Act. The Company was incorporated on 14 March 2018, its registration number is 53451 and its LEI code is 549300XB7T5BX418QX67.
- Principal activities*..... The Company is the principal holding company of the Group which holds investments in energy services companies. The Group is primarily comprised of its 100% ownership of Fontis Holdings Ltd., previously known as SeaMex Holdings Ltd. and its subsidiaries (jointly "**Fontis**"), 50/50 joint venture interest in Seagems joint venture, comprising of Seabras Sapura Holding GmbH and Seabras Sapura Participacoes SA, ("**Seagems**"), and its 19.99% ownership in Archer Ltd. ("**Archer**").

Fontis, Seagems and Archer provides a wide range of services within the offshore energy sector. The companies are set up to be able to run their operations on a standalone basis. Seagems and Archer are accounted for using the equity method and are not consolidated subsidiaries of the Group. However, given that the Group's primary operations revolve around its ownership interests in these companies, the business operations of Seagems and Archer are included as part of the Group's overall business and principal activities.

Major shareholders..... Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. The following table sets forth shareholders owning 5% or more of the shares in the Company as of 7 November 2024.

#	Shareholders	Total Shares ⁽¹⁾	Percent ⁽¹⁾
1	HEMEN INVESTMENTS LTD	49,341,840	29.1%
2	BNP Paribas	27,396,206	16.2%
3	Brown Brothers Harriman & Co.	12,800,000	7.5%
4	Goldman Sachs International	9,840,631	5.8%

(1) Lodbrok Capital LLP holds through nominee account 34,916,900 Shares equal to approximately 21% of the Shares in the Company.

Key managing directors..... The Management consists of four individuals. Their names and respective positions are presented in the below table.

Name	Position
Robert Jensen	CEO of the Company
Baton Haxhimehmedi	CFO of the Company
Raphael Siri	CEO of Fontis Energy
Nika Hasanova	Group Head of Finance

Independent statutory auditor..... The Company's independent statutory auditor is KPMG AS ("**KPMG**") with company registration number 935 174 627, and business address at Sørkedalsveien 6, 0369 Oslo, Norway.

What is the key financial information regarding the issuer?

The tables below set out selected financial information for the Group for the financial years ended 31 December 2023, 2022 and 2021, prepared in accordance with the accounting principals generally accepted in the United States ("**US GAAP**"), (jointly, the "**Annual Financial Statements**"). Moreover, the Company has prepared interim condensed consolidated financial statements as of 30 June 2024 and 31 December 2023 and for each of the six-month period ended 30 June 2024 and 2023, respectively (the "**Interim Financial Statements**", and together with the Annual Financial Statements, the "**Financial Statements**"), in accordance with US GAAP.

The annual financial statements for the financial year ended 31 December 2023 contains comparable financial information for 2022 (the "**2022-2023 Financial Statements**"). The 2022-2023 Financial Statements have been audited by KPMG.

For purposes of the Listing, the Company has prepared restated consolidated financial statements as of 31 December 2021 and for the year then ended, which include the application of the restatement adjustments (the "**2021 Financial Statements**"), that were audited by PricewaterhouseCoopers LLP ("**PwC**") who issued their report dated 24 September 2024.

Table 1 - Statements of operations and other comprehensive income/(loss):	Six-month period ended 30 June	
	2024	2023
<i>(In USD millions)</i>		
Total operating revenues	111.8	73.5
Total operating expenses	(64.2)	(76.4)
Income from equity method investments	38.9	27.2
Operating income	86.5	24.3
Net financial income/(expense)	(34.6)	(44.8)

Net income/(loss)	43.8	(26.4)
Other comprehensive income/(loss)	55.1	(41.3)

Table 2 - Statements of operations and other comprehensive income/(loss):	Year ended 31 December		
	2023	2022	2021 (Restated)
<i>(In USD millions)</i>			
Total operating revenues	167	148	29
Total operating expenses	(133)	(100)	(19)
Operating income	34	48	10
Total financial and other items	(33)	(63)	(2)
Net income/(loss)	(23)	(36)	12
Other comprehensive income/(loss)	(32)	(33)	21

Table 3 – Balance sheets	As of 30 June	As of 31 December		
	2024	2023	2022	2021 (Restated)
<i>(In USD millions)</i>				
Total current assets	506.5	352	348	459
Total non-current assets	643.5	651	654	715
Total assets	1,150.0	1,003	1,002	1,174
Total current liabilities	74.5	48	44	696
Total non-current liabilities	730.6	740	724	297
Total equity	344.9	215	234	181
Total liabilities and equity	1,150.0	1,003	1,002	1,174

Table 4 – Statements of cash flows	Six-month period ended		Year ended 31 December		
	30 June		2023	2022	2021 (Restated)
<i>(In USD millions)</i>	2024	2023			
Net cash (used in)/provided by operating activities	41.9	53.3	19	231	(18)
Net cash provided by investing activities	33.0	43.5	86	-	23
Net cash provided (used in)/by financing activities	41.8	(2.2)	(84)	(207)	-
Net increase in cash and cash equivalents, including restricted cash	117.5	94.7	21	24	5
Cash and cash equivalents, including restricted cash, at the end of period	232.3	188.7	115	94	70

What are the key risks that are specific to the issuer?

Material risk factors.....

- The Group derives a significant amount of its total operating revenue from one customer
- The Group conducts a significant portion of its operations through joint ventures, exposing it to risks and uncertainties, many of which are outside the Group's control

- The Group is subject to restrictive covenants under its debt facilities that could limit its ability to finance its future operations and capital needs and pursue business opportunities and activities
- The Group's business involves numerous operating hazards and if a significant or other event occurs, and is not fully covered by the Group's insurance or any recoverable indemnity, it could materially and adversely affect the Group
- The Group's indebtedness could limit cash flow available for its operations, limit ability to react to changes in the economy or industry
- The Company is a holding company and dependent upon cash flow from its subsidiaries and affiliated companies to meet its obligations and in order to pay dividends to its shareholders
- The Group's contract backlog may not be ultimately realized, whereas any non-realization would result in lower revenues than estimated
- The Group operates internationally and is as such subject to various laws and regulations in the countries in which it operates, whose political and compliance regimes differ

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

<i>Type, class and ISIN.....</i>	As at the date of this Prospectus, the Company has one class of shares in issue, and all Shares provide equal rights in the Company, including the rights to any dividends. Each of the Shares carries one vote. The Shares have been issued in accordance with the Bermuda Companies Act. As of 7 November 2024, 168,420,204 Shares, constituting USD 3,368.40408 of the Company's share capital, are registered in the ESO in book-entry form under ISIN BMG6904D1083.
<i>Currency, par value and number of securities.....</i>	The Shares will be traded in NOK on Euronext Oslo Børs. As of the date of this Prospectus, the Company's authorized share capital is USD 5,685.00. The issued share capital of the Company is USD 3,391.00098 divided into 169,550,049 shares of par value USD 0.00002 each.
<i>Rights attached to the securities.....</i>	All Shares provide equal rights in the Company. The Bye-laws of the Company and the Bermuda Companies Act do not provide a shareholder of the Company with any pre-emptive rights to subscribe for additional issues of the Company's shares.
<i>Transfer restrictions.....</i>	The Bye-laws do not provide for a right of first refusal on transfer of Shares. Share transfers are not subject to approval by the Board of Directors. Subject to any applicable securities laws, there are no restrictions on trading in the Shares.
<i>Dividend and dividend policy.....</i>	The Company intends to return a majority of its excess free cash flows to shareholders, through stable long-term sustainable distributions, subject to allowance under existing debt indentures. The timing and amount of dividends is at the discretion of the Board of Directors, subject to compliance with the Bermuda Companies Act.

On 23 September 2024, Paratus paid a cash distribution of USD 0.22 per share to its shareholders. Other than that, the Company has not paid any dividend or other distributions to its shareholders in the period from 1 January 2021 to the date of this Prospectus.

Where will the securities be traded?

The Shares have been admitted to trading on Euronext Growth Oslo, a multilateral trading facility operated by Oslo Børs under the ticker code "PLSV" with ISIN NO BMG6904D1083. On 5 November 2024, the Company applied for the Shares to be admitted to trading and Listing on Euronext Oslo Børs. The Company's Listing application was approved by Oslo Børs on 6 November 2024. Upon Listing, the Shares will be deregistered and transferred from Euronext Growth Oslo and will be admitted to trading on Euronext Oslo Børs through the facilities of Oslo Børs. Trading in the Shares on Euronext Oslo Børs is expected to commence on or about 13 November 2024, under the ticker code "PLSV".

What are the key risks that are specific to the securities?

- Material risk factors*.....
- Exchange rate fluctuations could adversely affect the value of the Shares and dividends paid on the Shares, if any, for an investor whose principal currency is not U.S. dollars.
 - As a Bermuda exempted company limited by shares, shareholders do not have the same preferential rights in future offerings in the Company as shareholders in Norwegian limited liability companies normally have. Future issuances of shares or other securities could dilute the holdings of existing shareholders and could materially affect the price of the Shares.
 - Investors could be unable to exercise their voting rights for Shares registered in a nominee account.

KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

Under which conditions and timetable can I invest in this security?

Admission to trading.....

The Shares have been trading on Euronext Growth Oslo, a multilateral trading facility operated by Oslo Børs since 28 June 2024 under the ticker code "PLSV" with ISIN BMG6904D1083. On 5 November 2024, the Company applied for the Shares to be admitted to trading and Listing on Euronext Oslo Børs. The Company's listing application was approved by Oslo Børs on 6 November 2024. Upon Listing, the Shares will be deregistered from Euronext Growth Oslo and admitted to trading on Euronext Oslo Børs through the facilities of Oslo Børs. Trading in the Shares on Euronext Oslo Børs is expected to commence on or about 13 November 2024, under the ticker code "PLSV".

Why is this prospectus being produced?

Reasons for the admission to trading.....

This Prospectus is being produced in connection with the Listing of the Shares on Euronext Oslo Børs. Compared to Oslo Børs' main list, liquidity in shares trading on Euronext Growth Oslo is generally limited. Further, the set of rules and regulations pertaining to Euronext Growth Oslo, including financial reporting obligations and other continuing obligations, are less extensive than those pertaining to Oslo Børs' main list, being a regulated

market. As a result of, inter alia, these factors, many investors choose not to invest in companies listed on Euronext Growth Oslo. To facilitate greater liquidity in the Shares and attracting new prospective shareholders in order to build a more diversified shareholder base, the Company decided to transfer its shares from Euronext Growth Oslo to Euronext Oslo Børs. The Company further believes that the Listing will lead to an enhanced profile with investors, business partners and customers. In addition, the Company will have enhanced access to the capital markets for financing of potential growth opportunities in the future.

2. RISK FACTORS

An investment in the Company and the Shares involves inherent risk. Investors should carefully consider the risk factors related to the Company and the Group, which includes the Company's ownership interest in Seagems and, for the purpose of this Section 2 "Risk factors", also includes the Company's financial investment in Archer¹ (where relevant), and all information contained in this Prospectus, including the Financial Statements and related notes. Investors should carefully consider the risk factors, and all information contained in this Prospectus, including the Financial Statements and related notes. The risks and uncertainties described in this Section 2 "Risk factors" are the material known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.

The risk factors included in this Section 2 "Risk factors" are not exhaustive with respect to all risks relating to the Group and the Shares, but are limited to risk factors that are considered specific and material to the Group and the Shares. The risk factors are presented in a limited number of categories, where each risk factor is sought placed in the most appropriate category based on the nature of the risk it represents. Within each category the risk factors deemed most material for the Group, taking into account their potential negative affect for the Company and its subsidiaries and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision.

If any of the following risks were to materialize, either individually, cumulatively or together with other circumstances, it could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in loss of all or part of an investment in the Shares. Additional specific risk factors of which the Company is currently unaware, or which it currently deems not to be material risks, may also have corresponding negative effects. Before making any investment decision, any potential investor must also take into account that a number of general risk factors that are not included in this Section 2 "Risk factors" still applies to the Group and the Shares.

2.1. Risks related to Group and the industry in which it operates

2.1.1. *The jack-up drilling market and the offshore service industry has historically been highly cyclical and volatile, with periods of low demand and/or over-supply of offshore vessels, drillings rigs and offshore services*

The Group's revenue from the jack-up drilling market and offshore services is primarily affected by the Group's ability to sell its offshore services and the rate/prices that the Group is able to charge its customers, including dayrates for its vessels and rigs. The rates for offshore services, and consequently, the value of the Group's assets, are largely influenced by the supply of and demand in the offshore services industry, which historically has been a highly cyclical and volatile industry². Rates for offshore services may fluctuate over time as a result of changes in the global supply and demand of offshore services.

There are several factors that may influence the supply of offshore support services, particularly in the Group's primary markets of Brazil and Mexico. The Group's five jack-ups are currently located in Mexico, while the Group's six pipe-laying supply vessels are operating in Brazil. Subsea services are mainly delivered by offshore support vessels. As such, the supply of subsea services in Brazil depends on the number of operating vessels, which is influenced by a number of factors outside the Group's control, including factors such as the number of newbuilds ordered and delivered, the number of vessels being scrapped, conversion of vessels to other uses and the number of vessels that are out of service and lay-ups due to market situations. Similarly, the supply of drilling and well services in Mexico depend on the number of operating drilling rigs, which can be influenced by new rigs under construction or reactivation of stacked rigs. An increase in the supply of offshore support vessels and rigs, or decrease in the demand for such services, has the potential to reduce dayrates within the offshore market, which in turn could have a material adverse effect on the Group's revenues, profitability, liquidity, cash and financial position.

¹ Archer is accounted for using the equity method and not included in the definition of "Group", however, when referring to the business of the Group in Section 2, Archer has been included where relevant.

² Please see Section 7 for historical development and key market drivers in the offshore service industry.

2.1.2. *Risks related to mobilization of drilling rigs and vessels between geographic areas*

The offshore service market is generally a global market as vessels and drilling rigs may be moved from one area to another. However, the ability to mobilize vessels and drilling rigs can be impacted by several factors including, but not limited to, governmental regulation and customs practices, the significant costs and risk of damage related to moving vessels and drilling rigs, availability of suitable tow vessels to move the rigs, weather conditions, political instability, civil unrest, military actions and the technical capability of the drilling rigs to relocate and operate in various environments. Additionally, while vessels and jack-up rigs are being mobilized from one geographic market to another, whether within the same market (from one location to another) or to new geographic market, the Group may not be paid for the time that the vessel or jack-up rig is out of service or be reimbursed for costs attributable to such relocation. Further, despite the ability to move rigs and vessels, not all of the Group's units are designed to work in all regions, in all water depths or over all types of conditions. The Group may relocate vessels and/or rigs to another geographic market without a customer contract, which could result in costs that are not reimbursable by future customers. Such scenarios may have a material adverse effect on the Group's revenues, financial condition, results of operations and cash flows.

2.1.3. *The Group's business operations depend on obtaining and renewing government authorizations*

The Group's business operations, as well as those of its customers, require authorizations from various national and local government agencies. Regulatory oversight and authorization requirements have increased in recent years across many governmental agencies. Obtaining these authorizations can be a complex, time-consuming process, and the Group may not be able to obtain or renew the authorizations required to operate the Group's business in a timely manner or at all. This could result in the suspension or termination of operations or the imposition of material fines, penalties or other liabilities. These factors may adversely affect the Group's ability to compete in those regions.

In the event that the Group's customers encounter delays in obtaining necessary permits and approvals, the Group's operations may be adversely affected. In addition, future changes to, or an adverse change in the interpretation of, existing permit and approval requirements may delay or curtail the Group's operations, require the Group to make substantial expenditures to meet compliance requirements, or create a risk of expensive delays or loss of value if a project is unable to function as planned. The Group may be unable to effectively comply with applicable laws and regulations, including those relating to sanctions and import/export restrictions, which may result in a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

2.1.4. *Counterparty risks*

The ability of each counterparty to perform its obligations under a contract with the Group will depend on a number of factors that are beyond the Group's control including, for example, factors such as general economic conditions; the condition of the industry in which the counterparty operates; and the overall financial condition of the counterparty. The Group's high customer concentration intensifies such counterparty risks. Relying on a limited number of significant customers magnifies the potential impact of a counterparty's inability to meet its obligations. Any significant default by a major customer can result in substantial revenue loss and operational disruption for the Group. The Group has, for instance, previously encountered instances of payment delays by counterparties under customer contracts, which has negatively affected the Group's liquidity. Should the Group's counterparty under its customer contracts, or other counterparties under future contracts, continuously fail to honor its payment obligations or other obligations under its agreements with the Group, this could, inter alia, impair the Group's liquidity and cause significant losses, which in turn could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

2.1.5. *The Group's business involves numerous operating hazards and if a significant or other event occurs, and is not fully covered by the Group's insurance or any recoverable indemnity, it could materially and adversely affect the Group*

The Group's operations are subject to hazards inherent in the offshore support vessel business and the drilling, completion and operation of oil and natural gas wells. The Group's services require the use of heavy equipment and exposure to hazardous conditions. Further, the offshore operations conducted by Group involve risks including, but not limited to, high pressure drilling, mechanical difficulties, or equipment failure which increase the risk of delays in drilling and of operational challenges arising, as well as material costs and liabilities occurring. In addition, accidents or other operating hazards could result in the suspension of operations because of related machinery breakdowns, failure of subcontractors to perform or supply goods or services, or personnel shortages. Examples of such risks materializing are the operational incidents on the Courageous due to a crane failure in November 2022 and the Defender due to equipment damage in January 2023, which caused operational downtime. Moreover, the nature of the Group's operations carries the risk of severe injury or loss of life. The majority of the Group's employees work as crew members on the vessels and rigs and will, from time to time, work in potentially dangerous environments, such as participating in rig operations, working under extreme weather conditions, and navigating in areas with heavy machinery and heavy

lifting zones. Furthermore, if the policies, procedures, and systems designed to safeguard employee health, safety, and security are inadequate or insufficiently implemented, this could increase the likelihood of accidents. Given these risks, any incidents resulting in severe injury or loss of life could impair the Group's reputation and operations, potentially leading to substantial liabilities. Additionally, any failure to maintain consistently high standards across all operational fields could expose the Group to legal action and reputational risks, ultimately affecting its ability to secure future contracts.

The Group's insurance policies and contractual rights to indemnity may not adequately cover losses, and the Group may not have insurance coverage or rights to an indemnity for all risks. Although it is the Group's policy to obtain contractual indemnities, it may not always be able to negotiate such provisions. Further, indemnities that the Group receives from clients may not be easily enforced and may be of limited value if the relevant clients do not have adequate resources or do not have sufficient insurance coverage to indemnify the Group. Further, the amount of the Group's insurance cover may be less than the related impact on enterprise value after a loss, and the Group's coverage also includes policy limits. As a result, the Group retains the risk through self-insurance for any losses in excess of these limits. The occurrence of a significant accident or other adverse event which is not fully covered by the Group's insurance or any recoverable indemnity from a client could result in substantial losses for the Group.

Any of the above circumstances could materially and adversely affect the Group's business, results of operations, cash flows, financial condition and prospects.

2.1.6. The Group's Contract backlog may not be ultimately realised, whereas any non-realisation would result in lower revenues than estimated

As of 30 June 2024, Fontis and Seagems had a total backlog of approximately USD 369 million and USD 2.0 billion³, respectively. The Group's contract backlog represents future revenue under contracts for utilization of its fleet (see Section 4.2.4 "*Alternative performance measures*" for further information). The Contract backlog does not provide a precise indication of the time period in which the Group is contractually entitled to receive such revenues, and it does not give any guarantees that such revenues actually will be realized in the timeframes anticipated or at all. The Group's Contract backlog is computed based on its current contractual terms with the relevant client; however, revenue included in the Contract backlog may be subject to price indexation clauses or other factors may intervene with and/or result in delays in revenue realization.

There are a number of reasons why the Group may fail to realize expected Contract backlog, including factors such as:

- clauses in the contracts that allow for inter alia (i) termination for cause, (ii) early termination for charterers' convenience, or (iii) successful renegotiation of contracts by clients as a result of, among other reasons, adverse market conditions;
- an inability of the Group to perform its obligations under contracts, including for reasons beyond its control such as shortage of qualified personnel; and
- a default by a client and failure to pay the amounts owed to the Group.

Further, it should be noted that Seagems' contracts with Petrobras are charterer friendly with e.g. a substantial catalog of obligations on the hands of Seagems and extensive termination rights on the hands of Petrobras. Petrobras have, for example, a right to terminate if the operational availability of the vessel in question is below 85% over a three-month period. Further, the contracts may be terminated by Petrobras (at any time) in case of non-compliance or irregular compliance with any of the contractual clauses, specifications, projects or deadlines.

Some of the Group's clients may experience issues with their liquidity and getting access to external sources of liquidity. As an illustration, the Group was as of 30 June 2024, owed for services provided of USD 215 million from a large state-owned petroleum company in Mexico. During 2024, Fontis has received USD 106 million in collections from its key client in Mexico. These collections contributed to reduce Fontis' receivable balance, which had experienced an irregular increase since Q2 2023 due to re-certification procedures required by the client following the transition from the previous manager of the rigs. However, no payments have been received since 30 June 2024, and the outstanding receivable balance has therefore increased further in proportion with accrued revenues. The Company continues to engage with the client regarding collection of the arrears and expects that it will recover the full amount (as has occurred in the past), but the timing of recovery is uncertain. Nonetheless, there is a risk that the remaining receivables may not be collected in full or in a timely manner, or at all. If these collections do not materialize, it could place strain on the Group's cash flow and weaken its ability to meet obligations, thereby increasing liquidity risk. Furthermore, if the Group's clients fail to maintain a sound liquidity position, they could be encouraged to seek to repudiate, cancel

³ Based on Management estimates and reflecting announced Petrobras contracts as of 30 June 2024.

or renegotiate their agreements with the Group. Moreover, a client's liquidity issues could also result in bankruptcy, insolvency or similar actions. The ability of the Group's clients to perform their obligations under their contracts with the Group may also be negatively impacted by uncertainty surrounding the development of the world economy and credit markets, as well as oil and gas companies' credit ratings and availability of capital (debt and equity) for such companies.

The Group's inability to realize its Contract backlog amounts, and thereby not receive the expected revenue for a time period, could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

2.1.7. Unforeseen or unanticipated risks, costs or timing when bidding for or managing contracts could materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects

In preparation for a tender of a new contract, the Group assesses its current capacity, and, if it is awarded the contract, it determines how to deploy resources to perform its obligations under the contract. The Group's financial and operating performance depends on its ability to make accurate assumptions and estimates, as well as identifying key issues and risks with respect to potential projects at the tender stage of the project, and the ability to ensure that the pricing and contractual arrangements in relation to each project adequately safeguard the Group against, or compensate it for, such risks. Assumptions are particularly necessary and difficult when tendering for a new client or entering new product or geographic markets, as the Group does not yet have the experience on which it can base its assumptions for the tender. The Group must manage project risks efficiently and adapt to changes that occur during the life of a project. Even when a risk is properly identified, the Group may be unable to, or may not accurately, quantify it. Unforeseen or unanticipated risks or incorrect assumptions when bidding for a contract or the inability to manage such risks properly may lead to increased costs for the Group and could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

2.1.8. Supplier capacity constraints or shortages, production disruptions, quality and sourcing issues or price increases could increase the Group's operating costs, decrease revenues and adversely impact the Group's operations

The Group's reliance on third-party suppliers, manufacturers and service providers to secure equipment used in its operations exposes the Group to volatility in the quality, price and availability of such items. Given that the Group operates a fleet of five jackup drilling rigs and six multi-purpose pipe-laying support vessels, distributions in the supply chain for parts and equipment could severely impact its operational efficiency. Certain parts and equipment, including but not limited to equipment and systems used in or supporting drilling and engineering activities for the Group's rigs and vessels, may be available from only a single or small number of suppliers. If there are disruptions in deliveries from these suppliers, whether due to capacity constraints, production disruptions, price increases, defects, quality control issues, recalls, or other factors, the Group could face challenges in fulfilling its commitments to customers, which may result in uncompensated downtime, reduced dayrates, or even the cancellation or termination of contracts. In the competitive offshore drilling market, where timely service delivery is crucial, such disruptions could damage the Group's reputation and weaken relationships with key customers. Furthermore, the adverse effects of these disruptions could materially impact the Group's revenues, operational results, and cash flow. A failure to secure equipment or services not only jeopardizes current contracts but also hinders the Group's ability to pursue new opportunities, potentially leading to a loss of market share. This could ultimately affect the Group's ability to maintain long-term contracts and partnerships, which are vital to its overall business strategy and growth objectives.

2.1.9. The Group derives a significant amount of its total operating revenues from one customer

The Group has a high customer concentration. In the year ended 31 December 2023 and the six-month period ended 30 June 2024, a large state-owned petroleum company in Mexico accounted for 100% of the Company's consolidated total operating revenues, respectively. In addition, for Seagems, Petrobras accounted for 99.8% and 73.9% of total operating revenues for the same respective periods. Consequently, the Group's financial condition and results of operations will be materially adversely affected if these customers or any other future customers interrupt or curtail their activities, terminate their contracts with the Group with or without cause (irrespective of whether the client was legally entitled to terminate or not), fail to renew their existing contracts or refuse to award new contracts to the Group, and the Group is unable to enter into contracts with new customers at comparable dayrates and with similar utilization of the Group's vessels as the major customer it has lost. The Group's growth is also closely connected to the growth of its customers and the Group's results may be impacted if certain key customers were to significantly reduce their growth strategy. Additionally, this concentration of customers may increase the Group's overall exposure to credit risk, and the Group's financial condition and results of operations will be materially and adversely affected if one or more of its significant customers fails to honor payment obligations under contracts with the Group.

2.1.10. The Group may experience reduced profitability if its customers reduce activity levels or terminate or seek to renegotiate their contracts with the Group

Currently, the Group's customer contracts are primarily day rate contracts, pursuant to which the Group charges a fixed charge per day regardless of the number of days needed to perform its offshore services. During depressed market conditions, a customer may no longer need services that are currently under contract or may be able to obtain comparable services at a lower daily rate. As a result, customers may seek to renegotiate the terms of their existing contracts with the Group or avoid their obligations under such contracts. In addition, the Group's customers may have the right to terminate, or may seek to renegotiate, existing contracts if the Group experiences downtime, operational problems above the contractual limit or safety-related issues or in other specified circumstances, which include events beyond the control of either party.

Further, some of the Group's contracts with its customers, for example Seagems' awarded long-term contracts with Petrobras for its fleet, include terms allowing the customer to terminate the contracts without cause, with prior notices and penalties or early termination payments. In addition, under some of its existing contracts, the Group could be required to pay penalties if such contracts are terminated due to downtime, operational problems or failure to perform by the Group. Some of the Group's other contracts with customers may be cancellable at the option of the customer upon payment of a penalty, which may not fully compensate the Group for the loss of the contract. Early termination of a contract may result in the Group's assets being idle for an extended period of time. If the Group's customers cancel or require the Group to renegotiate some of its significant contracts, and the Group is unable to secure new contracts on substantially similar terms, or if contracts are suspended for an extended period of time, the Group's revenues and profitability would be materially reduced.

2.1.11. The Group's primary operating markets are Brazil and Mexico

The Group's primary operating markets are Brazil and Mexico, countries that have experienced periods of political instability and corruption scandals in recent years, leading to changes in government leadership and policies (see Section 2.2.3 "*The Group operates in countries known to experience governmental corruptions, and any failure to comply with anti-bribery laws could negatively affect the Group*" for further information.) These shifts can affect the stability in the Group's business environment and entail regulatory uncertainties. Alterations in regulations, tax policies, or environmental standards can directly impact the Group's operations, compliance obligations, and profitability. Furthermore, the Group must adhere to local content requirements in Brazil established by the National Agency of Petroleum, Natural Gas and Biofuels (ANP), which may change according to the project phase (exploration, development, and production) and the goods and services contracted. It can be challenging to meet these requirements due to difficulties in identifying qualified suppliers, increased costs, varying regulatory complexities, and the risk of non-compliance, all of which can impact its operational efficiency and financial performance in these markets. Failure to meet these requirements may render the Group non-competitive in the Brazilian market. Furthermore, some foreign governments and/or national oil companies favour or effectively require (i) the awarding of drilling contracts to local contractors or to drilling rigs owned by their own citizens, (ii) the use of a local agent or (iii) foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. For example, in Mexico, where the Group has significant activities, there are no foreign investment restrictions for the operation of jack-up rigs for drilling operations in Mexico but the particular tender rules or the nature of the contractual obligations may make it necessary or prudent for these activities to be performed with a Mexican partner. These factors, individually or collectively, could result in a material adverse effect on the Group's business, results of operations, cash flows, financial condition, and/or prospects.

2.1.12. The Group conducts a significant portion of its operations through joint ventures, exposing it to risks and uncertainties, many of which are outside its control

The Group conducts a significant portion of its operations through a joint venture between Sapura Offshore SDN BHD and Seabras Servicios de Petroleo SA, through Seabras Sapura Participacoes S.A., and a joint venture between Sapura Offshore SDN BHD and Seadrill Seabras UK Limited, through Seabras Sapura Holding GmbH. The terms of co-operation and shareholding in the joint ventures are governed by the investment and shareholders' agreements between the shareholders (see Section 8.2.2 "*Seagems*" for descriptions of the investment and shareholders' agreements). The investment and shareholders' agreements contain, inter alia, provisions requiring unanimous shareholders' consent in certain matters, such as share capital changes, dividends and distributions, entering into bids, contracts, assuming liabilities, and making material changes to any contract or transaction. Any differences in views among the participants may result in delayed decisions, failures to agree on major issues and/or a need to liquidate the company on unfavorable terms. The Company's obligations in respect of, and the Company's ability to receive any dividends from, its jointly owned ventures depend on the terms and conditions of its investment and shareholders' agreements and relationship with its joint shareholders. The Group's relationship with its joint owners may change, and its joint

owners might choose to pursue different strategies than those of the Group. Such shifts could adversely impact project collaboration, hinder the Group's strategic objectives, and result in less favorable outcomes for overall performance and profitability.

The Group cannot control the actions of its joint venture partners, including any non-performance, default or bankruptcy of such partner and the investment and shareholders' agreements governing the joint ventures may restrict the Company's ability to exit the joint ventures at reasonable prices. Further, if any of the Company's joint venture partners does not meet its contractual obligations, the joint venture may be unable to adequately perform and deliver its contracted services. Such factors could have a material adverse effect on the business operations of the joint venture and, in turn, the Group's business, results of operations, cash flows, financial condition and/or prospects.

2.1.13. The market value of the Group's vessels and rigs and/or those the Group may acquire in the future may decrease

The fair market value of the vessels and rigs currently owned by the Group, as well as those the Group may acquire in the future, may increase or decrease depending on a number of factors, such as, inter alia, types, sizes and ages of the units, as well as supply and demand for offshore supply vessels and rigs. If the book value of any unit exceeds the fair market value (undiscounted net cash flows), the Group may suffer impairment of the book value of its assets and consequently suffer a financial loss. Furthermore, if the Group sells any unit during a period of declining prices, it may incur a loss on the sale. Such impairment of book value or loss could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects. Furthermore, newly acquired vessels may also be vulnerable to these risks as their market values may not reflect the purchase price immediately after acquisition, leading to potential impairments or losses shortly after purchase.

2.1.14. Competition and rapid technological changes within the oil and gas services industry may have a material adverse effect on the Group's ability to market its services

The oil and gas services industry is a highly competitive and fragmented industry, and contracts are awarded on a competitive basis. Price competition is frequently a major factor in determining a contract award. However, customers may also take into account factors such as each contractor's technical capability, product and service quality, unit availability and location, responsiveness, experience, operational and safety performance record, age, condition and suitability of equipment. Reputation for quality can also be a key factor in the determination. In addition, competition for offshore rigs and vessels are typically global, as drilling rigs and vessels are mobile and may be moved from areas of low utilization and dayrates to areas of greater activity and corresponding higher dayrates. Costs connected with relocating vessels and drilling rigs for these purposes are sometimes substantial and are generally borne by the contractor.

In addition, the market for the Group's services is affected by significant technological developments that will likely continue to result in substantial improvements in equipment functions and performance throughout the industry. The Group may not be successful in acquiring or developing new equipment and technology or upgrading its existing vessels and rigs, or unable to develop and offer commercially competitive services in response to changes in technology and industry standards. The Group's competitors within the industry range from large international companies offering a wide range of drilling and other oilfield services to smaller, locally owned companies that compete with the Group on a local basis. These competitors may be able to better withstand industry downturns, compete on the basis of price, and acquire and implement new equipment and technologies. Should the Group not be able to compete effectively, this could adversely affect the Group's revenues, profitability and financial condition.

2.2. Risks related to laws, regulations and litigations

2.2.1. The Group operates internationally and is as such subject to various laws and regulations in the countries in which it operates, whose political and compliance regimes differ

The Group's operations are subject to various laws and regulations in the countries in which it operates. The Group's primary operating markets are Mexico and Brazil, which have differing political and compliance regimes. To ensure continued operations and growth, the Group must effectively navigate and manage these diverse regulatory environments, which can present significant challenges. For instance, the Brazilian and Mexican legal system is known for its complexity and slow-paced proceedings, potentially resulting in protracted legal disputes. The Group is currently in the process of negotiating a settlement with the Mexican tax authorities in respect of unsettled tax liabilities, which have and could continue to entail significant time and financial resources (see Section 8.7 "Legal and arbitration proceedings" for further information).

Furthermore, as part of the Company's strategy as a holding company, the Company aims to acquire businesses and assets that complement the Group's existing products and services and expand the Group's geographic footprint. If the Group makes acquisitions in other countries than Mexico and Brazil, the Group may increase its exposure to various regulatory risks, such as unexpected changes in regulatory

requirements, foreign currency fluctuations and devaluation, increased governmental ownership and regulation of the economy in markets in which the Group operates, and other forms of government regulations beyond the Group's control.

Moreover, governments in some foreign countries have become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and natural gas, and other aspects of their countries' oil and natural gas industries. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work done by major oil and natural gas companies and may continue to do so. For instance, Archer has observed certain foreign exchange restrictions in Argentina and Angola, an increase of local content legislation in West Africa and more challenging contracting practices by national oil companies ("NOCs") in e.g. Brazil, United Arab Emirates and Malaysia. Further, in some of the foreign jurisdictions in which the Group operates, the Group is subject to foreign governmental regulations favoring or requiring the awarding of contracts to local contractors or requiring foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction, which may adversely affect the Group's ability to compete.

If the Group is unable to comply with applicable regulations in all the countries where it operates, or if compliance requires incurring unexpected costs, this could lead to, among other things, reputational damage, legal penalties, or operational disruptions, which in turn could hinder the Group's ability to conduct business effectively, limit growth opportunities, and negatively impact its financial positions.

2.2.2. The Group may be subject to contractual environmental liability and liability under environmental laws and regulations

The Group's operations are subject to laws and regulations that relate, directly or indirectly, to the oilfield services industry, including regulations requiring the Group to control the discharge of oil and other contaminants into the environment, remove and clean-up materials that may harm the environment, manage carbon dioxide emissions or otherwise relating to the protection of the environment. The technical requirements of environmental laws and regulations are becoming increasingly complex, stringent and expensive to comply with. There is in general an increasing demand to reduce fuel consumption and emissions in vessel operations, both mandatory and in contracts. This increases costs for the Group, as it incurs and expects to continue incurring capital and operating expenses to comply with environmental laws and regulations, including the need for upgrades to meet demand and the implementation of new systems and technology.

As an owner of offshore support vessels and drilling rigs and provider of services to oil and gas companies, the Group may be liable (under applicable laws and regulations or contractually) for damages and costs incurred in connection with spills of oil, fuel, lubricants and other chemicals and substances related to the operations of its vessels and rigs and the provision of its services. Environmental damage can harm the Group's reputation, including situations where the Group's customers are responsible for significant environmental harm. This can impact customer relationships and future business opportunities. The Group may also be subject to significant fines in connection with spills and to property, environmental and other damage claims by oil and gas companies. Although the Group actively works towards minimizing the risk of damage to the environment as a result of its operations, there are still risks of environmental damage and negative consequences for the Group. For example, Archer reported two spills in 2020. Failure to comply with environmental laws and regulations may result in the assessment of administrative, civil and even criminal penalties, the imposition of remedial obligations, and the issuance of injunctions that may limit or prohibit the Group's operations.

2.2.3. The Group operates in countries known to experience governmental corruption, and any failure to comply with anti-bribery laws could negatively affect the Group

The Group has operations in multiple jurisdictions, including Mexico and Brazil, both of which are countries known to experience governmental corruption, as indicated by Transparency International's Corruption Perception Index. While the Group is committed to conducting business in a legal and ethical manner, there is a risk that its employees or agents or those of its affiliates may take actions that violate legislation promulgated by a number of countries pursuant to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions or other applicable anti-corruption laws which generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. In certain jurisdictions where the Group utilizes local agents and/or establish entities with local operators or strategic partners, for example in Mexico, the local activities may involve interaction by the Group's agents with government officials. If the Group's agents or partners should make improper payments to government officials or other persons in connection with engagements or partnerships with the Group, the Group could be investigated and potentially found liable for violations of anti-bribery laws. Any failure to comply with the anti-bribery laws could subject the Group to fines, sanctions and other penalties against it which could have a material adverse impact on the Group's business, financial condition and results of operations.

2.2.4. *The Group is exposed to risk due to changes in tax laws or practices*

Tax laws, regulations and treaties are highly complex and subject to interpretation, and the Group may be subject to changing tax laws, regulations and treaties in and between the countries in which it operates, as well as changing interpretations of tax laws and retroactive tax assessments, such as the Group's ongoing assessment relating to tax liabilities in Mexico. The Group is in the process of negotiating a settlement with the Mexican tax authorities in respect of unsettled tax liabilities for years of account from 2014, and from 2018 through 2019, together with interest and penalties for late payments. These liabilities relate in particular to the deductibility of mobilization costs and transfer pricing (see Section 2.2.5 "*The Group may from time to time become involved in legal disputes and legal proceedings which may have a material adverse effect on the Group*" and Section 8.7 "*Legal and arbitration proceedings*" for further information). The Group's income tax expense will be based upon the Company's interpretation of the local tax laws, regulations, and international treaties in effect in various countries at the time that the expense is incurred.

Moreover, the Company is an exempted company limited by shares incorporated and existing under the laws of Bermuda and may become subject to increased taxation in Bermuda and other countries as a result of OECD's plan on base erosion and profit shifting. The Government of Bermuda recently passed the Corporate Income Tax Act 2023 (the "**CIT Act**"), conforming to the OECD BEPS Pillar 2 framework, which will impose corporate income tax on certain Bermuda-based entities for fiscal years beginning on or after 1 January 2025. The CIT Act will apply to any entity incorporated or formed in Bermuda, or that has a permanent place of business in Bermuda, if that entity is a member of an "In Scope MNE Group" (i.e. a group of entities related through ownership and control that has an annual revenue of 750 million euros or more in a fiscal year, pursuant to the consolidated financial statements of the ultimate parent entity, in at least two of the four fiscal years immediately preceding the fiscal year beginning on or after 1 January 2025, and such group includes at least one entity located in a jurisdiction that is not the parent entity's jurisdiction).

Prior to the enactment of the CIT Act, the Company obtained from the Bermuda Minister of Finance under the Exempted Undertaking Tax Protection Act 1966 (the "**EUTPA**"), as amended, an assurance that, in the event that Bermuda enacts legislation imposing tax computed on profits, income, any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance, the imposition of any such tax shall not be applicable to the Company or any of its operations or its shares, debentures or other obligations, until 31 March 2035. This assurance is subject to the proviso that it is not to be construed so as to prevent the application of any tax or duty to such persons as are ordinarily resident in Bermuda or to prevent the application of any tax payable in accordance with the provisions of the Bermuda Land Tax Act 1967, as amended, or otherwise payable in relation to any property leased to the Company. Given the limited duration of the Bermuda Minister's assurance, it cannot be certain that the Company (or any of its Bermuda incorporated subsidiaries) will not be subject to any Bermuda tax after 31 March 2035.

Notwithstanding the EUTPA, beginning 1 January 2025, with respect to Bermuda entities in scope of Bermuda's corporate income tax legislation, liability for tax pursuant to such corporate income tax legislation shall apply notwithstanding any assurance given pursuant to the EUTPA. Any assurance issued prior to 1 January 2024, including the assurance issued to the Company, will be subject to the application of the CIT Act and the imposition of any tax pursuant thereto. Any assurance issued after 1 January 2024 shall not apply to the imposition of any tax pursuant to the CIT Act. The CIT Act could, if applicable to the Company, have a material adverse effect on the Company's financial condition and results of operations

A change in tax laws, regulations or treaties, including those in and involving Bermuda, the UK, Brazil, Singapore, Mexico, Bermuda, and any relevant European Union member country, or in the interpretation thereof, or in the valuation of any deferred tax assets, which is beyond the Company's control, could result in a materially higher tax expense or a higher effective tax rate on the Group's worldwide earnings. Furthermore, the Group's income tax may be subject to local tax reviews. If tax authorities in any way challenge the Company's intercompany pricing policies and/or operating structures successfully, the Company's effective tax rate may increase considerably resulting in earnings and cash flow operations being materially impacted.

2.2.5. *The Group may from time to time become involved in legal disputes and legal proceedings which could have a material adverse effect on the Group*

The Group may from time to time become involved in significant legal disputes and legal proceedings relating to operations, environmental issues, intellectual property rights or otherwise. By way of illustration, and as referenced in Section 2.2.4 "*The Group is exposed to risk due to changes in tax laws or practices*" above and as further described in Section 8.7 "*Legal and arbitration proceedings*" below, the Group is in the process of negotiating a settlement with the Mexican tax authorities in respect of unsettled tax liabilities for years of account from 2014, and

from 2018 through 2019, together with interest and penalties for late payments. These liabilities relate in particular to the deductibility of mobilization costs and transfer pricing. No assurance can be made that the Mexican tax authorities will not open audits for periods from 2020 and onwards. If the audits expand in scope or the authorities continue to question the Group's tax position, the Group could face significant legal and financial consequences, such as higher taxes, penalties, and interest, which in turn could significantly affect the Group's tax expenses and effective tax rate, potentially impacting earnings and cash flow operations and the Group's overall financial position.

By way of further illustration, and as concerns intellectual property rights, third parties could assert that the tools, techniques, methodologies, programs and components the Group uses to provide its services infringe upon the intellectual property rights of others. Infringement claims generally result in significant legal and other costs and may distract management from running the Group's core business. Additionally, if any of these claims were to be successful, developing non-infringing technologies and/or making royalty payments under licenses from third parties, if available, would increase the Group's costs.

Furthermore, legal proceedings could be ruled against the Group and its affiliates, and the Group and its affiliated companies could be required to, inter alia, pay damages, halt its operations, stop its projects or relinquish licenses. Even if the Group would ultimately prevail, which cannot be assured, such disputes and litigation may have a substantially negative effect on the Group, its financial condition, cash flow, prospects and/or its operations.

2.2.6. The Company and its Bermuda-registered subsidiaries are subject to economic substance requirements in Bermuda

The Company and certain of the Company's subsidiaries are incorporated in Bermuda and may from time to time be organized in other jurisdictions identified by the Code of Conduct Group for Business Taxation of the European Union (the "**COCG**"), based on global standards set by the Organization for Economic Co-operation and Development with the objective of preventing low-tax jurisdictions from attracting profits from certain activities, as non-cooperative jurisdictions or jurisdictions having tax regimes that facilitate offshore structures that attract profits without real economic activity.

In December 2018, the Economic Substance Act 2018 and the Economic Substance Regulations 2018 of Bermuda (together, the "**ESA**") came into effect in Bermuda. Under the provisions of the ESA, every Bermuda registered entity other than an entity which is resident for tax purposes in certain jurisdictions outside of Bermuda, that carries on one or more "relevant activities" referred to in the ESA, which includes inter alia financing and leasing, headquarters, shipping, distribution and service center, and holding entity, must satisfy economic substance requirements by maintaining a substantial economic presence in Bermuda. To comply with the ESA, a Bermuda entity must (a) be directed and managed in Bermuda, (b) its core income-generating activities (as may be prescribed) with respect to the relevant activity are undertaken in Bermuda, (c) maintain adequate physical presence in Bermuda, (d) has adequate full time employees in Bermuda with suitable qualifications, and (e) incurs adequate operating expenditure in Bermuda in relation to the relevant activity.

Under the ESA, such Bermuda entities must file a declaration in the prescribed form (the "**Declaration**") with the Registrar of Companies on an annual basis. Failure to comply with economic substance requirements for the financial period to which a Declaration relates may result in enforcement action being taken against the Company, including inter alia fines, court orders to regulate business or restrict operations, which would result in the Company becoming defunct, or strike-off. If the Company is unable to comply with the requirements of the ESA, it may have a material adverse effect on the Company's results of operation and financial condition. While the Company has taken action to ensure it and its Bermuda subsidiaries comply with the ESA, if the Company or any such subsidiary fails to comply with such obligations or any similar applicable law in any other jurisdiction, it may have a material adverse effect on the Company's results of operation and financial condition.

2.3. Risks related to financial matters and market risk

2.3.1. The Group's results of operations, cash flow and financial condition may be adversely affected by currency fluctuations

The Group's reporting currency and the function currency for a large part of its operations is the USD, but the Group receives revenues and incur expenditures in other currencies due to its international operations, mainly Pesos and BRL. As such, the Group is exposed to foreign currency exchange movements in both transactions that are denominated in currency other than US Dollars and in translating consolidated subsidiaries who do not have a functional currency of US Dollars. The Group attempts to limit the risks of currency fluctuation and restrictions on currency repatriation where possible by obtaining contracts providing for payment of a percentage of the contract indexed to the U.S. dollar exchange rate. To the extent possible, the Group seeks to limit its exposure to local currencies by matching the acceptance of local currencies to the Group's local expense requirements in those currencies. If any future hedging arrangements are ineffective, fluctuations among USD, Pesos and BRL and other currencies may have a material adverse effect on the Group's cash flow and financial condition.

2.3.2. The Group is subject to restrictive covenants under its debt facilities that could limit its ability to finance its future operations and capital needs and pursue business opportunities and activities

The Group's financing agreements, including the 2026 Notes Indenture and the Bond Terms (as defined below), contain operating and financial restrictions and other covenants which impose broad restrictions on the Group's business and financing activities (see Sections 8.8 "Material contracts" and 11.5.7 "Financing arrangements" for further information). Such restrictive covenants could adversely affect the Group's ability to, subject to specific carve outs, incur additional indebtedness, pay dividends, create or permit liens on its respective assets and sell its assets or the capital stock of its respective subsidiaries, among other things. Thus, there is a risk that the covenants to which the Group is subject to will limit its ability to finance its future operations and capital needs and the Group's ability to finance future operations or capital needs or to engage, expand or pursue business opportunities and activities that may be in its interest. Breaches of these covenants could result in defaults under the applicable debt instruments and could trigger defaults under any of the Group's other indebtedness that is cross defaulted against such instruments. Financial and other covenants that limit the Group's operational flexibility, as well as defaults resulting from breach of any of these covenants, could have a material adverse effect Group's business, results of operations, cash flows, financial condition and prospects.

2.3.3. Risks associated with the Group's debt financing

As the Group relies on interest-bearing debt, bonds and notes for financing, it is exposed to liquidity risk, which refers to the risk of being unable to meet financial obligations as they come due. All of the Group's debt obligations have defined maturity or redemption dates, presenting the ongoing risk that the Company may encounter challenges in refinancing or meeting its payment obligations when the loans and notes mature (for further information, see Sections 8.8.1 "The 2026 Notes Indenture", 8.8.2 "The Bond Terms" and 11.5.7 "Financing arrangements"). Several situations may impact the Group's ability to meet these debt obligations. For instance, excessive leverage can limit the Group's financial flexibility, increasing the burden of interest payments and making it challenging to secure additional financing or negotiate favorable terms with creditors. Additionally, declining asset values can negatively affect the Group's collateral, hindering its ability to refinance existing debt or secure new loans, thus increasing the risk of default. Insufficient earnings and cash flow due to operational challenges, market demand shifts, or economic downturns can impair the Group's ability to generate enough income to cover interest payments and principal repayments. This situation may be exacerbated by broader macroeconomic factors such as rising interest rates, inflation, or geopolitical instability, which can adversely affect credit availability and borrowing costs. Moreover, trends in the global credit markets can influence the Group's access to capital; a downturn in these markets may lead to increased borrowing costs or reduced credit availability, further straining the Group's liquidity position. Failure to secure refinancing for its debt could have a material adverse effect on the Group's financial position. Without the ability to access additional funding, the Group may face difficulties in meeting its financial obligations, maintaining its operations, or pursuing growth opportunities.

Furthermore, the Group's financing agreements contain cross-default clauses which are linked to certain other indebtedness of the Group in case of the acceleration of such Indebtedness or failure to pay such indebtedness at maturity. If the Group is unable to comply with the restrictions and covenants in the agreements governing its indebtedness or in current or future debt financing agreements, there could be a default under the terms of those agreements. The Group's obligations under such facilities could exceed the indebtedness of the Company and its subsidiaries under such agreements. If a default occurs under these agreements, creditors could terminate their commitments to lend and/or accelerate the outstanding loans and declare all amounts borrowed due and payable. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group may be forced to take action such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital, which in turn could materially and adversely affect the business of the Group.

2.3.4. The Group's indebtedness could limit cash flow available for its operations, limit ability to react to changes in the economy or industry

The Company is a holding company, and its subsidiaries, joint ventures and affiliated companies conduct substantially all operations and own the operating assets. As a result, the Company's ability to make principal or interest payments when due in respect of financial indebtedness depends entirely on the operations of its subsidiaries, joint ventures and affiliated companies and their' abilities to distribute funds to the Company which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond the subsidiaries' control. The Group's existing indebtedness could limit the cash flow available for its operations and impair its ability to respond effectively to changes in the economy or industry. As of 31 December 2023, the Group's outstanding notional balance of consolidated debt (including indebtedness outstanding under Group's financing agreements) was to be approximately USD 715 million. This includes the Group's amended and restated 2026 notes indenture dated and effective as of 20 January 2022 (the "**2026 Notes Indenture**") in

relation to the senior secured notes due 2026 ("**Senior Secured Notes**") issued by the Company in an aggregate principal amount of USD 620,148,899 and paid-in kind ("**PIK**") notes. On 5 June 2024, the Company announced the successful issue of USD 500 million senior secured bonds (the "**Bonds**"). The Bonds were issued by the Company on 26 June 2024 as part of the Group's partly refinancing of the Senior Secured Notes (see Section 8.8.2 "*The Bond Terms*" for further details). Completion of the refinancing was announced by the Company on 8 July 2024.

The portion of cash flow that must be dedicated to servicing debt, comprising principal and interest payments, could strain the Group's financial flexibility and hinder its ability to meet debt obligations, including the repayment of the Senior Secured Notes and the Bonds as they become due. This may also complicate efforts to secure extensions of maturities or sufficient refinancing, making it difficult to manage financial commitments effectively. The Group may face challenges in securing necessary financing for working capital, capital expenditures, acquisitions, or debt service requirements, and such financing may not be available on favorable terms. Furthermore, the Group's indebtedness may heighten its vulnerability during economic downturns, restricting its capacity to capitalize on significant business opportunities or adapt to shifting market conditions. Compared to competitors with lower debt levels, the Group may find itself at a competitive disadvantage, further constraining its operational capabilities.

The Group's ability to service its consolidated debt will depend upon, among other things, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond its control. If operating results are not sufficient to service the Group's current or future indebtedness, it may be forced to take actions such as reducing distributions, reducing or delaying business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing consolidated debt, or seeking additional equity capital or bankruptcy protection. The Group may not be able to implement any of these measures on satisfactory terms, or at all, which could adversely affect its financial position and operational viability.

2.3.5. *Risks related to the Senior Secured Notes and the Bonds*

The Senior Secured Notes and the Bonds are secured by liens over substantially all material assets of the Group (but excluding assets of Fontis Finance Limited and its subsidiaries) comprising security over shares in all material subsidiaries, operational accounts and intra-group debt claims as well as floating charges over certain subsidiaries (see Sections 8.8.1 "*The 2026 Notes Indenture*" and 8.8.2 "*The Bond Terms*" for further information). If the Group's creditors were to enforce their security over such assets in the event of a default, this may adversely affect the Group's ability to finance future operations or capital needs or to engage, expand or pursue its business activities. Moreover, both the 2026 Notes Indenture and the Bond Terms contain change of control clauses. These clauses provide noteholders and bondholders, under the respective loan agreements, the ability to require the Company, as issuer thereunder, to repurchase all or part of the noteholders' Senior Secured Notes or the bondholders' Bonds at a price of 101% of the aggregate principal amount of the repurchased Senior Secured Notes or repurchased Bonds, plus accrued and unpaid interest, in a change of control event. Should such an event occur, or in the case of default, the Group's assets provided as security may not be realizable and sufficient to fully repay all outstanding indebtedness, which in turn could lead to financial distress or potential insolvency for the Group.

2.4. **Risks related to the Shares and the Listing**

2.4.1. *Exchange rate fluctuations could adversely affect the value of the Shares and dividends paid on the Shares, if any, for an investor whose principal currency is not USD*

An investment in the Shares is associated with a high degree of risk, and the price of the Shares may not develop favorably. Investors may not be in a position to sell their Shares quickly at the market price or at all if there is no active trading in the Shares. The share prices of companies admitted to trading on Euronext Oslo Børs can be highly volatile, and the trading volume and price of the Shares could fluctuate significantly. The Shares will be priced and traded in Norwegian Krone ("**NOK**") on Euronext Oslo Børs. Dividends declared by the Company's Board of Directors, if any, would likely be denominated in the Company's functional currency of USD, and would be paid to the common shareholders through DNB Bank ASA ("**DNB**"), Registrar's Department being the Company's ESO registrar (the "**ESO Registrar**"). Such payments would be transacted in the bank account currency of the relevant shareholder's account, as previously provided to the ESO Registrar. Shareholders registered in the ESO who have not supplied their bank account details would not receive dividend payments unless and until they register their bank account details for their ESO account and inform the ESO Registrar. For shareholders holding their shares outside of the ESO, payment will be processed manually by the Company. The exchange rate(s) applied when transacting payments of dividends to the relevant shareholder's currency would be the ESO Registrar's exchange rate on the payment date. Exchange rate movements of USD would therefore affect the value of these dividends and distributions for investors whose account currency is not USD. Further, the market value of

the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange rate fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not USD.

2.4.2. Future issuances of shares or other securities could dilute the holdings of existing shareholders and could materially affect the price of the Shares

The Company may in the future decide to offer and issue new Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. As the Company is a Bermuda exempted company limited by shares, shareholders do not have the same preferential rights in a future offering in the Company as shareholders in Norwegian limited liability companies listed on Euronext Oslo Børs normally have. Under Bermuda law, no shareholder has a pre-emptive right to subscribe for additional issues of a company's shares unless, and to the extent that, the right is expressly granted to the shareholder under the bye-laws of a company or under a contract between the shareholder and the company. The Bye-laws do not provide for pre-emptive rights for shareholders. The Board of Directors is authorized to issue new Shares in the Company, limited by the total authorized share capital of the Company. As such, the shareholder of the Company may be diluted by issues of new Shares in the Company, which do not have to be approved by a general meeting of shareholders. An additional offering may also have an adverse effect on the market price of the Shares as a whole.

2.4.3. Members of the Board of Directors may be permitted to participate in decisions in which they have interests that are different from those of the shareholders

Members of the Board of Directors may have interests that are different from, or in addition to, the interests of the Company's shareholders. For example, members of the Board of Directors may be members of the board of directors or management in other companies, and hold shares in these companies, and in the event any such company enters into a business relationship with the Company, the members of the Board of Directors may have a conflict of interest. The Company has procedures in place in order to handle any such potential conflict of interest. Pursuant to the Bye-laws, a member of the Board who is in any way, whether directly or indirectly, interested in a contract or proposed contract or arrangement with the Company shall declare the nature of their interest as required by the Bermuda Companies Act. As long as the directors disclose their interests in a matter under consideration by the Board of Directors in accordance with Bermuda law and the Bye-laws, they may be entitled to count towards the quorum, participate in the deliberation on and vote in respect of that matter. Although each director owes fiduciary duties to the Company and is required to act in accordance therewith (regardless of their other interests), a perceived conflict of interest could erode shareholder trust in the Board of Directors' ability to effectively manage the business of the Company and act in the Company's best interest. Such an erosion of trust could potentially damage the Company's reputation and ultimately affect the value of the Shares.

2.4.4. Bermuda law could limit shareholders' ability to bring an action against the Company

The rights of shareholders under Bermuda law are not as extensive as the rights of shareholders under legislation or judicial precedent in many other jurisdictions.

Class actions and derivative actions are generally not available to shareholders under Bermuda law. However, Bermuda courts ordinarily would be expected to follow English case law precedent, which would permit a shareholder to commence an action in the name of a company to remedy a wrong done to a company where the act complained of is alleged to be beyond the corporate power of a company, is illegal or would result in the violation of that company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or where an act requires the approval of a greater percentage of the Company's shareholders than actually approved it. The winning party in such an action generally would be able to recover a portion of attorneys' fees incurred in connection with such action.

Further, when the affairs of a company are being conducted in a manner that is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company or that the company be wound up.

However, it should be noted that the Bye-laws provide that holders of Shares waive all claims or rights of action that they might have, individually or in the Company's right, against any director or officer for any act or failure to act in the performance of such director's or officer's duties, except with respect to any fraud or dishonesty of such director or officer.

2.4.5. Investors' rights and responsibilities and shareholders' ability to bring an action against the Company will be governed by Bermuda law

The Company's corporate affairs are governed by the Bermuda Companies Act, its Memorandum of Association and its Bye-laws. The rights of the Company's shareholders and the responsibilities of the Board of Directors under Bermuda law may not be as clearly established as under the laws of other jurisdictions. In addition, the rights of shareholders as they relate to, for example, the exercise of shareholder rights, are governed by Bermuda law and the Bye-laws and could differ from the rights of the shareholders under other jurisdictions, including Norway. The holders of the Shares may have more difficulty in protecting their interests in the face of actions by the Board of Directors than if the Company were incorporated in the United States, Norway or another jurisdiction.

Further, the Bye-laws provides that the Company's directors and other officers shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, losses and damages, provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty. In addition, the Bye-laws provide exculpation provisions, which provide that the shareholders waive all claims or rights of action, individually or in right of the Company, that they might have against the Company's directors or officers for any act or failure in the performance of his or her duties, except in respect of any fraud or dishonesty. Such provisions make a shareholder's claim against a director legally unsustainable, absent properly particularized and appropriately evidenced allegations of fraud and dishonesty.

2.4.6. Investors could be unable to exercise their voting rights for Shares registered in a nominee account

Pursuant to the Bermuda Companies Act, only shareholders whose names are registered in the Company's register of members (which includes the ESO register, as the Company's branch register, and the Company's principal share register maintained in Bermuda) are entitled to vote at a general meeting of shareholders. Accordingly, beneficial owners of Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may be unable to vote for such Shares unless (a) their ownership is re-registered in their names with the ESO, as the branch register, or in the principal share register maintained in Bermuda, prior to any general meeting of shareholders; or (b) the registered nominee grants a proxy to such beneficial owner in the manner provided in the Bye-laws and pursuant to the contractual relationship, if any, between the nominee and the beneficial owner, to vote such Shares. The Company cannot guarantee that beneficial owners of the Shares will receive notice of a general meeting of the Company in time to instruct their nominees to either a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners. Any persons that hold their Shares through a nominee arrangement should consult the nominee to ensure that any shares beneficially held are voted for in the manner desired by such beneficial owner.

2.4.7. Norwegian shareholders in the Company may be subject to Controlled Foreign Corporation ("CFC") taxation

If Norwegian shareholders (and foreign shareholders that hold the shares in connection with a business that is taxable in Norway), in the aggregate, directly or indirectly own or control 50% or more of the share capital of a company resident in a low-tax jurisdiction at the beginning and end of a fiscal year, or more than 60% at the end of a fiscal year, then such shareholders may become subject to CFC taxation (Nw.: *NOKUS*) in Norway. A jurisdiction is considered a low tax jurisdiction if the general income tax on the company's total profits amount to less than two thirds of the tax that would be assessed on the company had it been a Norwegian resident company. Bermuda is currently on the list of countries that are generally considered low tax jurisdictions. In the event that CFC taxation applies, the Company's annual profits will be taxable for the Norwegian shareholders according to their proportionate share of the Company's equity. Such a scenario may place a substantial tax encumbrance on these investors, with potential administrative complexities for both the Company and its shareholders. This may make it less attractive for Norwegian shareholders to invest in the Company.

3. RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Listing of the Shares on Euronext Oslo Børs described herein.

The Board of Directors of Paratus Energy Services Ltd. accepts responsibility for the information contained in this Prospectus. The Board Members confirm that to the best of their knowledge, the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

12 November 2024

The Board of Directors of Paratus Energy Services Ltd.

Mei Mei Chow
Chair of the Board

Ørjan Svanevik
Board Member

Robert Jensen
Board Member

James Ayers
Board Member

Joachim Bale
Board Member

4. GENERAL INFORMATION

4.1. Other important investor information

This Prospectus has been approved by the Norwegian FSA, as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. In accordance with Article 23 of the Prospectus Regulation, significant new factors, material mistakes or material inaccuracies relating to the information included in this Prospectus, which may affect the assessment of the Shares and which arises or is noted between the time when the Prospectus is approved by the Norwegian FSA and the listing of the Shares on Euronext Oslo Børs, will be mentioned in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus, nor the sale of any Shares, shall under any circumstance imply that there has not been any change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

The Company has furnished the information in this Prospectus. The Manager makes no representation or warranty, express or implied, as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Prospectus is, or shall be relied upon, as a promise or representation in this respect, whether as to the past or the future. The Manager disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise, which it may otherwise be found to have in respect of this Prospectus or any such statement.

Neither the Company nor the Manager, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation, express or implied, to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

Investing in the Shares involves a high degree of risk. See Section 2 "*Risk factors*".

4.2. Presentation of financial and other information

4.2.1. Financial information

The Company has prepared annual consolidated financial statements as of and for the years ended 31 December 2023 and 2022 (the "**2022-2023 Financial Statements**") and 2021 (the "**2021 Financial Statements**") (together the "**Annual Financial Statements**"). The Financial Statements have been prepared in accordance with the accounting principles generally accepted in the United States ("**US GAAP**"). Furthermore, the Company has prepared interim condensed consolidated financial statements as of June 2024 and 31 December 2023 and or each of the six-month periods ended 30 June 2024 and 2023 (the "**Interim Financial Statements**", and together with the Annual Financial Statements, the "**Financial Statements**").

The Financial Statements are included as Appendices B (2023 and 2022), C (2021) and D (30 June 2024) to this Prospectus.

The Company presents the Financial Statements in United States dollars (presentation currency). The functional currency of the majority of the operations is United States dollars as a majority of the Company's and its subsidiaries' revenues and expenses are denominated in United States dollars.

4.2.2. Audit of the Financial Statements

The 2022-2023 Financial Statements have been audited by KPMG AS ("**KPMG**"). The audit report prepared by KPMG, dated 3 June 2024, covers the consolidated financial statements as of 31 December 2023 and 2022 and for each of the years then ended, and does not contain any qualifications, modifications, disclaimers or emphasis of matters. With respect to the Interim Financial Statements, KPMG has applied limited procedures in accordance with ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity, for a review of such information.

The Company has previously issued consolidated financial statements for the years ended 31 December 2022, which included comparable financial information for 2021 that has been restated (the "**2022 Financial Statements**"). The Company also has previously issued consolidated financial statements prior to the application of the restatement adjustments as of 31 December 2021 and for the year then ended (the "**Previously Issued 2021 Financial Statements**").

The 2022 Financial Statements are not included in the Prospectus, as the financial information as of and for the year ended 31 December 2022 is already included in the 2022-2023 Financial Statements audited by KPMG, as described above.

The Previously Issued 2021 Financial Statements are also not included in the Prospectus due to a "restriction of use" clause contained in the auditor's report. This report, including the opinion, was prepared solely for Company's directors to fulfill its debt obligations at the time. As a result, the Company has prepared the 2021 Financial Statements for the purpose of the Listing, which include the application of the restatement adjustments. For a details on the restatements, please refer to Note 1 of the 2021 Financial Statements.

The 2021 Financial Statements has been audited by PricewaterhouseCoopers LLP ("**PwC**"), who issued their report dated 24 September 2024. The audit report includes an emphasis of matter related to the restatements:

"As discussed in Note 1 to the consolidated financial statements, the Company has restated its 2021 financial statements as of January 1, 2021 and December 31, 2021 and for the year ended December 31, 2021 to correct misstatements. Our opinion is not modified with respect to this matter."

The reason why this emphasis of matter is included in the audit opinion is due to the said restatements.

PwC and KPMG have not audited, reviewed or produced any other report on any other information in this Prospectus

4.2.3. *Change of auditor*

In 2023, Paratus changed its auditor from PwC to KPMG. The background for the change was due to the operational separation from Seadrill whereby PwC had been the group auditor for Seadrill, and Paratus hence wanted to engage an independent auditor for the Group going forward.

4.2.4. *Alternative Performance Measures*

As the Company is a public company with public company reporting requirements, it is evaluating certain alternative performance measures ("**APMs**"), also known as key performance indicators, as a supplement to the Financial Statements prepared in accordance with US GAAP. Accordingly, the APMs presented by the Company could change. For the purpose of this Prospectus, the Company presents the following 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 because 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 the Company's business and measuring its 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 utilized 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 the Company's 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 APMs, but are 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.

The Group believes that the APMs described herein are used by comparable companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation and amortization, which can vary significantly depending upon accounting measures (particularly when acquisitions have occurred), business practice or external and non-operating factors. Accordingly, the Group discloses the APMs presented herein to permit a more complete and comprehensive analysis of the Group's operating performance relative to other companies across periods, and of the Group's ability to service its debt. Because companies calculate APMs differently, the APMs presented herein may not be comparable to similarly titled measures used by other companies. Any APMs presented herein or in the appendices appended hereto may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results.

For an overview of calculation of the relevant APMs, please see Section 10.3 "Non-US GAAP financial measures". The non-US GAAP measures have not been audited by KPMG.

4.2.5. Industry and market data

In this Prospectus, the Group has used industry and market data used industry and market data obtained from independent industry publications, market research, internal surveys and other publicly available information. These include but are not limited to the World Bank⁴, used to retrieve historical world gross domestic product ("**GDP**") growth, the United Nations⁵, used to retrieve future world GDP growth estimates, ARAMCO⁶, used to retrieve MSC target directives, Petrobras⁷, used to retrieve information on the Petrobras Strategic Plan 2024-2028+, and World Oil⁸, used to retrieve data on a capital investment announcement by Saudi Arabian Oil Company ("**Saudi Aramco**"), the national oil company of Saudi Arabia. Sources behind a paywall include the IEA⁹, used to retrieve global oil demand from 1972 to 2019, and the IEA¹⁰ Oil market report January 2024 for global oil demand growth in 2020, and the IEA¹¹ Oil market report June 2024 for global oil demand from 2021 to 2025e. Other sources behind a paywall include FactSet¹², used to retrieve data for oil price development from 2005 to 2029e, Rystad UCube¹³, used to retrieve data on global offshore E&P capex and offshore capex spending in Brazil from 2005 to 2029e, Rystad OffshoreRigCube¹⁴, used to retrieve Brazil PLSV supply-demand outlook and jack-up demand in Mexico, Middle East, Africa and Asia, IHS

⁴ World Bank (Sep. 2024): *World Development Indicators*. Available from: <https://databank.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG/1ff4a498/Popular-Indicators> (retrieved: 23.09.2024)

⁵ United Nations (Sep. 2024): *World Economic Situation and Prospects September 2024 Update*. Available from: <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-september-2024-update/#:~:text=Robust%20consumer%20spending%20in%20several%20large%20developed%20and%20developing%20economies> (retrieved: 23.09.2024)

⁶ ARAMCO (Jan. 2024): *ARAMCO directive to maintain MSC at 12 MMBD*. Available from: <https://www.aramco.com/en/news-media/news/2024/aramco-receives-directive-to-maintain-msc> (retrieved: 18.06.2024)

⁷ Petrobras (Nov. 2023): *Petrobras Strategic Plan 2024-2028+*. Available from: <https://petrobras.com.br/en/quem-somos/estrategia#:~:text=In%20the%202024-28+%20Strategic%20Plan,%20the%20review%20of> (retrieved: 23.09.2024)

⁸ World Oil (Apr. 2024): *Saudi Aramco announced plans to reduce capital investment by roughly USD 40 billion between 2024 and 2028*. Available from: <https://www.worldoil.com/news/2024/4/4/evercore-aramco-s-decision-to-suspend-jackup-rigs-to-put-slight-damper-on-dayrate-progression/> (retrieved: 18.06.2024)

⁹ IEA (Jul 2021): *IEA – World oil supply and demand, 1971-2020*. Available from: (Paywall) (retrieved: 23.09.2024)

¹⁰ IEA (Jan. 2024): *IEA - Oil market report January 2024*. Available from: (Paywall) (retrieved: 23.09.2024)

¹¹ IEA (Jun. 2024): *IEA - Oil market report June 2024*. Available from: (Paywall) (retrieved: 23.09.2024)

¹² FactSet (Sep. 2024): *Brent Oil price*. Available from: (Paywall) (retrieved: 23.09.2024)

¹³ Rystad UCube (Sep. 2024): *Global offshore E&P capex, Offshore capex spending in Brazil* (Paywall) (retrieved: 23.09.2024)

¹⁴ Rystad OffshoreRigCube (Sep. 2024): *Brazil PLSV Supply-Demand Outlook, Jack-up demand in Mexico, Middle East, Africa and Asia* (Paywall) (retrieved: 23.09.2024)

Petrodata¹⁵, used to retrieve historical rig count by region and concentration of jack-up ownership, IHS Petrodata¹⁶, used to retrieve global jack-up fleet supply, contracted rigs and utilization, premium jack-up dayrates, jack-up fleet per rig owner and market share in the Mexican jack-up market.

The Group confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Group is aware and is able to ascertain from information published by these third party providers, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Group does not intend, and does not assume any obligations to update industry or market data set forth in the Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Group has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently unpredictable and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

The Group cautions prospective investors not to place undue reliance on the above mentioned data. Unless otherwise indicated in the Prospectus, any statements regarding the Group's competitive position are based on the Company's own assessment and knowledge of the market in which it operates. As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "*Risk Factors*" and elsewhere in this Prospectus.

Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which the Group operates.

4.2.6. *Other information*

The functional currency is United States dollars because a majority of the Company's and its subsidiaries' revenues and expenses are denominated in United States dollars.

In this Prospectus, all references to "NOK" are to the lawful currency of Norway, all references to "U.S. dollar", "US\$", "USD", or "\$" are to the lawful currency of the United States of America, all references to "BRL" are to the official currency of Brazil and all references to "Peso" are to the lawful currency of Mexico. No representation is made that the NOK or USD amounts referred to herein could have been or could be converted into NOK or USD as the case may be, at any particular rate, or at all. The Financial Statements are published in USD.

4.2.7. *Rounding*

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.3. **Cautionary note regarding forward-looking statements**

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and anticipated financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" and, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are

¹⁵ IHS Petrodata (Aug. 2024): *Historical rig count by region, Concentration of jack-up ownership* (Paywall) (retrieved: 24.09.2024)

¹⁶ IHS Petrodata (Sep. 2024): *Global jack-up fleet supply, Contracted rigs and utilization, Premium jack-up dayrates, Jack-up fleet per rig owner, Market share in the Mexican jack-up market* (Paywall) (retrieved: 24.09.2024)

not historic facts. They appear, among other areas, in the following sections in this Prospectus, Section 7 "*Industry and market overview*", Section 8 "*Business of the Group*", Section 10 "*Selected financial and other information*", and Section 11 "*Operating and financial review*", and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Group, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Group's future business development and financial performance, and the industry in which the Group operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Important factors that could cause those differences include, but are not limited to:

- market and industry development
- failure to respond to rapid technological changes;
- failure to compete efficiently in competitive markets;
- breaching international sanctions and anti-bribery/anti-corruption laws;
- inadequate insurance coverage within the Group;
- breaching international sanctions and anti-bribery/anti-corruption laws;
- counterparty risks;
- claims against the Group and disputes;
- currency fluctuations;
- access to funding;
- earnings, cash flow, dividends and other expected financial results and conditions;
- changes in general economic and industry conditions, including changes to tax laws and practices;
- changes in laws and regulations in the jurisdictions in which the Group operates.

The risks that could affect the Group's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 2 "*Risk Factors*".

The information contained in this Prospectus, including the information set out under Section 2 "*Risk Factors*", identifies additional factors that could affect the Group's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all sections of this Prospectus and, in particular, Section 2 "*Risk Factors*" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates when considering an investment in the Group.

These forward-looking statements speak only as at the date on which they are made. The Group undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Group or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

5. REASONS FOR THE LISTING

Compared to Euronext Oslo Børs' main list, liquidity in the shares trading on Euronext Growth Oslo are generally limited. Further, the set of rules and regulations pertaining to Euronext Growth Oslo, including financial reporting obligations and other continuing obligations, are less extensive than those pertaining to Euronext Oslo Børs' main list, being a regulated market. As a result of, inter alia, these factors, many investors choose not to invest in companies listed on Euronext Growth Oslo. To facilitate greater liquidity in the Shares and attracting new prospective shareholders in order to build a more diversified shareholder base, the Company decided to transfer its shares from Euronext Growth Oslo to Euronext Oslo Børs. The Company further believes that the Listing will lead to an enhanced profile with investors, business partners and customers. In addition, the Company will have enhanced access to the capital markets for financing of potential growth opportunities in the future.

The contemplated Listing will provide the Company with a regulated marketplace for the trading of its shares and facilitate future growth and development in the Company. Furthermore, the Company believes that the the Listing will:

- Provide greater access access to public capital markets and facilitate the use of Shares as currency in potential future M&A transactions;
- provide a more liquid market for the Shares;
- be available for a larger investor universe;
- further diversify the shareholder base and enable other investors to take part in Paratus' future growth and value creation;
- improve and increase coverage from equity and credit analysts;
- enhance the Company's visibility and market profile with investors, business partners, suppliers and customers; and
- further improve the Group's ability to attract, retain and motivate talented management and personnel.

6. DIVIDENDS AND DIVIDEND POLICY

6.1. Dividend policy

In deciding whether to propose a dividend or other distribution and in determining the amount for such distributions in the future, the Board of Directors will take into account legal restrictions, as set out in Section 6.2 "*Legal constraints on the distribution of dividends*" below, the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its borrowing arrangements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility.

The Company intends to return a majority of its excess free cash flows to shareholders, through stable, long-term sustainable distributions, subject to allowance under existing debt indentures, the Bermuda Companies Act, applicable securities legislation and Board review (see Section 8.8.1 "*The 2026 Notes Indenture*" and Section 8.8.2 "*Bond Terms*"). The timing and amount of dividends is at the discretion of the Board of Directors, subject to compliance with the Bermuda Companies Act.

On 10 September 2024, the Board of Directors authorized a cash distribution to shareholders of USD 0.22 per share, which was subsequently paid on 23 September 2024. Other than that, the Company has not paid any dividend or made any other distributions to its shareholders in the period from 1 January 2021 to the date of this Prospectus.

Any future decision to make distributions in any year will be contingent on the Company's financial position and the business outlook, to ensure that the Company can prudently manage future obligations, business cycles and opportunities for strategic development. Since the Company is a holding company with no material assets other than the shares in the Company's subsidiaries and affiliated companies through which the Group conducts its operations, the Company's ability to make distributions will depend on its subsidiaries and affiliated companies distributing their earnings and cash flow to the Company. Investors are cautioned that the tax legislation of an investor's member state and of the Company's country of incorporation may have an impact on the income received from the Shares. See Section 15 "*Taxation*".

6.2. Legal constraints on the distribution of dividends

Under Bermuda law, a company may declare and pay dividends, or make distributions out of contributed surplus from time to time unless there are reasonable grounds for believing that the company is, or after the payment would be, unable to pay its liabilities as they become due or that the realisable value of its assets will thereby be less than its liabilities.

Pursuant to the Bye-laws, the Board of Directors may, subject to compliance with the Bermuda Companies Act, declare a dividend to be paid to the shareholders, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly in specie in which case the Board of Directors may fix the value for distribution in specie of any assets. The Board of Directors may fix any date as the record date for determining the shareholders entitled to receive any dividend. The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

The Board of Directors may declare and make such other distributions (in cash or in specie) to the shareholders as may be lawfully made out of the assets of the Company. The Company may deduct from the dividends or distributions payable to any shareholder, all moneys due from such shareholder to the Company on account of calls or otherwise. No dividend, distribution or other monies payable by the Company on or in respect of any share shall bear interest against the Company. There are no dividend restrictions or specific procedures for non-Bermudian resident shareholders under Bermuda law or the Bye-laws.

The timing and amount of dividends, if any, is at the discretion of the Board of Directors and will depend upon earnings, market prospects, current capital expenditure programs and investment opportunities. The Company cannot guarantee that its Board of Directors will declare dividends in the future.

6.3. Manner of payments for dividends and other distributions

Any distribution on the Shares will be declared in USD. Any distributions on the Shares will be paid in NOK through DNB, Registrar's Department (**ESO Registrar**) to the holders of the Shares in the ESO. Shareholders registered in the ESO who have not supplied the ESO Registrar with details of their bank account, will not receive payment of distributions unless they register their bank account details with the ESO Registrar. Distributions to shareholders holding their Shares outside the ESO will be processed manually by the Company.

Distributions will be credited automatically to the ESO registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the ESO Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of distribution will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the ESO Registrar within such date. Following the expiry of such date, the remaining, not distributed distribution will be returned from the ESO Registrar to the Company.

7. INDUSTRY AND MARKET OVERVIEW

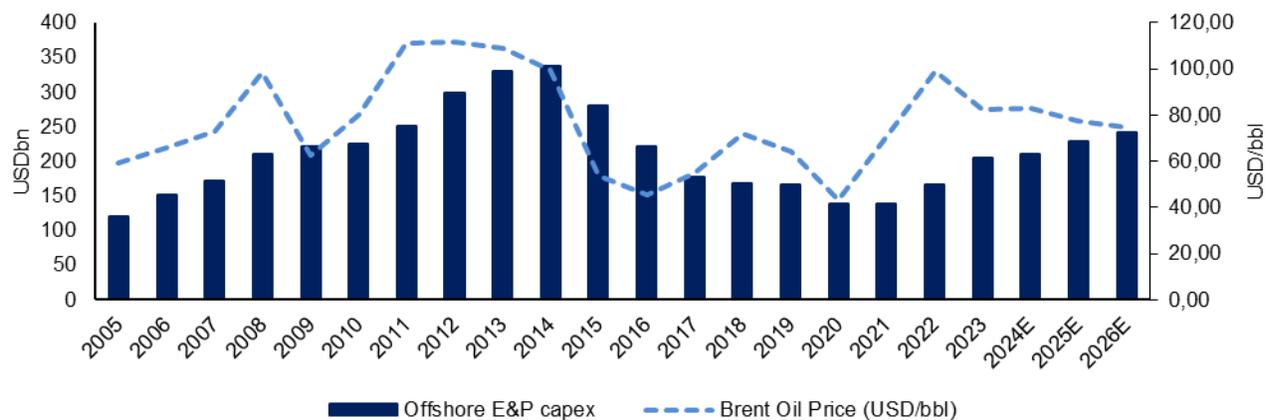
7.1. Market overview

The Group provides offshore drilling and subsea services to the global offshore energy industry through its portfolio companies, Fontis and Seagems. When Archer is mentioned in this Section 7 "Industry and Market Overview", this refers to the Group's equity interests in this entity. Fontis owns and operates five jack-up rigs operating in the shallow water segment within the global offshore drilling services market, while Seagems owns and operates six multi-purpose pipe-laying support vessels ("PLSVs") and 12 remote operating vehicles ("ROVs") providing subsea services and operations.

The Group's key clients are NOCs, whose spending resilience is driven by factors extending beyond mere financial considerations. Historically, both the offshore drilling and subsea markets have been very cyclical with periods of high demand, limited supply and high dayrates alternating with periods of low demand, excess supply and low dayrates. During low-demand phases with surplus supply, competition intensifies, often leading to some assets becoming idle for extended periods. Conversely, high demand coupled with limited supply can lead to the reactivation of previously stacked assets and/or the construction of new assets, potentially creating excess supply.

As is common throughout the oilfield services industry, both offshore drilling and subsea activity are largely driven by actual and/or anticipated changes in oil and gas prices and capital spending by companies exploring for and producing oil and gas. Further, exploration and production ("E&P") companies' capital spending is driven by future oil and gas price expectations. A positive correlation has been observed both historically and in more recent time, exemplified in 2014 when the oil price declined 48%, reducing global offshore E&P capital expenditures from USD 337bn in 2014 to USD 280bn and USD 221bn in 2015 and 2016, respectively. The same pattern was also observed during the Covid-19 pandemic in 2020 with a decreasing oil price and corresponding reduction in global E&P spending. Since then, the oil price and global E&P spending have had a robust recovery, resulting in increased activity for companies within the oil and gas value chain. Rystad Energy expects that global offshore E&P capex will reach USD 211bn in 2024 and USD 229bn in 2025. Brent crude oil is expected to fluctuate around USD 78/bbl from 2024 to 2026, according to FactSet consensus estimates.

Figure 1: Global offshore E&P capex and oil price development from 2005 – 2026E



Source: Rystad UCube (a payable client portal) and FactSet (September 2024) (www.factset.com)

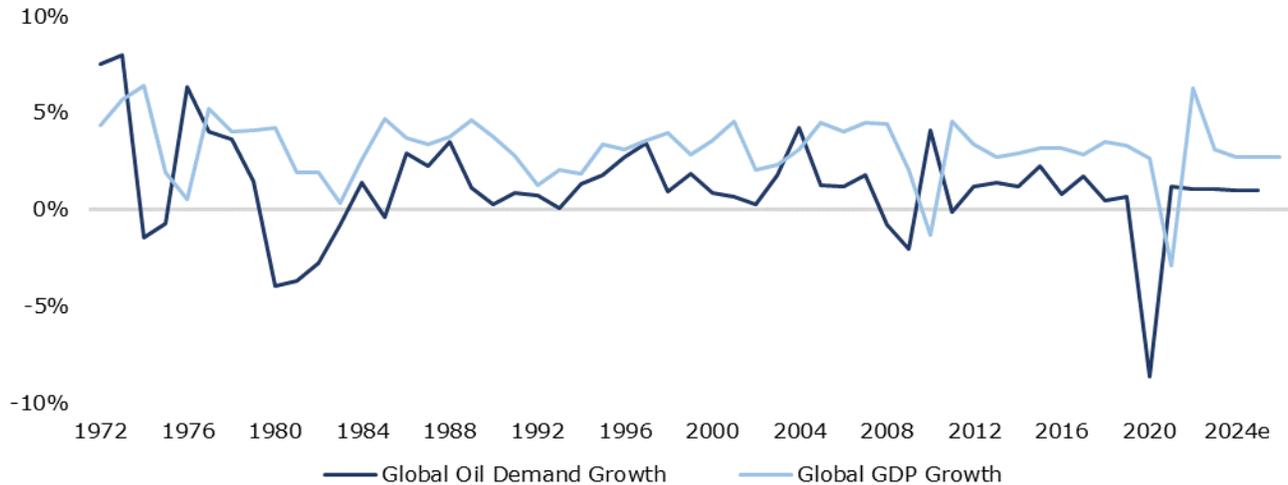
Oil prices and the demand for the Group's services are volatile and affected by numerous factors beyond the Group's control, including, but not limited to, the following:

- Global and regional economic activity
- Global and regional supply and demand for natural gas and crude oil
- Oil and gas prices and offshore E&P spending
- Anticipated production levels and inventory levels

- Political, social and legislative environments in major oil and gas producing regions
- Technological developments
- The attractiveness of specific projects and geographic locations

Figure 2 below shows year-on-year global oil demand growth and global GDP growth from 1972 to 2025e. Historically, there has been a tight correlation between economic growth and global oil demand growth. After negative year-on-year global oil demand growth and world GDP growth in 2020 due to the Covid-19 pandemic, these figures have recovered and are estimated to be 1.0% and 2.7% in 2025e, respectively.

Figure 2: Year-on-year development in global oil demand and global GDP growth (1972-2025e)



Source: Global Oil Demand Growth data retrieved from IEA (Sep 2024) (<https://iea.org>). Global GDP Growth retrieved from OECD World Bank (Sep 2024) (<https://databank.worldbank.org/>) and United Nations (2024). World Economic Situation and Prospects September 2024 Update (<https://www.un.org/>)

7.2. Global offshore drilling market

Within the offshore drilling market, the prevailing contract dayrates and corresponding profitability is largely determined through the rig supply and demand balance. Rigs can be relocated across regions to meet varying demands and rig owners can reactivate cold stacked rigs to meet increased demand. However, costs associated with reactivating cold stacked rigs can be substantial and require highly profitable contracts to ensure return requirements are met. Contracts are awarded through competitive bidding and direct negotiations, and often specify a daily compensation (day rate). The day rate is contingent upon factors such as rig availability, nature of operations, contract duration, equipment requirements, geographic location, and various other variables.

Within the offshore drilling market, there are three main rig categories which are depending on rig design and by the water depths in which the different rigs can drill:

Jack-up rigs: When a jack-up is preparing for operations, the rig is towed to the location of the operation with its hull riding in the water and its legs raised. When at the site, the jack-up drilling rig's legs are lowered until they penetrate the seabed. The hull is then elevated (jacked-up) until it is above the water. The rig can easily be relocated to other locations for new operations. When the rig is relocated across regions, the rig is transported on board a heavy-lift vessel. Then the whole rig travel above the water. Jack-ups typically perform operations in shallow waters, generally in water depths less than 400 feet (~120 meters).

Semi-submersible rigs: Semi-submersibles are floating platforms with a ballasting system, operating in a "semi-submerged" position, implying that the lower hull ballasted is below the water surface. During operations, the rig can either be moored to the seafloor or dynamically positioned. This rig type is generally well suited for medium water depths and/or harsh environments.

Drillships: Drillships are rigs which generally have an on-board propulsion system, typically based on a conventional ship hull design but equipped with full drilling equipment similar to that on semi-submersible rigs. Drilling operations are conducted through openings in the hull (moon pools), and like semisubmersible rigs, drillships can be equipped with conventional mooring systems or DP systems. Drillships are often constructed for drilling in deep water, as deepwater and ultra-deepwater ("UDW") locations are typically far from shore, and drillships normally have higher load capacity and better mobility than the other rig types. However, drillships operate in both the midwater-, deepwater- and ultra-deepwater areas globally, depending on what the specific rig is dimensioned and equipped for. Drillships are particularly preferred in deepwater and ultra-deepwater areas with benign environment, such as the U.S. GoM, Brazil and West Africa.

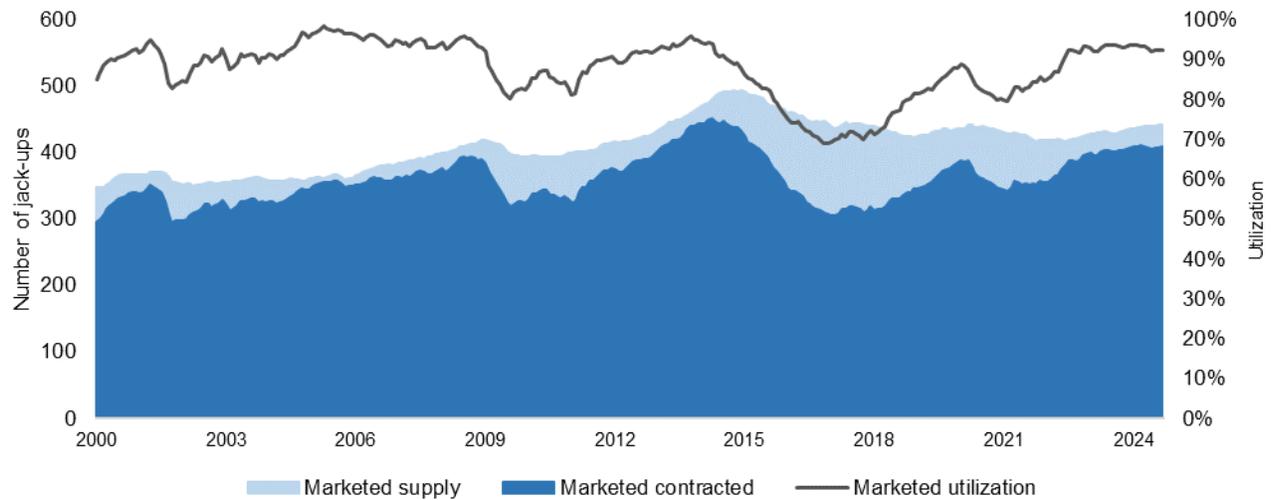
7.2.1. The jack-up drilling rig segment

The offshore drilling market generally consists of shallow water (<400 ft.), midwater (>400 ft.), deepwater (>4,000 ft.) and UDW (>7,500 ft.). The Group focuses its drilling operations on the shallow water market, which is serviced primarily by jack-ups. The Group's jack-up fleet is focused on the premium high-specification market. Given the volatility of oil and gas prices, the dayrates in the contract drilling services market fluctuate significantly. This affects the Group differently based on the duration of the drilling contracts and the prevailing contract rates at the time of contract renewals. Contracts for shallow water drilling often have shorter terms, rendering the company vulnerable to short-term fluctuations in demand that can significantly impact its revenues and cash flows.

Within the jack-up drilling rig segment, there are several subcategories based on specific attributes and capabilities of the rigs. These attributes include water depth capabilities, cantilever reach, and hook load capacity, among others. Additionally, some jack-up rigs are especially equipped to operate in harsh environments characterized by lower temperatures and more challenging weather conditions. Over the past couple of years, a noticeable shift in demand has occurred, particularly towards premium jack-up rigs. These premium rigs are distinguished by their higher hook load capacity and enhanced drilling capabilities compared to standard jack-ups. In response to this shift in demand, many offshore drilling companies have acquired second-hand rigs or placed orders for newbuild rigs that possess the advanced features and specifications required to meet the growing demand for premium jack-up rigs.

According to IHS Petrodata, the global jack-up market comprised a total of 502 rigs as of September 2024. However, it's important to note that not all these rigs are actively marketed. Out of the total count, 443 rigs, or approximately 88%, are actively marketed for drilling operations. Among these actively marketed rigs, 409 rigs, or approximately 92%, are already under contract, as indicated in Figure 3. The market utilization rate underscores the tight supply-demand balance currently observed in the jack-up rig market. Utilization rates at these levels have not been witnessed since 2014, highlighting the robust demand for jack-up rigs and the limited availability of these assets. Limited supply of jack-up rigs has led to increased competition among operators, contributing to an upward pressure on dayrates.

Figure 3: Global jack-up fleet

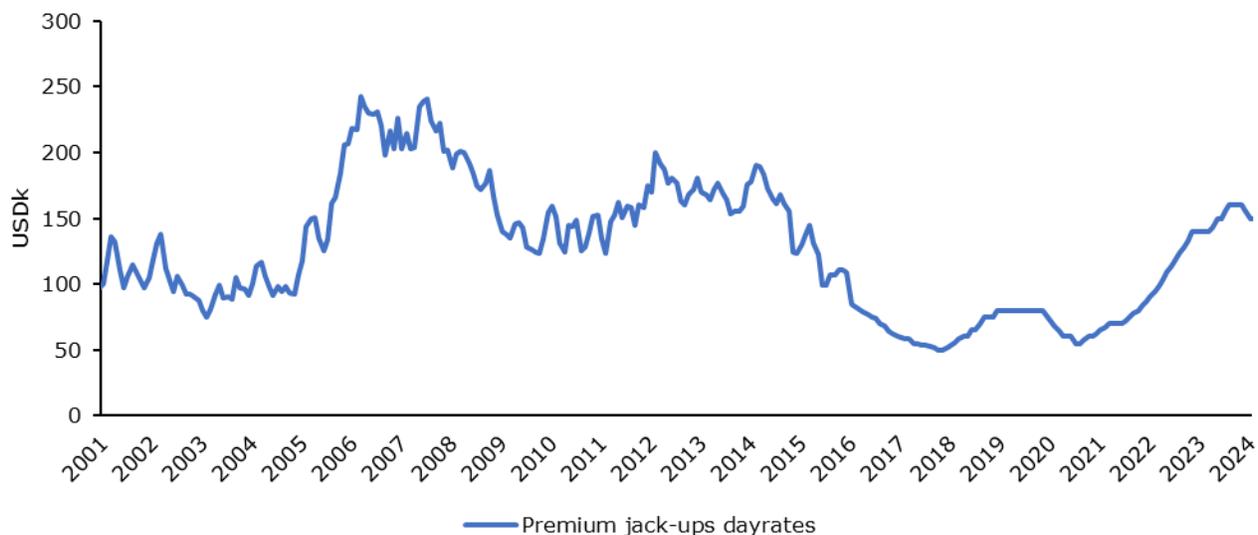


Source: IHS Petrodata (a payable client portal) as of September 2024

Historically, dayrates for premium jack-up rigs have been highly cyclical and closely tied to the overall activity in the oil and gas industry. During periods of elevated oil prices and increased exploration and production activity, dayrates tend to experience an upward trajectory. This occurs because operators, in response to favorable market conditions and increased investments in drilling projects, compete for access to rigs, thereby driving up dayrates. Conversely, economic downturns and oversupply of rigs lead to a surplus of available drilling units, resulting in lower dayrates.

Figure 4 shows the development in dayrates for premium jack-up rigs from 2001 to 2024 and highlights the cyclical nature of dayrates. Notably, in the most recent contract fixtures, the premium jack-up day rate has been in the USD 100-50k per day are depending on specifications. A large share of the incremental demand for jack-ups in the last two years has been driven by expansion plans in Saudi Arabia, increase its production target from 12 million barrels of oil equivalent per day ("**mmboepd**") to 13mmboepd. As a response, Saudi Aramco contracted 40 jack-ups in the period 2022-2023. In January 2024, the Ministry of Energy in Saudi Arabia reversed the decision, going back to maintaining its production target at 12mmboepd, and not increase its target to the previously communicated 13mmboepd. As a result, Saudi Aramco has notified certain rig owners in the country about the suspension of operations of a total of 26 rigs in two rounds. The suspended rigs are expected to be marketed towards new contracts, which may affect the utilization and dayrates in the jack-up market in the short to medium-term.

Figure 4: Premium jack-ups dayrates

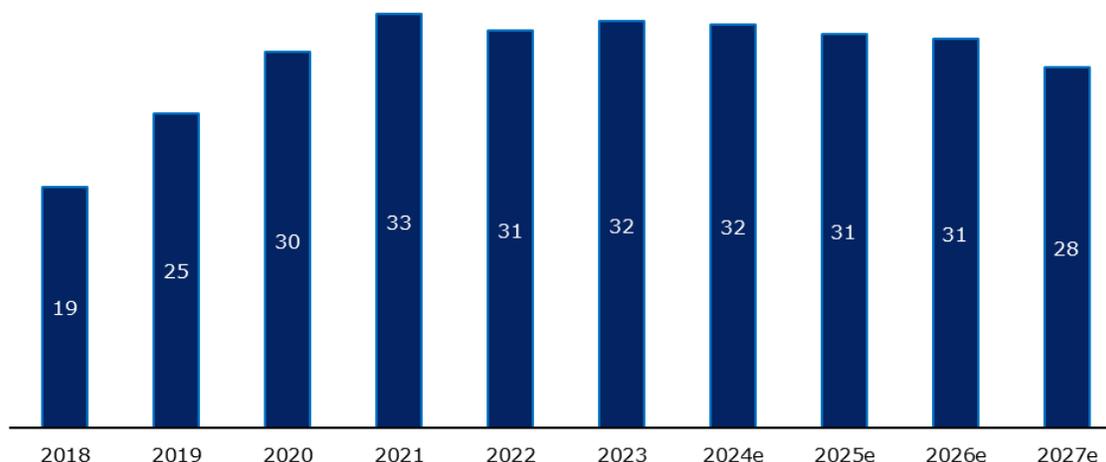


Source: IHS Petrodata (a payable client portal) as of September 2024

7.3. Key regions for jack-up demand

The Group's five jack-ups are currently located in Mexico, where they are working for a large state-owned petroleum company, of which the Group has had a long-standing commercial relationship (the five jack-ups have been working for this company since 2014). This highlights the importance of this relationship and region for the Group. Total demand for jack-up rigs in Mexico is expected to remain high the next two years, with Rystad Energy estimating a total demand of 32 rig years in 2024e and 31 in 2025e, indicating a robust outlook for continued demand in the region.

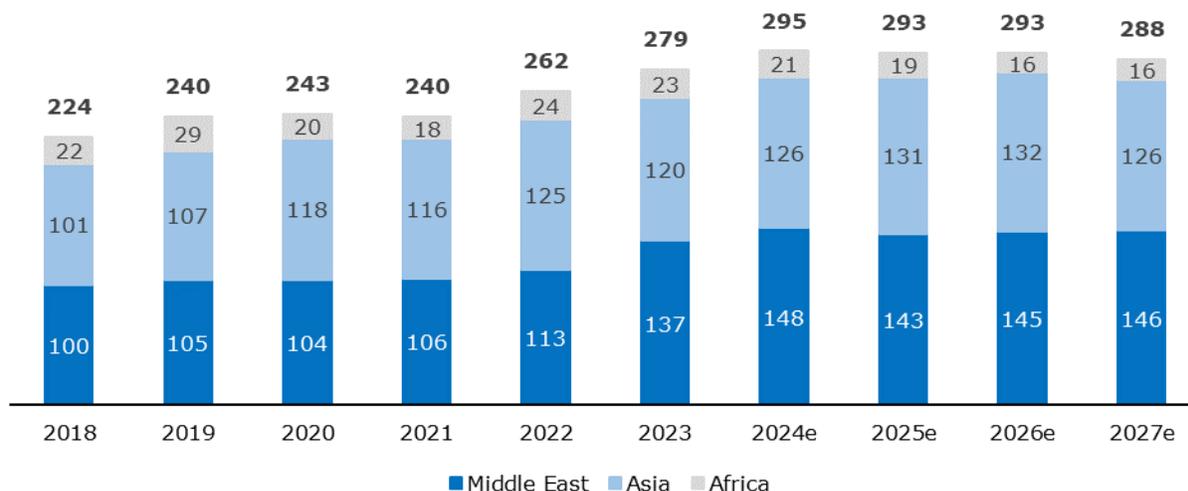
Figure 5: Jack-up demand in Mexico (Rig Years)



Source: Rystad OffshoreRigCube (a payable client portal) as of September 2024

Other key regions for jack-up demand include the Middle East, Africa and Asia due to large oil and gas reserves at lower water depths and growing economies, among others. There has been strong demand for jack-ups in these regions the last years, and as figure 6 illustrates, total demand is expected to remain constructive for 2024e and 2025e.

Figure 6: Jack-up demand in Middle East, Africa and Asia (Rig Years)



Source: Rystad OffshoreRigCube (a payable client portal) as of September 2024

7.4. PLSV market

Multi-purpose PLSVs are specialized vessels used in offshore construction for installation of subsea flexible pipelines and umbilical cables. The primary purpose of a PLSV is to support the laying of underwater pipelines and installation of subsea infrastructure in various ways, including:

1. **Pipe transportation:** PLSVs are equipped with storage and handling systems to transport and lay large sections of pipes on the seabed. They typically carry the pipeline sections on deck and transport them to the installation site.
2. **Pipe welding:** Some PLSVs are equipped with specialized welding systems, often automated, to join individual sections of the pipeline together. Welding is a critical part of the installation process, ensuring the integrity of the pipeline.
3. **Dynamic positioning:** These vessels are equipped with dynamic positioning systems, which use thrusters to maintain their position and heading, even in the presence of currents and waves. This capability is crucial for precise pipeline installation.
4. **Trenching and burial:** Some PLSVs are equipped with tools for trenching and burying pipelines in the seabed. This helps protect the pipeline from external factors and makes it less susceptible to damage.
5. **Riser installation:** PLSVs can also install risers, which are vertical pipes connecting subsea infrastructure to platforms or floating production systems.
6. **Cranes and ROVs:** Many PLSVs are equipped with cranes for heavy lifting tasks and ROVs for various construction and maintenance tasks. ROVs are essential for inspecting and adjusting the pipeline and other subsea infrastructure.

Demand for PLSVs is closely linked to the activity within the oil and gas industry and directly linked with the number of new offshore field developments as well as maintenance of existing infrastructure. In addition, the PLSV demand and supply balance is another crucial factor determining pricing in this market.

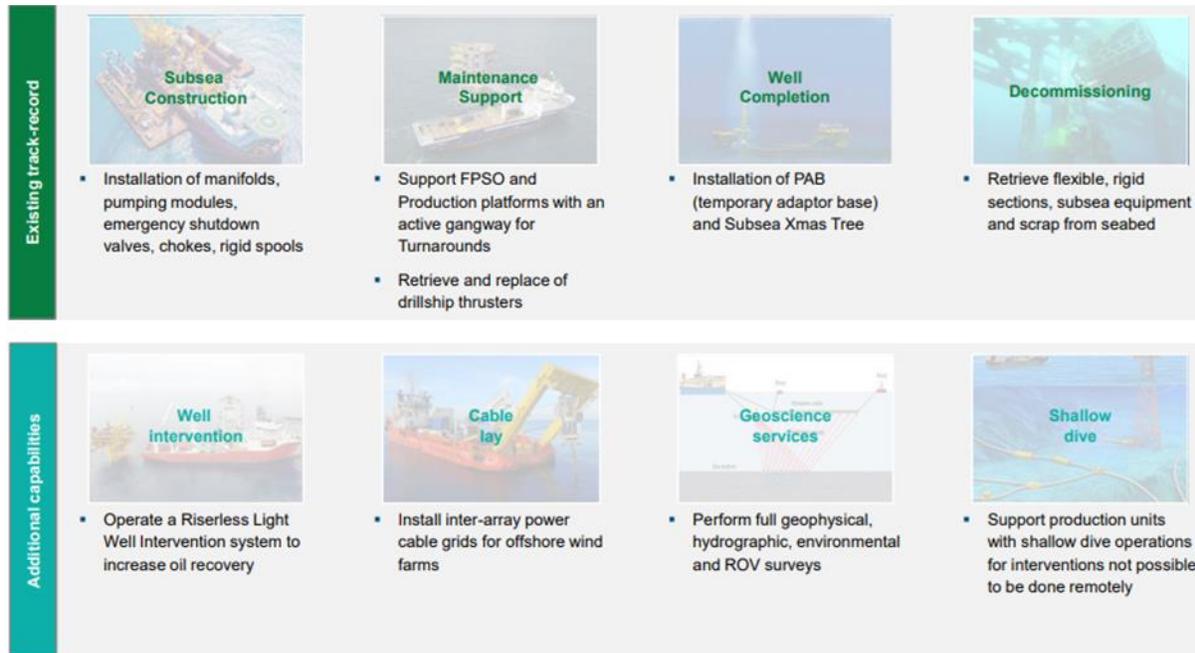
PLSVs are categorized as multi-purpose and offers a wide range of capabilities beyond pipe-laying, as describe in Figure 7 below.

7.4.1. Brazilian PLSV market

The Brazilian PLSV market is a key market for the Group, through its 50% ownership stake in Seagems. The market is small and highly concentrated, on both the supply and demand side. Petrobras is the key contractor in the Brazilian market, representing most of the demand

side, while the supply side consists of a small number of contractors. Currently, there are 21 PLSVs on contract in Brazil from four unique PLSV contractors¹⁷. Figure 7 illustrates the Group's diverse PLSV portfolio and their associated capabilities.

Figure 7: Key capabilities for the Group's PLSVs

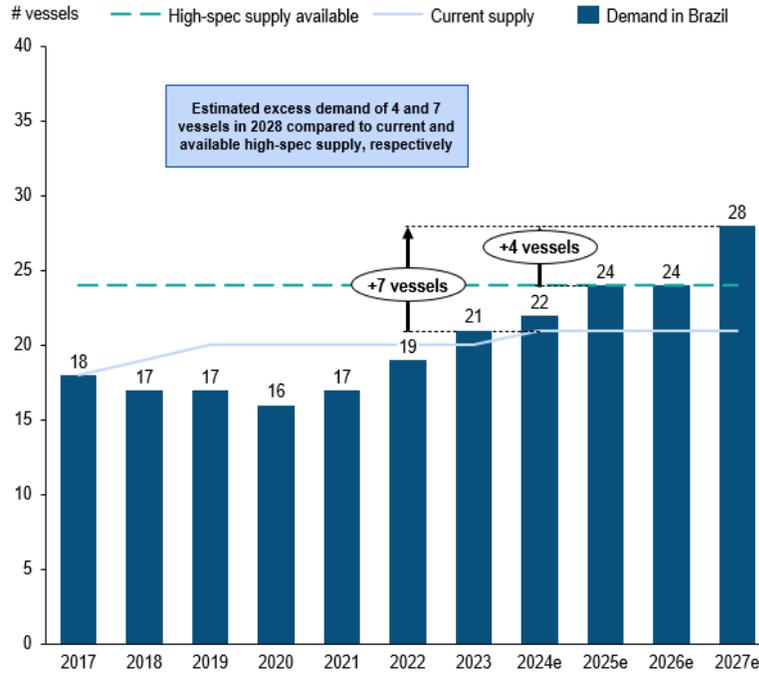


Source: Company information as of May 2024

Demand of PLSVs in Brazil is expected to surpass available supply by 2025. As illustrated in Figure 8, the projected supply-demand imbalance reflects robust demand growth driven by increased offshore development. This tightening of supply is likely to drive higher utilization rates for existing PLSVs, potentially leading to a surge in dayrates and increased opportunities for fleet modernization and technological advancements.

¹⁷ Company information. Excludes Normand Cutter due to lower capacity. Please see figure 13 for full list of PLSVs and its owners in Brazil

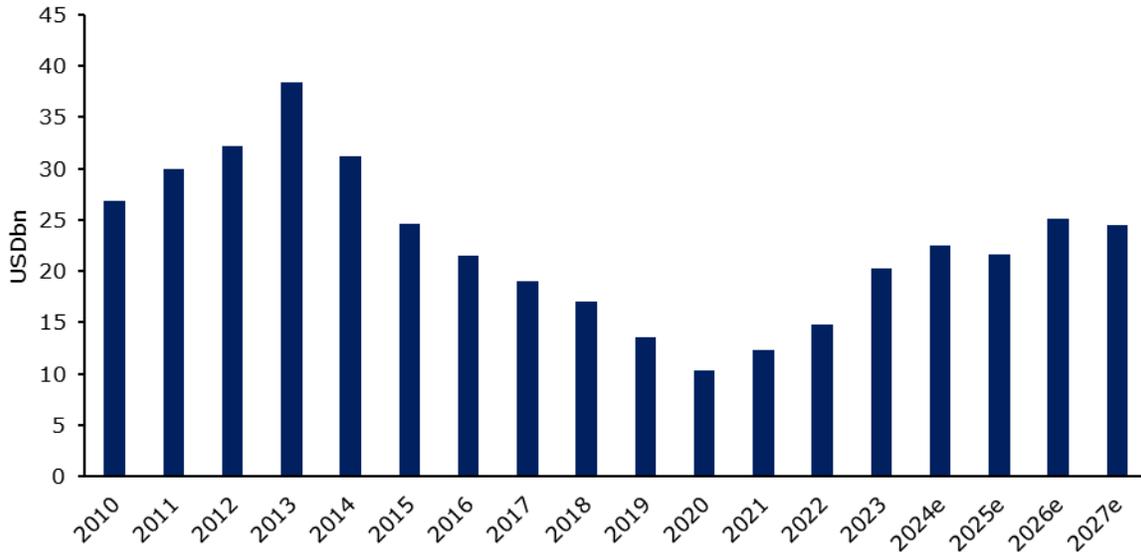
Figure 8: Brazil PLSV Supply-Demand Outlook



Source: Company information as of May 2024 and Rystad Energy (Nov. 2022) Opportunity assessment of Sapura Navegacao Maritima S.A.

The Brazilian PLSV market presents high barriers to entry due to stringent technical and operational requirements proven by challenging deepwater conditions, high capital intensity and Brazil's cabotage rules. The Brazilian offshore industry holds significant potential, as reflected by the projection of USD 114¹⁸ billion in offshore capital expenditure expected over the next five years. Figure 9 illustrates the considerable increase in activity for the Brazilian offshore energy sector, which will be beneficial for companies operating in this market.

Figure 9: Offshore capex spending in Brazil

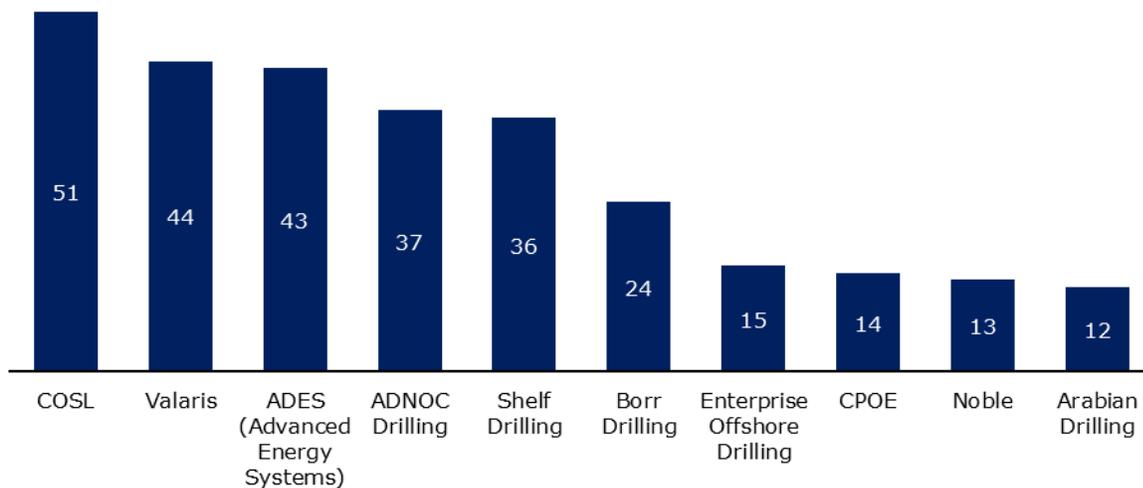


Source: Rystad UCube (a payable client portal) as of September 2024

¹⁸ Rystad UCube as of September 2024

between regions in response to demand, albeit at times incurring significant costs. The jack-up market is characterized by a diverse range of players, both major drilling contractors and regional contractors. Prominent global players include Valaris, Noble Corporation and Borr Drilling, among others. The supply side is highly fragmented, resulting in a global market where none of the contractors have a dominant market share. Regional operators often serve specific markets, such as the Middle East, Southeast Asia, and the North Sea. Furthermore, newbuilds and second-hand jack-ups are expensive, creating financial barriers to entry.

Figure 11: Jack-up fleet per rig owner (including JVs and rigs under construction)

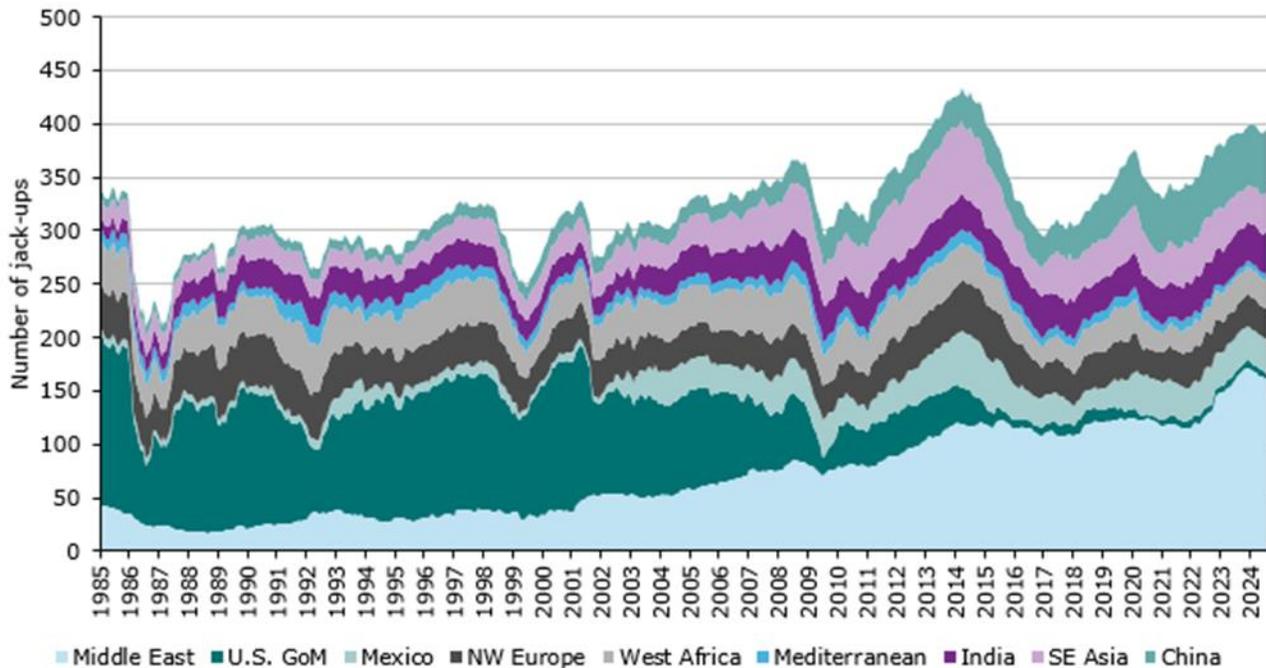


Source: IHS Petrodata (a payable client portal) as of September 2024

As shown in Figure 12 below, the Middle East has been the main source of incremental jack-up demand in recent years, and as per August 2024, approximately 39% of all jack-ups globally are located in the region. Regional rig demand is influenced by oil and gas companies' production plans, of which Saudi Aramco is the most prominent player. Saudi Aramco's production targets are set by the Saudi Arabia's Ministry of Energy and was until early 2020 at 12mmboepd. In 2021, Saudi Aramco announced a target to raise its maximum crude production capacity by 1mmbpd by 2027. The increased production target led to incremental jack-up demand with Saudi Aramco contracting additional 40 jack-ups in the period 2022 to 2023.

In January 2024, Saudi Aramco announced that it had received a directive from the Ministry of Energy to maintain its production target at 12mmboepd, and not increase its target to the previously communicated 13mmboepd. In March 2024, Saudi Aramco announced plans to reduce capital investment by roughly USD 40 billion between 2024 and 2028. As a part of the decision, Saudi Aramco suspended 22 rigs in its initial round in April 2024, before adding another four confirmed suspensions in August 2024. The suspended rigs are owned by Advanced Energy Systems (5), COSL Drilling (5), Shelf Drilling (4), Arabian Drilling (4), Saipem (3), Valaris / ARO Drilling (3), Borr Drilling (1), Egyptian Drilling (1).

Figure 12: Historical rig count by region



Source: IHS Petrodata (a payable client portal) as of September 2024

7.4.3. Competition in the PLSV market

The PLSV market is categorized by high barriers to entry, creating a landscape of concentrated supply and demand. The high entry barriers, which encompass a range of technical and operational factors, have resulted in a market characterized by a select group of operators. While PLSVs in the larger context are relatively similar and can do similar work, there are some key differentiating factors including vessel's tension capabilities in handling the pipe-laying system, its storage capacity for rigid pipes on the main reel, the class of Dynamic Positioning (DP) systems used, the efficiency and speed of the pipe laying system, the presence of Remote Operated Vehicles (ROV) hangars, and the size of accommodation for the onboard crew. As a result, competition within the PLSV market is not merely about quantity but also about the specific capabilities and features of each vessel.

The Brazilian PLSV market is highly concentrated on both the supply and demand side, with only four companies currently providing pipe-laying services for the two main contractors in this region, namely Petrobras and Equinor. The Group's competitors in this market are two global energy service companies Technip FMC and Subsea 7, as well as DOF. There are currently 21 PLSVs in Brazil, 17 of them are under contract for Petrobras, as illustrated in Figure 10, while Equinor have one PLSV contracted. Six out of 21 PLSVs in Brazil are under the ownership of Seagems. Subsea 7 holds contracts for five PLSVs in the region, TechnipFMC and the TechnipFMC/DOF partnership account for eight PLSVs and Solstad has one working on a decommissioning project and one currently working as accommodation.

Figure 13: PLSV fleet in Brazil per owner

#	Vessel	Owners	Project	Client	Flexlay (t)
1	Sapura Rubi	Seagems	Long term	PETROBRAS	550
2	Sapura Esmeralda	Seagems	Long term	PETROBRAS	300
3	Sapura Jade	Seagems	Long term	PETROBRAS	550
4	Sapura Onix	Seagems	Atlanta	BRAVA	550
5	Sapura Diamante	Seagems	Long term	PETROBRAS	550
6	Sapura Topazio	Seagems	Long term	PETROBRAS	300
7	TOP Coral do Atlantico	TechnipFMC	Long term	PETROBRAS	550
8	Deep Star	TechnipFMC	Not defined	Not defined	550
9	Skandi Olinda	TechnipFMC / DOF	Long term	PETROBRAS	300
10	Skandi Recife	TechnipFMC / DOF	Long term	PETROBRAS	300
11	Skandi Buzios	TechnipFMC / DOF	Long term	PETROBRAS	650
12	Skandi Acu	TechnipFMC / DOF	Long term	PETROBRAS	650
13	Skandi Vitoria	TechnipFMC / DOF	Long term	PETROBRAS	300
14	Skandi Niteroi	TechnipFMC / DOF	Long term	PETROBRAS	270
15	Seven Sun	subsea 7	Long term	PETROBRAS	550
16	Seven Cruzeiro	subsea 7	Long term	PETROBRAS	550
17	Seven Rio	subsea 7	Long term	PETROBRAS	550
18	Seven Waves	subsea 7	Long term	PETROBRAS	550
19	Seven Pacific	subsea 7	Bacalhau	PETROBRAS	260
20	Normand Cutter	SOLSTAD OFFSHORE	Decommissioning	equinor	
21	Normand Maximus	SOLSTAD OFFSHORE	Accommodation	SAIPEM	550

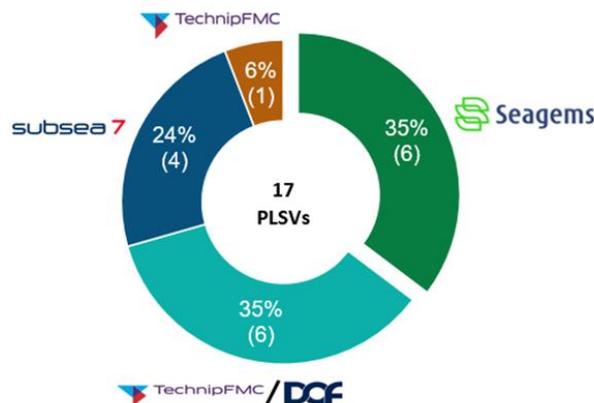
Source: Company information (September 2024)

7.5. Competitive situation

The Group operates mainly across two key segments being subsea and pipe-laying services and shallow water drilling operations which is served by Seagems' fleet of six PLSV vessels and Fontis' fleet of five premium jack-ups.

At the date of this Prospectus, the Group view the market for PLSV vessels performing subsea and pipelaying services as highly concentrated, mainly due to its characteristics of being purpose build, high degree of operational complexity, high specification and high capital intensity. PLSVs mainly operate in the Brazilian offshore market, which consists of only five vessel owners of PLSVs operating a total of high-spec vessels, of which Seagems owns and operate six vessels representing approximately 35% of the total high-spec supply with long-term contracts. The competition consists of larger subsea players such as Subsea7 and TechnipFMC, in addition to a joint venture between DOF and TechnipFMC (DOFCON). The large subsea companies mainly undertake large construction- and SURF projects, as EPCI contracts categorized by lump-sum payments. In general, Seagems focus on a dayrate-based service offering for a fixed time charter period.

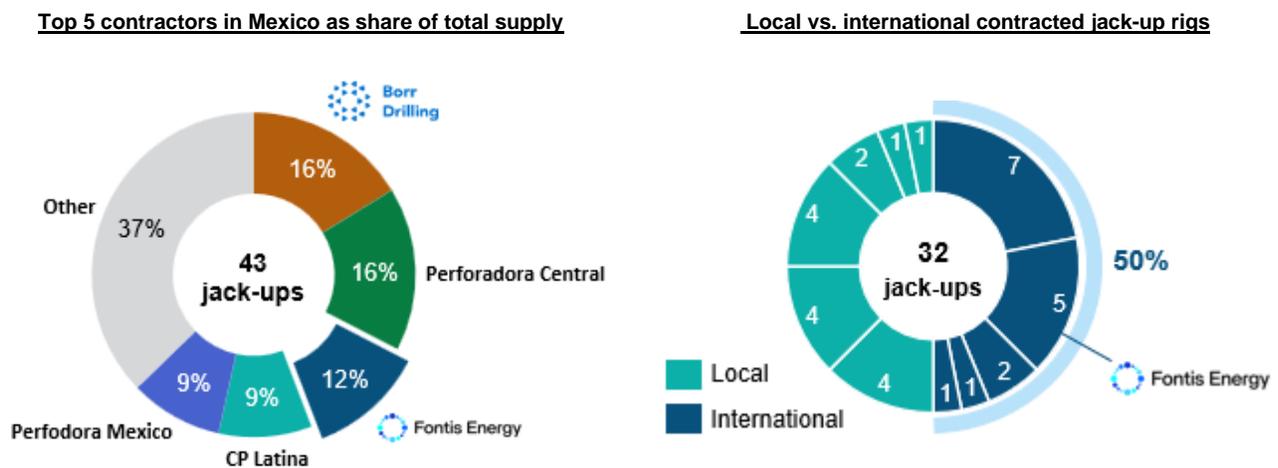
Figure 14: Overview of high-spec PLSV owners with long-term contracts in Brazil



Source: Company information as of September 2024

The Group further views the market for offshore drilling services as highly fragmented, and especially the market for shallow water drilling operations and jack-ups. Looking at concentration of jack-up ownership, the 10 largest owners of jack-ups control around 56% of the total supply, whereas the remaining 44% is divided among 85 owners²². Referring to Section 7.2, high utilization rates globally underscore the current tight supply-demand balance, however, the recent suspensions of jack-up contracts in Saudi-Arabia is expected to impact short- to medium term utilization and dayrates, on the back of increased tender competition globally as the suspended rigs seek alternative work elsewhere. Mexico is currently the Group’s key jack-up market through Fontis, and as illustrated in the left pie chart in Figure 15, Fontis ranks among the top 3 largest owners of jack-ups in Mexico, currently owning 12% of all jack-ups in the country²³. The suspensions in Saudi-Arabia will potentially increase the competition of new tenders also in Mexico. On the other side, Fontis and other rig owners in the country, have a favorable position in Mexico due to their track record and having the rigs already in Mexico. New competition in tenders have a competitive disadvantage in having to relocate their rigs, which involves substantial associated costs, time and logistics. As shown in the pie chart to the right in Figure 15, international players have a vital role in the Mexican market representing 50% of jack-ups under contract.

Figure 15: Market share in the Mexican jack-up market



Source: IHS Petrodata (a payable client portal) as of October 2024

7.6. Regulatory environment

The Group has operations in multiple jurisdictions and is subject to complex laws and regulations (including environmental regulations) associated with its international operations which could hinder or delay the Group’s operations, increase the Group’s operating costs, reduce demand for its services and restrict its ability to operate its vessels or otherwise, the Group’s activities are subject to numerous specific laws and regulations in the form of national, state and local laws, international conventions and treaties, and national and international regulations in force in the jurisdictions in which the Group operates.

The Group is further subject to requirements on occupational health and safety as well as export control regulations. Also, laws relating to the import and operation of equipment, currency conversions and repatriation, taxation of earnings and earnings of expatriate personnel or the use of local employees and suppliers by foreign contractors may be affected. The application of the various laws and regulations depends on the specific facilities, installations and activities at the business locations in the relevant jurisdictions. Operational sites may have to comply with several environmental and regulatory requirements. In addition, environmental liabilities can occur due to public or civil environmental laws.

The environmental and regulatory laws are regularly subject to change. They are continuously being adapted, at the national and international levels, in particular by the EU, to the level of technical sophistication and the increased need for safety and environmental protection in the energy sector. Due to the broad geographical scope of the Group’s business operations, the contents and details as well as the practice of

²² Source: IHS Petrodata as of September 2024, a payable client portal

²³ Source: IHS Petrodata as of September 2024, a payable client portal

enforcement of the applicable legal framework varies throughout the different jurisdictions concerned. Non-compliance with national and international laws and regulations may in certain circumstances impose strict liability, rendering companies in the Group liable for environmental and natural resource damages without regard to negligence or fault on the part of the Group.

Consequently, the Group may be subject to changing laws, regulations and treaties in and between the countries in which it will operate, including any treaties to which any of Bermuda, Mexico, Brazil, Singapore, the United States, or any relevant European Union member country is a party.

For example, the Group's income tax expense will be based upon the Company's interpretation of the local tax laws, regulations, and international treaties in effect in various countries at the time that the expense is incurred. A change in tax laws, regulations or treaties, including those in and involving Bermuda, Mexico, Brazil, Singapore, the United States, and any relevant European Union member country, or in the interpretation thereof, or in the valuation of any deferred tax assets, which is beyond the Company's control, could result in a materially higher tax expense or a higher effective tax rate on the Group's worldwide earnings. Furthermore, the Group's income tax may be subject to local tax reviews. If tax authorities in any way challenge the Company's intercompany pricing policies and/or operating structures successfully, the Company's effective tax rate may increase considerably resulting in earnings and cash flow operations being materially impacted.

By way of further example, environmental laws have in recent years become more stringent and have generally sought to impose greater liability on a larger number of potentially responsible parties. Because the Group operates in the production of oil and natural gas (as well as associated services e.g. pipe laying) which may cause damage to the environment, the Group may become subject to claims relating to the release of such substances into the environment. The Group strives to conduct its business activities in an environmentally sustainable manner that is achieved through the use of written processes and risk management procedures focused on the proactive assessment of environmental risks associated with the Group's operations. These risk assessments help facilitate a reduction of the environmental impact of the Group's activities and help prevent the accidental release of oil and natural gas into the environment. While the Group's management is not currently aware of any situation involving an environmental claim that would likely have a material adverse effect on the Group, it is possible that an environmental claim could arise that could cause the Group's business to suffer. Any change in environmental or other regulations for the oil and gas industry would affect the Group's business similarly to the other industry participants.

8. BUSINESS OF THE GROUP

8.1. Introduction to the Group

The legal and commercial name of the Company is Paratus Energy Services Ltd. (previously known as 'Seadrill New Finance Limited' or 'NSNCo'). The Company is an exempted company limited by shares incorporated and existing under the laws of Bermuda pursuant to the Bermuda Companies Act. The Company was incorporated on 14 March 2018 and is registered with the Bermuda Registrar of Companies under registration number 53451. The Company's LEI code is 549300XB7T5BX418QX67.

The Company's registered office is at Par-La-Ville Place, 14 Par-La-Ville Road, Hamilton, HM 08 Bermuda, with phone number 1(441) 295-6935, and the Company's management and corporate office is c/o Paratus Management Norway AS ("**Paratus Management**") at Bryggegate 3, 0250 Oslo, Norway, with phone number +47 23 11 40 00.

The Company's website is www.paratus-energy.com. The content of www.paratus-energy.com is not incorporated by reference into, nor otherwise forms part of, this Prospectus.

8.2. Business operations and principal activities

The Company is the principal holding company of a group that holds investments in energy services companies. The Group is primarily comprised of its 100% ownership of Fontis Holdings Ltd., previously known as SeaMex Holdings Ltd. and its subsidiaries (jointly "**Fontis**"), 50/50 joint venture interest in Seagems (formerly, 'Seabras Sapura') joint venture, comprising of Seabras Sapura Holding GmbH and Seabras Sapura Participacoes SA, ("**Seagems**") and its 19.99% ownership in Archer Ltd. ("**Archer**")²⁴.

Fontis, Seagems and Archer provides a wide range of services within the offshore energy sector. The companies are set up to run their operations on a standalone basis. Seagems and Archer are accounted for using the equity method and are not consolidated subsidiaries of the Group. However, given that the Group's primary operations revolve around its ownership interests in these companies, the business operations of Seagems and Archer are included as part of the Group's overall business and principal activities.

For Fontis, the business is comprised of offshore drilling services through the chartering of drilling rigs and related services and equipment to extract hydrocarbons from beneath the seabed. Such drilling services consist mainly of well construction and maintenance services, which are critical for ensuring the safe and efficient extraction of oil and gas from offshore wells, and include among others of the installation of wellheads, casings, and other components. In addition, Fontis provides accommodation and support services for the crew working on offshore drilling rigs. This ensures the well-being and efficiency of the personnel involved in drilling operations.

For Seagems, the principal activities relate to installation and maintenance of subsea infrastructure, in addition to project management and engineering. The installation work includes installation of pipelines, umbilicals, and risers, while the maintenance work relates to diving and ROV services for underwater inspections, maintenance, and repair work. In combination with its project management and engineering solutions to plan, design, and execute offshore projects efficiently, Seagems ensures that the integrity and safety of subsea assets are maintained.

For Archer, along with its subsidiaries, the principal activities comprise of comprehensive drilling and workover services including platform drilling, land drilling, directional drilling, drill bits, modular rigs, fluids, engineering and equipment rentals, as well as a select range of well delivery support services and products. The strategy of the Archer group is to deliver better wells and to be the "supplier of choice" for drilling services, well integrity, well interventions as well as plug and abandonments. The Archer group aims to achieve this by continuously improving its services and product quality and by utilizing people who demonstrate the values of the Archer group and deliver excellence. Archer is listed on Euronext Oslo Børs under ticker "ARCH".

8.2.1. Fontis

Fontis was established in 2014 and is an offshore driller with a fleet of five premium high-specification jack-up rigs, which are jack ups capable of working at water depth in excess of 350 feet and constructed post year 2000. The fleet includes two Friede & Goldman (F&G) JU-2000E

²⁴ Following the issuance and delivery of new shares in Tranche 2 of the Archer Private Placement, the Company will hold 21,583,826 shares in Archer, representing approximately 24.2% of its share capital and voting rights. For more information, please refer to Section 11.6.2.

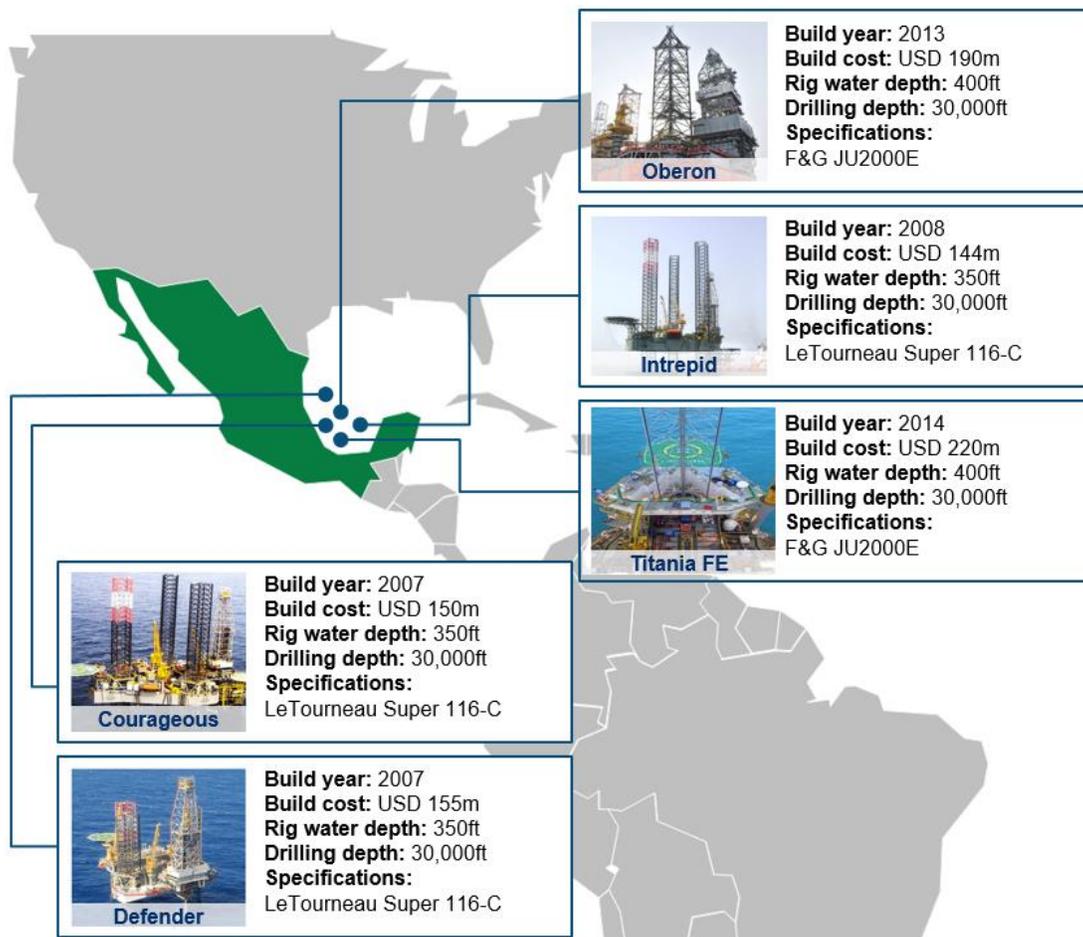
and three LeTourneau Super 116-C rigs, located in Mexico under long-term contracts with a large state-owned petroleum company²⁵. Fontis has had a strong, long-standing commercial relationship with its client, with its five jack-ups working for this company since 2014.

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

Fontis' fleet consists of five premium BE generation/high specification jack-up rigs²⁶:

Name	Year
Courageous	built in 2007
Defender	built in 2007
Intrepid	built in 2008
Oberon	built in 2013
Titania FE	built in 2014

For further details on each jack-up rig, please see figure below²⁷:



* F&G JU2000E refers to a jack-up rig designed by Friede & Goldman (F&G) primarily used for shallow to intermediate water depth drilling.

** LeTroupeau Super 116-C refers to a jack-up rig designed by LeTourneau Technologies primarily used for shallow-water drilling.

²⁵ Source: IHS Petrodata as of October 2024, a payable client portal

²⁶ Source: Company information as of October 2024

²⁷ Source: Company information as of October 2024

8.2.1.1 Charter agreements between the Fontis and a large state-owned petroleum company relating to the Rigs

The 5 rig-operating subsidiaries of Fontis, (each the "**Lessor**" under the respective rig charter agreement) have each entered into lease agreements with a large state-owned petroleum company (as "**Lessee**") for the purpose of leasing the rigs to be used in the Gulf of Mexico (each, a "**Rig Leasing Agreement**") for the drilling of hydrocarbons. The Rig Leasing Agreements are governed by Mexican federal laws, and all disputes which arise under the Rig Leasing Agreements are to be exclusively determined by arbitration in Mexico or (in the case of Titania FE, by determination of an independent expert), provided that, in the case of Titania FE, all matters under the Rig Leasing Agreement which are not resolved by the dispute resolution mechanisms provided therein, shall be referred to the Federal Courts of Mexico City.

With the exception of the Titania FE for which the daily rate is fixed over the 12-months duration of the contract, all other unit daily rates have a baseline, floor and cap range during the term of the Rig Leasing Agreement and follows indexing mechanism review and applied every 6-months. The dayrate contractual indexing is tied to an internationally published index, which is reviewed at set intervals, every six months, in February and August, based on the following adjustments: (i) If the new index is below the contractual floor index number, the dayrate remains at the floor level, as outlined in the agreements, and (ii) if the new index is above the contractual floor index number, the dayrate increases proportionally to the difference between the new index and the floor index, up to a ceiling dayrate. This ceiling, as outlined in the agreements, ensures that the dayrate does not rise excessively if the index significantly surpasses the floor index number. For an overview of dayrates, please see below:

Dayrate floor level:

- Courageous, Defender, Intrepid: 109
- Oberon: 123
- Titania: N/A

Dayrate cap level:

- Courageous, Defender, Intrepid: 155.5
- Oberon: 171.5
- Titania: N/A

Other adjustments (increases and decreases) may be made due to performance, variation in supplies for work force, spare parts, and lubricants in accordance with the terms, rates and formulas stipulated in the respective Rig Leasing Agreement.

The term of the Rig Leasing Agreements is currently set as follows²⁸:

Rig	Contract Commencement	Contract Expiration
Defender	August 2014	January 2026
Courageous	September 2014	November 2026
Intrepid	May 2014	May 2026
Oberon	May 2014	October 2025
Titania FE	May 2024	February 2025

With the exception of Titania FE, at the Lessee's election, where upon expiration of the term of the lease the rig is performing drilling, reparation or maintenance works of a given well, the term of the lease may, at the Lessee's election, continue until the termination of such works, and the

²⁸ Source: Company information as of October 2024

Lessee shall continue paying the daily rate until termination of the drilling, reparation or maintenance works of the well in question. An endorsement or amendment to the performance bond (referred to below) is required to be submitted to the Lessee prior to the expiry of the term of the respective Rig Leasing Agreement for the estimated term of completion of the works.

The Lessee may cancel the Rig Leasing Agreement without the need of an arbitrary or judicial statement in a number of prescribed circumstances including if (inter alia) (i) the Lessor is in non-compliance of the respective Rig Leasing Agreement and does not rectify the non-compliance in the period specified in the respective Rig Leasing Agreement; (ii) the Lessor is in non-compliance of certain obligations under the Rig Leasing Agreement, including those relating to anti-corruption and the safety of persons, assets and the environment; (iii) if the Lessor is declared or subjected to bankruptcy proceedings or other similar process; (iv) the Lessor loses financial, technical and operation capacities that enabled it to be awarded the Rig Leasing Agreement; (v) any permission or governmental authorization required for compliance of the Lessor's obligations under the respective Rig Leasing Agreement are revoked; (vi) upon certain change of control events relating to the Lessor; and (vii) an anomaly has occurred and not been corrected in accordance with the respective Rig Leasing Agreement; and (viii) the Lessor is in non-compliance with applicable law.

The Lessor may terminate the Rig Leasing Agreement with the prior declaration of a competent authority where, for causes attributable to the Lessee (i) the Lessee has not complied with its payment obligations under the respective Rig Leasing Agreement for a period of more than sixty (60) consecutive days (except in the case of Titania FE, where the right to terminate arises for failure to meet payment obligations for more than 365 days after the date on which the payment obligation becomes due); (ii) except in the case of Titania FE, where the Lessee has negligently used the Rig and other leased goods; and (iii) the Lessee does not have the permits, licenses or authorizations that it is required to have pursuant to the respective Rig Leasing Agreement.

The parties to the respective Rig Leasing Agreement also have mutual early termination rights in certain prescribed circumstances including for (i) unforeseeable circumstances or force majeure; (ii) in the event of a total loss is declared in respect of the Rig as declared by the Lessor's insurers; or (iii) by agreement among the parties. In the case of Titania FE, the Lessee may unilaterally terminate the Rig Leasing Agreement by giving the Lessor not less than six (6) months' prior notice prior to the date of early termination due to any of the following circumstances (i) when it determines that continuing with the execution of the lease subject to the Rig Leasing Agreement may causes losses or inconvenient costs in accordance with the strategies of its business plan; (ii) by revocation or assignment; or (iii) by judicial or administrative decision declaring the nullity of the acts that gave rise to the Rig Leasing Agreement.

A performance bond is required to be given and replaced each year, each with a term of one year except for the final performance bond which shall be issued for the period of the remaining term, by a bonding institution legally constituted in Mexico in favor of the Lessee which shall equal 10% of the annual price payable under the respective Rig Charter Agreement.

8.2.2. *Seagems*

Seagems was established in 2011 and is a subsea services company, with a fleet of six pipe-laying support vessels which are specialized vessels designed for the installation of underwater pipelines and equipment that connect offshore oil and gas production wells with FPSOs and other facilities²⁹. All of Seagems' vessels currently operate under long-term contracts in Brazil. Seagems' corporate identifying number is 14.072.869/001-56 and the company is headquartered in Rio de Janeiro with registered address Praia Botafogo 186, 7th floor Oscar Niemeyer Tower, Rio De Janeiro, with additional offices in Caxias, Macaé and Vitória. Seagems is a 50/50 joint venture between the Company and Sapura Energy Berhad, a global integrated energy services and solutions provider.

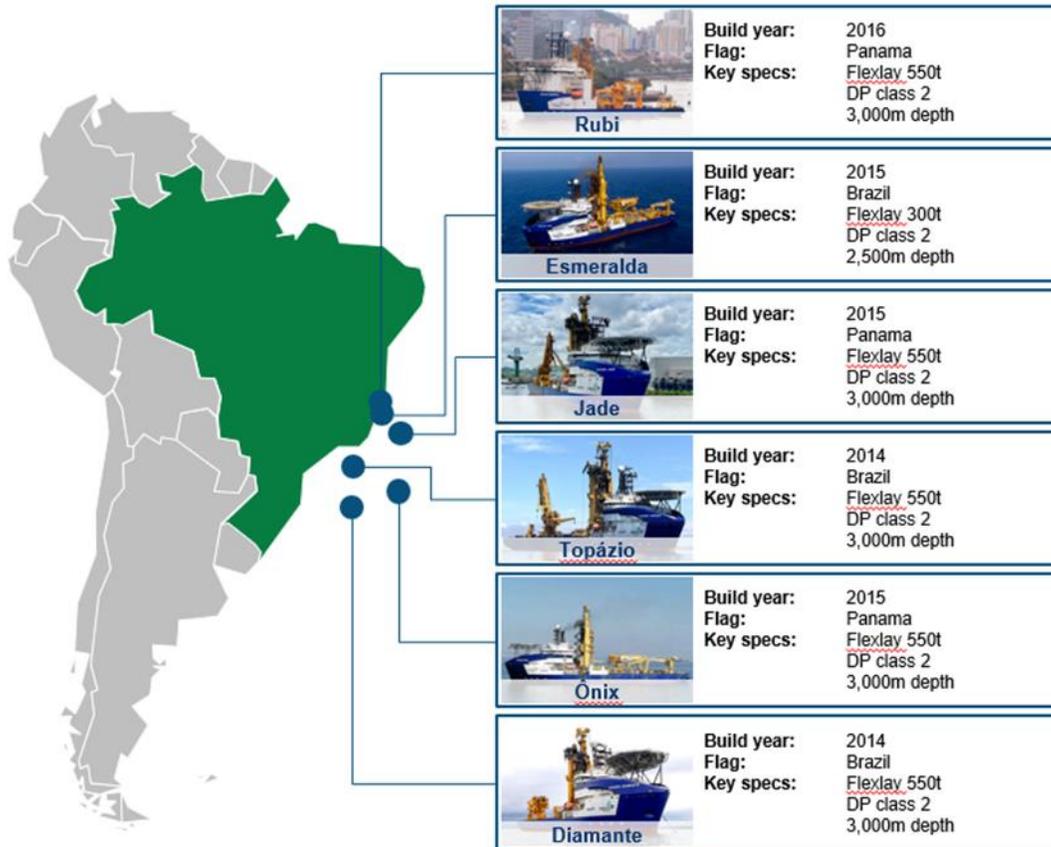
Seagems' fleet consists of six PLSVs³⁰:

²⁹ Source: Company information as of October 2024

³⁰ Source: Company information as of October 2024

Name	Year
Sapura Diamante	built in 2014
Sapura Topázio	built in 2014
Sapura Esmeralda	built in 2015
Sapura Onix	built in 2015
Sapura Jade	built in 2015
Sapura Rubi	built in 2016

For further details on each PLSV, please see figure below³¹:



* Flexlay refers to the method of installing flexible pipes, flowlines, and umbilicals improving operations in dynamic environments associated with deepwater drilling.

** Dynamic Positioning (DP) Class 2 refers to the mechanism of maintaining the position of a vessel or rig during operations.

8.2.2.1 Charter agreements between Seagems and Petrobras relating to the PLSVs

SAPURA NAVEGACAO MARÍTIMA S.A., Sapura Diamante GmbH, Sapura Topázio GmbH, Sapura Ônix GmbH, Sapura Jade GmbH and Sapura Rubi GmbH have each entered into charter agreements with Petrobras (as charterer) for the purpose of chartering the PLSV owned by the respective Shipowner ("**PLSV Charter Agreement**") to be used in Brazilian waters – Continental Shelf. The PLSV Charter Agreements are governed by Brazilian law and subject to the jurisdiction of the Central Court of the Judicial District of the State of Rio de Janeiro.

³¹ Source: Company information as of October 2024

Pursuant to the terms of the PLSV Charter Agreement, Petrobras is required to pay the respective Shipowner a daily rate for the performance of the PLSV Charter Agreement, pursuant to the further terms of each agreement.

The terms of the PLSV Charter Agreements are currently set as follows:

PLSV	Existing contracts		New awarded contracts	
	Start	End	Start	End
Diamante	October 2021	March 2025	March 2025	May 2028
Topazio	March 2022	March 2025	April 2025	May 2028
Onix	April 2024	June 2025	June 2025	July 2028
Jade	-	-	July 2024	July 2027
Rubi	June 2016	May 2025	May 2025	May 2028
Esmeralda	April 2016	October 2024	October 2024	October 2027

The PLSV Charter Agreements may be automatically extended on the expiration of the PLSV Charter Agreement, where the PLSV and its equipment are still working on operations where it is not possible, due to the conditions of such operations, to release or substitute the PLSV and the equipment. The parties may also agree to extend the PLSV Charter Agreement by a period equivalent to the term of the PLSV Charter Agreement. The days of downtime of operations for reasons that are independent of the will or control of the Shipowner will be added to the term of the PLSV Charter Agreement.

The PLSV Charter Agreements may be terminated by Petrobras in certain prescribed circumstances, including (inter alia) circumstances relating to defective performance or breach of the Shipowner's respective obligations under the PLSV Charter Agreement, and on the declaration of bankruptcy or dissolution of the Shipowner or on certain changes to the corporate structure and order of the Shipowner. The chartering may also be suspended in certain prescribed circumstances, including on breach of the PLSV Charter Agreement by the Shipowner whereby Petrobras may obtain chartering services from a third party at the expense of the Shipowner.

8.2.2.2 Awarded contracts relating to the PLSVs

On 10 May 2024, the Company announced that certain entities of Seagems had successfully been awarded contracts for its full fleet of six multi-purpose PLSVs as part of a competitive Petrobras tender process. Following the contract award, Seagems' backlog stands at USD 2.0 billion.

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

Petrobras Service Contract

The scope of the Petrobras Service Contract is the provisioning of operation services for a PLSV, pipeline laying and subsea interconnection services, and support services for oil exploration and production with ROV for ultra-deep waters. The Petrobras Service Contract will have an effectiveness period of up to 1,155 days, counted from the start of the charter contract and the contractor must start providing services from the commencement of the charter contract. If services are still ongoing at the end of the contract term or its extensions, and cannot be interrupted, the contract term will be automatically extended until the completion of these services. All other contract conditions remain unchanged. If there is a delay exceeding 30 consecutive days in starting the contract, Petrobras has the right to terminate the contract.

The Petrobras Service Contract may be denounced at any time by the contracting party, with written communication and a minimum notice of 30 days, or by the contractor, with a minimum notice of 90 days. In both cases, the contractor will receive amounts corresponding to the services already performed until the end of the notice period, without the right to additional indemnities. The Petrobras Service Contract may however be terminated early if the CAA (Chartering Authorization Certificate) is not obtained within the scope of the Charter Contract mentioned in item 4.1.1 of the Petrobras Service Contract. In this case, the contractor is only entitled to receive payment for services already performed and accepted by Petrobras up to the termination date.

Pursuant to the contract, the parties' liabilities for damages not covered under specific provisions are capped at 10% of the adjusted contract value, subject to certain exceptions, such as among others tax obligations, insurance obligations, damages caused by willful misconduct or gross negligence. Furthermore, penalties may be imposed on the contractor for failure to meet the contract terms, such as delays or non-compliance with specifications. The specific penalties and the conditions under which they apply are outlined in the contract and stipulates the application of compensatory and moratory fines for non-compliance, with a cap at 100% of the contract value. The calculation of fines is based on the initial contract value, considering adjustments and amendments up to the date of the infraction.

The contract is governed by Brazilian law, and all disputes arising from or related to the Petrobras Service Contract will be definitively resolved by arbitration, in accordance with the International Chamber of Commerce ("ICC") Arbitration Rules.

Petrobras Charter Contract

The scope of the Petrobras Charter Contract is the chartering of a PLSV by Petrobras. The vessel is intended for supporting Petrobras's offshore operations, specifically for laying pipes and related services as per the specifications in the contract and its annexes. Clause 3 of the Petrobras Charter Contract sets out the obligations of the charterer, which includes, among others, obligations for the charterer to maintain all conditions of qualification and regularity with the labor and social security certifications throughout the contract duration, that the vessels are adequately crewed and in good conditions and equipped, and provide and maintain various certifications and documents such as ownership registration, class certificates, and import licenses if applicable. Any defects or issues with the vessel must be repaired or corrected at the charterer's expense within specified deadlines as specified in the Petrobras Charter Contract. Furthermore, the charter is liable for any damages incurred by the charterer due to termination of the charter agreement with third parties.

Clause 3 also contains obligations for the shipowner. According to Clause 3, the shipowner must, inter alia, provide and maintain all necessary certifications and documents for the vessel, ensure that the vessel is adequately crewed with qualified personnel, reimburse the charterer for costs related to non-compliance with scheduled crew changes or other logistical arrangements as agreed upon between the parties. In addition, the shipowner is responsible for the maintenance and repair of the vessel. The shipowner is liable for any damages incurred by the charterer due to termination of charter agreements with third parties, and must ensure all privileges, immunities, and rights of the charterer are preserved in such agreements.

Moreover, according to Clause 8, non-compliance with contractual obligations due to any conduct by the contractor will result in the application of contractual fines, in accordance with private law, without prejudice to the provisions of termination in Clause 11. Various reasons, as specified in Clause 11, may lead to immediate termination by the charterer including, among others, proven technical deficiencies causing damages exceeding USD 500,000 or termination of the related service contract, regardless of the cause. The shipowner's grounds for termination are prolonged suspension and delayed payments, as further specified in Clause 11.

Disputes under the contract are resolved by arbitration under the ICC Arbitration Rules, seated in Rio de Janeiro, Brazil, conducted in Portuguese. The process is confidential except for specific circumstances allowed by the contract.

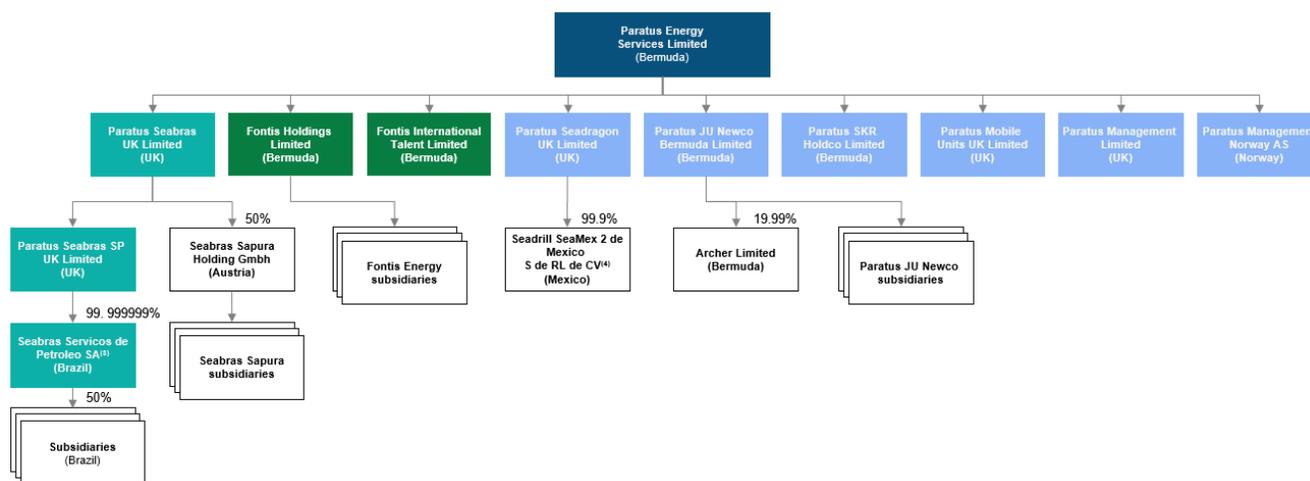
8.2.3. *Archer*

Archer was established in 2007 and has its registered office at Par-la-Ville Place, 14 Par-la-Ville Road, Hamilton HM 08, Bermuda. Archer, along with its subsidiaries, is a global oil services company with a heritage in drilling and well services that stretches back over 50 years, with a strong focus on safety and delivering the highest quality products and services. The group operates in 40 locations providing drilling services, well integrity and intervention, plug and abandonment and decommissioning to its upstream oil and gas clients. The company's LEI code is

549300D1D5TS4O1V4923. Archer has been listed on the Euronext Oslo Børs since 2015 under the ticker symbol "ARCH". The Company currently holds approx. 19.99% ownership interest in Archer³².

8.3. Organizational structure

The Company functions primarily as the parent company of the Group. The Group's operations are mainly carried out by the Company's (direct or indirect) subsidiaries and affiliates. The figure and table below set out information about the Company's (direct or indirect) subsidiaries and affiliates, including percentage of ownership and domicile:



Note to figure: ownership is 100%, if not stated otherwise

Table 1 - The Organizational structure				
Subsidiary/operations	Tiered subsidiary	Shareholding	Voting rights	Domicile
Paratus Management (UK) Ltd	First-tier	100%	100%	UK
Fontis International Talent Ltd	First-tier	100%	100%	Bermuda
Paratus Seabras UK Limited	First-tier	100%	100%	UK
Seabras Sapura Holding GmbH	Second-tier	50%	50%	Austria
SeaBras Sapura PLSV Holding GmbH	Tird-tier	50%	50%	Austria
Sapura Diamante GmbH	Fourth-tier	50%	50%	Austria
Sapura Topazio GmbH	Fourth-tier	50%	50%	Austria
Sapura Onix GmbH	Fourth-tier	50%	50%	Austria
Sapura Jade GmbH	Fourth-tier	50%	50%	Austria
Sapura Rubi GmbH	Fourth-tier	50%	50%	Austria
SeaBras Sapura Holdco Ltd.	Fourth-tier	50%	50%	Bermuda
TL Offshore PLSV 1 Ltd ⁽¹⁾	Fifth-tier	50%	50%	Bermuda
TL Offshore PLSV 2 Ltd ⁽¹⁾	Fifth-tier	50%	50%	Bermuda
TL Offshore PLSV 3 Ltd ⁽¹⁾	Fifth-tier	50%	50%	Bermuda
TL Offshore PLSV 4 Ltd ⁽¹⁾	Fifth-tier	50%	50%	Bermuda
TL Offshore PLSV 5 Ltd ⁽¹⁾	Fifth-tier	50%	50%	Bermuda
Paratus Seabras SP UK Limited	Second-tier	100%	100%	UK
Seabras Servicios de Petroleo SA	Third-tier	99.99%	99.99%	Brazil
Seabras Sapura Participacoes SA	Fourth-tier	50%	50%	Brazil
Seagems Offshore Ltda.	Fifth-tier	50%	50%	Brazil
Seagems Solutions S.A.	Fifth-tier	50%	50%	Brazil

³² Following the issuance and delivery of new shares in Tranche 2 of the Archer Private Placement, the Company will hold 21,583,826 shares, representing an ownership interest of approximately 24.2% in Archer. For more information, please refer to Section 11.6.2.

				Lets Log Servicios Integrados de Logistica Ltda	Sixth-tier	50%	50%	Brazil
				Paratus Seadragon UK Limited	First-tier	100%	100%	UK
				Seadrill SeaMex 2 de Mexico S de RL de CV	Second-tier	99.99%	99.99%	Mexico
				Fontis Holdings Ltd.	First-tier	100%	100%	Bermuda
				Fontis Finance Ltd	Second-tier	100%	100%	Bermuda
				Paratus Mexico UK Ltd	Third-tier	100%	100%	UK
				Seadrill Leasing BV	Fourth-tier	100%	100%	Netherlands
				SeaMex Holding BV	Fourth-tier	100%	100%	Netherlands
				Seadrill Holdings Mexico SA de CV	Fifth-tier	99.9%	99.9%	Mexico
				Paratus Jack Up Operations de Mexico S de RL de CV	Sixth-tier	99.9%	99.9%	Mexico
				Paratus Oberon de Mexico S de RL de CV	Sixth-tier	99.9%	99.9%	Mexico
				Paratus Intrepid de Mexico S de RL de CV	Sixth-tier	99.9%	99.9%	Mexico
				Paratus Defender de Mexico S de RL de CV	Sixth-tier	99.9%	99.9%	Mexico
				Paratus Courageous de Mexico S de RL de CV	Sixth-tier	99.9%	99.9%	Mexico
				Paratus Titania de Mexico S de RL de CV	Sixth-tier	99.9%	99.9%	Mexico
				Paratus Logistics de Mexico S de RL de CV	Sixth-tier	99.9%	99.9%	Mexico
				Paratus Mexico Holding Ltd	Third-tier	100%	100%	Bermuda
				Seadrill Oberon (S) Pte. Ltd.	Third-tier	100%	100%	Singapore
				Seadrill Intrepid (S) Pte. Ltd.	Third-tier	100%	100%	Singapore
				Seadrill Defender (S) Pte. Ltd.	Third-tier	100%	100%	Singapore
				Seadrill Courageous (S) Pte. Ltd.	Third-tier	100%	100%	Singapore
				Seadrill Titania (S) Pte. Ltd.	Third-tier	100%	100%	Singapore
				Paratus JU Newco Bermuda Limited	First-tier	100%	100%	Bermuda
				SeaMex SC Holdco Ltd.	Second-tier	100%	100%	Bermuda
				Archer Limited	Second-tier	19.99 ⁽²⁾ %	19.99%	Bermuda
				Paratus Partners LLC Holdco Ltd.	Second-tier	100%	100%	Bermuda
				Seadrill Member LLC	Third-tier	100%	100%	Marshall Islands
				Paratus SKR Holdco Limited	First-tier	100%	100%	Bermuda
				Paratus Mobile Units UK Limited	First-tier	100%	100%	UK
				Paratus Management Norway AS	First-tier	100%	100%	Norway

(1) These entities are in the process of being closed.

(2) Following the issuance and delivery of new shares in Tranche 2 of the Archer Private Placement, the Company will hold 21,583,826 shares, representing an ownership interest of approximately 24.2% in Archer. For more information, please refer to Section 11.6.2 below.

8.4. Strategy and objectives

The Company is established as a long-term platform for investing into the energy services industry. The overarching business model is to be an active and value-oriented owner of portfolio companies while pursuing and executing accretive investment opportunities. The Company's principal objective is focused on delivering returns on invested capital. The Company expects to achieve its objectives through the strategies set out below in Sections 8.4.1 and 8.4.2.

8.4.1. Maintain a robust and efficient capital structure

The Group seeks to maintain a robust and efficient capital structure to ensure financial stability and sufficient liquidity to withstand general sector volatility. The Group is of the opinion that a balanced capital structure provides flexibility to pursue near-term growth opportunities and allows the Group to capitalize on a dynamic market environment.

Fluctuating oil and gas prices could potentially affect the demand for the Group's assets which in turn can impact financial stability and liquidity of the Group. During such times, it will be important to continuously monitor liquidity and secure prudent financial management to maintain an optimal capital structure. The Group has a large and firm backlog for its assets, which partly mitigates this risk in the short to medium term. Fluctuating oil and gas pricing could also present opportunities to grow. A well-managed capital structure will enable the Group to seize emerging opportunities in the energy services sector, such as investments in the oil service and renewable sector, in addition to invest in technological advancements, ensuring long-term growth and stability. As outlined in Section 8.8.1 "*The 2026 Notes Indenture*" and Section 8.8.2 "*The Bond Terms*", the Company has debt obligations and related restrictive covenants under the Senior Secured Notes and the Bond Terms, maturing in 2026 and 2029, respectively. The Company's ability to comply with these covenants, or to refinance or repay the obligations as they mature, may be partially influenced by fluctuations in future commodity prices and other market factors beyond the Group's control. These obligations could thus affect the Group's ability to pursue strategic opportunities aligned with its overall strategy. For further information related to factors that could pose challenges to the Company's ability to deliver on its strategy and achieve its objectives about maintaining a robust and efficient capital structure, see Section 2 "*Risk factors*", including Sections 2.1.1 "*The jack-up drilling market and the offshore service industry has historically been highly cyclical and volatile, with periods of low demand and/or over-supply of offshore vessels, drillings rigs and offshore services*", 2.3.3 "*Risks associated with the Group's debt financing*" and 2.3.5 "*Risks related to the Senior Secured Notes and the Bonds*".

8.4.2. *Maintain a high-quality and diversified asset portfolio*

The Group is actively pursuing accretive investment opportunities that align with its existing portfolio or can form the basis of new growth avenues within the offshore oil and gas service industry. The Group's fleet of high-specification jack-up rigs and PLSVs allow it to address attractive investment opportunities within the energy services industry. In the Group's view, the quality of the current fleet and operations, combined with long-standing contracting relationship with the relevant NOC's position the Group competitively within the industry. Additionally, high-specification and modern assets provide superior and more efficient operational performance. Furthermore, newer and more modern units are also preferred by crews, providing benefits with respect to hiring and retaining experienced and efficient personnel easier.

The Group may face challenges related to technological advancements and the need for continuous upgrades to maintain a competitive edge. Pursuing these technological advancements may be restricted by the Group's liquidity and capital allocation strategy, which in turn may negatively impact the Group's ability to maintain a high quality and diversified asset portfolio. Additionally, regulatory changes and environmental concerns may require significant investment in sustainability initiatives and compliance measures. Jurisdictions where the Group operates may undergo governmental or authority changes which could materially impact regulatory and compliance considerations. Such changes could be costly and timely to adopt. Embracing technological innovation and sustainability can enhance the Group's competitive position. Expanding the asset portfolio into emerging sectors, such as offshore wind and other renewable energy projects, can diversify revenue streams and reduce dependence on traditional oil and gas markets. The Company believes that its long-standing relationships with NOCs, along with what it considers be its reputation for operational excellence, will continue to provide opportunities for long-term contracts and partnerships. For further information related to factors that could pose challenges to the Company's ability to maintain a high-quality and diversified asset portfolio, see Section 2 "*Risk factors*", including Sections 2.1.14 "*Competition and rapid technological changes within the oil and gas services industry may have a material effect on the Group's ability to market its services*" and 2.2.2 "*The Group may be subject to contractual environmental liability and liability under environmental laws and regulations*".

Overall, it is the Company's view that the Group is well-positioned to navigate the dynamic energy services industry by leveraging its robust capital structure and high-quality asset portfolio. By addressing future challenges and capitalizing on growth opportunities, the Company also considers it to be well positioned to deliver stable returns on invested capital and achieve long-term sustainable growth.

8.5. **Competitive strengths**

The Company's primary competitive strengths include the following:

8.5.1. *Strong and diversified asset base of 11 offshore assets*

The Group owns and operates a fleet of five modern high-specification jack-ups through its 100% ownership in Fontis Energy and a fleet of 6 high-specification pipe-laying support vessels through the 50% joint venture ownership in the subsea services provider Seagems. The fleet represents a modern, diversified and advanced fleet capable of performing the most complex operations within their segment.

The Group believes its premium jack-up rigs compare favorably to the majority of the current global jack-up rig fleet, which is primarily comprised of rigs that are older, smaller and less capable due to their reliance on, and utilization of, less modern equipment. Each of the Group's jack-up rigs have water depth capability of 350ft and drilling capability of 30,000ft with the West Titania and West Oberon having water depth capability of 400ft.

The Group's fleet of six pipe-laying supply vessels are suitable for worldwide operation with a strong track record and long-standing experience operating in Brazil.

Sapura Diamante, Sapura Topázio, Sapura Ônix, Sapura Jade and Sapura Rubi are all 550 tonnes vessels designed by IHS Offshore & Marine, Rotterdam with capability of operating in water depths of up to 3000m. They are filled with two underdeck storage carousels, with a capacity for 2,500 tonnes and 1,500 tonnes of product. A vertical, tiltable lay system with 550 tonnes top tension capacity is permanently installed for deployment of a range of flexible products with a diameter from 50mm to 648mm.

Sapura Esmeralda is a 300 tonnes vessel designed by OSX Brasil with capability of operating in water depths of up to 2,500m. It is filled with two underdeck storage carousels with a capacity for 2,000 tonnes and 500 tonnes of product. A vertical, tiltable lay system with 300 tonnes top tension capacity is permanently installed for deployment of a range of flexible products with a diameter from 105mm to 630mm.

Furthermore, all vessels are fitted with over the side launched ROV's rated to 3,000m enabling ROV services for underwater inspections, maintenance, and repair work.

8.5.2. *Efficient and flexible capital structure*

The Group currently has a net leverage ratio of 1.9x³³ with no maturities until 2026 and a cash position of USD 245.9 million³⁴ as of 30 June 2024 providing financial flexibility. Contract backlog as of 30 June 2024 facilitates near-term deleveraging and provide earnings visibility until 2028³⁵. The Group continues to focus on preservation of liquidity and aims for an efficient use of shareholder capital to support long-term shareholder returns.

8.5.3. *Leading operational platforms with strong client relationships*

The Group's platform companies have a strong track record of delivering excellent client service and maintaining operational safety. This is attributed to the Group's focus on safety, its experienced workforce, and its modern fleet, resulting in consistently efficient and effective operations. During the lifetime of the Group's assets, the assets has mostly been operating with a few clients. The strong client relationships are further supported by a large contract backlog, showcasing the client's desire to secure access to the Group's assets and services over time. Client base consists exclusively of national oil companies, which historically have exhibited spending resilience compared to the independent E&P companies.

8.6. History and important events

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

Table 2 – History and important events	
Year	Key milestones and events
2018	
2018	Following Seadrill Limited's (" Seadrill ") emergence from Chapter 11 bankruptcy, Seadrill New Finance Limited (" NSNCo ") was incorporated in Bermuda to serve as a holding company within the reorganized Seadrill corporate structure.
2018	NSNCo issued USD 880 million of new 12% senior secured notes due 2025. The notes were issued to raise new capital as part of Seadrill's restructuring. As collateral for the secured notes, Seadrill transferred ownership interests in certain non-consolidated entities to NSNCo, including 46.6% stake in Seadrill Partners, 50% stake in Fontis and 50% stake in Seagems, and a minority stake in Archer.

³³ Calculated using 50% of Seagems cash and debt and USD 32 million of marketable securities (i.e., shares in Archer).

³⁴ Calculation includes 50% of Seagems cash.

³⁵ This only includes Seagems contracts. Fontis backlog ends in 2026.

2020	
2020	Due to challenging industry conditions including declining oil prices and reduced demand, Seadrill began exploring comprehensive restructuring solutions again in early 2020. NSNCo commenced initial discussions with NSNCo secured noteholders (" Noteholders ").
2021	
May	Seadrill Partners emerged from its own Chapter 11 restructuring. This eliminated NSNCo's ownership stake in Seadrill Partners.
July	NSNCo entered a restructuring support agreement with Noteholders to amend and extend the terms of the secured notes.
June November	SeaMex Limited, a joint venture between Paratus and an investment fund controlled by Fintech Investment Limited (" Fintech "), each having a 50% ownership stake, separately underwent a restructuring process in Bermuda. This involved refinancing debt, issuing USD 219 million of new notes due August 2024 (" New Notes ") to certain Noteholders, and ultimately the sale of SeaMex Limited assets to a new subsidiary, SeaMex Holdings Ltd. To effect the sale, SeaMex Limited first transferred its shares in the operating subsidiaries of the group to SeaMex Holdings Ltd and sold its interest in this company to Paratus in return for the release of debt. Following this transaction, Paratus had a 100% equity interest in SeaMex Holdings Ltd. SeaMex Holdings Ltd. later changed its legal name to Fontis Holdings Ltd.
2022	
January	NSNCo filed for voluntary Chapter 11 bankruptcy in order to implement the restructuring agreement through a prepackaged Chapter 11 plan.
	NSNCo announced on 12 January 2022 that it had successfully received approval from the U.S. Bankruptcy Court for the Southern District of Texas for its "one-day" Chapter 11 restructuring under the plan, which it emerged from on 20 January 2022. The key terms of the plan included: (i) the release by the holders of the Company's pre-existing 12.0% senior secured notes due 2025 (the " 2025 Noteholders " and the " 2025 Notes ", respectively) of all existing guarantees and security and claims (if any) with respect to Seadrill and its subsidiaries (excluding the Company and certain of its subsidiaries); (ii) the 2025 Noteholders, receiving 65% of pro forma equity in the Company, with Seadrill Investment Holding Company (a subsidiary of Seadrill) retaining the remaining 35% of pro forma equity in the Company, effecting a separation of the Company and its subsidiaries (including the Seagems JV ownership and Fontis) from the consolidated Seadrill group; (iii) the issuance of new notes pro rata to 2025 Noteholders on amended terms with new maturity in 2026 (2026 Notes Indenture).
	Seadrill New Finance Ltd. was renamed Paratus Energy Services Ltd. Pursuant to the Chapter 11 plan, Seadrill retained 35% ownership of Paratus, with the remaining 65% distributed to Noteholders.
	Following emergence, Seadrill continued its role as management services provider to Paratus and Fontis pursuant to respective management services agreements.
2023	
February	Seadrill sold its entire remaining 35% shareholding in Paratus and its management incentive deed, whereby Seadrill would be entitled to receive a 5% fee on any proceeds arising out of a liquidity event above certain level. Certain existing shareholders, including Hemen Investments Ltd., Lodbrok Capital LLP, and Melqart Asset Management (UK) Ltd. acquired all of Seadrill ownership interests in Paratus. The Company subsequently re-acquired the management incentive deed from the shareholders by issuing common shares valued at USD 13.1 million.
March	Seadrill issued a termination notice with respect to the management services agreements for Paratus and Fontis. Paratus and Fontis have continued their progress to develop standalone organizations to transition its outsourced management functions in-house. Paratus subscribed to a USD 15.5 million equity investment in Archer as part of Archer's broader efforts to refinance its existing capital structure. In April, Paratus converted its subordinated USD 15.9 million loan to Archer for new shares at an implied value of USD 20.0 million. Through these transactions, Paratus increased its ownership stake in Archer from approximately 15% to approximately 24.2%.
2024	
June	On 4 June 2024, the Company successfully placed a USD 500 million senior secured bond issue under the bond loan 9.50% Paratus Energy Services Ltd USD 500,000,000 Senior Secured Bond Issue 2024/2029. The purpose of the Bond Issue is to use the net proceeds from the Bond Issue towards the refinancing in part of the Senior Secured Notes under the 2026 Notes Indenture.
June	On 21 June 2024, the Company applied for admission to trading on Euronext Growth Oslo. On 24 June 2024, the Company announced that it has successfully completed a USD 75 million private placement through the conditional allocation and issuance of 15,309,059 new shares at the NOK equivalent of USD 4.90 per share. The private placement was conditional upon approval of the Company's admission to trading. The Private Placement was completed on 26 June 2024 following the approval by the Oslo Stock Exchange of the Company's application for admission to trading on Euronext Growth Oslo.
June	On 28 June 2024, the Company's Shares were listed on Euronext Growth Oslo.
June	On 30 June 2024, the Company announced that it had received significant collections from its key client in Mexico, amounting to USD 59.8 million. These collections contributed to the reduction of Fontis' receivable balance.

July	On 8 July 2024, the proceeds from the Bond Issue were used to partially refinance the Company's existing USD 715 million Senior Secured Notes. As a result, the remaining aggregate principal amount under the 2026 Notes Indenture is approximately USD 215 million.
September	The Company made a cash distribution to its shareholders at USD 0.22 per share.
October	Paratus JU Newco Bermuda Limited, a wholly owned subsidiary of the Company, subscribed for, and was allocated, its pro rata share of the Archer Private Placement.
November	Mark-Anthony Lovell Mey was elected as a Board Member of the Company.

8.7. Legal and arbitration proceedings

Other than as set out below, neither the Company, nor any other company in the Group is, nor has been, during the course of the preceding twelve months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened. Furthermore, as of the date of this Prospectus, the Company is not aware of any material claims involving the Group.

As described under Section 2.2.5 "*The Group may from time to time become involved in legal disputes and legal proceedings which could have a material adverse effect on the Group*", the Group is in the process of negotiating a settlement with the Mexican tax authorities in respect of unsettled tax liabilities for years of account from 2014, and from 2018 through 2019, together with interest and late payments. These liabilities relate in particular to the deductibility of mobilization costs and transfer pricing. The tax claims relating to 2017 tax audit was resolved and settled in Q3 2024 for approximately USD 13 million. The Mexican tax authorities have questioned the deductibility of certain costs including the sufficiency of documentation to support the deductions taken for subsidiaries of Fontis. As a result, the Company has engaged external advisers to assist in discussions with the Mexican tax authorities. The settlement negotiations with the Mexican tax authorities are ongoing as of the date of this Prospectus, and due to their complexity, time-consuming nature, and the interpretation involved, the outcome and impact on the Group's financial position or profitability are uncertain.

8.8. Material contracts

The Group considers the following agreements to be material to the Group and entered into outside the ordinary course of business:

8.8.1. The 2026 Notes Indenture

The Company, as the issuer, is party to the 2026 Notes Indenture with Deutsche Bank Trust Company Americas as trustee, principal paying agent, transfer agent, registrar and collateral agent (the "**Collateral Agent**") (in relation to the Senior Secured Notes due 2026) in an aggregate notional amount of approximately USD 715 million, which was reduced to approximately USD 215 million in July 2024 upon disbursement of the proceeds from the Bond Issue (see Section 8.8.2 "*The Bond Terms*" below).

The Company's obligations under the 2026 Notes Indenture are guaranteed by guarantees granted by the certain subsidiaries (as guarantors) including by Paratus Seabras UK Limited, Paratus Seabras SP UK Limited and Seabras Servicios de Petroleo SA (the "**Guarantors**").

Security for the obligations of the Company as issuer is provided by the Guarantors and certain other restricted subsidiaries (which include all subsidiaries of the Company other than subsidiaries of Fontis Holdings Limited) (the "**Restricted Subsidiaries**") in the form of shares pledged over the Guarantors and certain Restricted Subsidiaries, assignments of intra-group claims, charges or pledges over operational bank accounts and also including certain general floating charges (the "**Notes Security**").

In relation to Fontis, while the shares in Fontis Holdings Limited are pledged to the Collateral Agent as part of the security under the 2026 Notes Indenture, no other security is provided by Fontis Holdings Limited or any of its subsidiaries (being "**Unrestricted Subsidiaries**").

The terms of the 2026 Notes Indenture contain a range of restrictive covenants including payment restrictions, limitations on dividend payments and incurrence of indebtedness, among others. These restrictive covenants include various threshold tests allowing for caveats or permitted "baskets" within the scope of these restrictions and are applicable to the Company as issuer and the Restricted Subsidiaries. However, the 2026 Notes Indenture does not include a specific equity ratio maintenance covenant per se (i.e. the proportion of debt to equity to be maintained / not exceeded). Instead, under section 4.09 of the 2026 Notes Indenture, the ability of the issuer and the Restricted Subsidiaries to incur additional indebtedness is regulated by a Consolidated Fixed Charge Coverage Ratio (as defined below) for the issuer's most recently ended

four full fiscal quarters which must be maintained at 2.0 to 1.0 (i.e. in order to incur additional indebtedness). In relation to the ability of the issuer to pay dividends to holders of its capital stock or in relation to any share buy back or redemption, a NIBD EBITDA Ratio applies (equal to or below the applicable NIBD EBITDA Threshold). Under the 2026 Indenture, "NIBD EBITDA Threshold" means, where the NIBD EBITDA Ratio is calculated at a date falling: (i) in the period prior to and including 30 June 2024, the amount 3.75; (ii) in the period from 01 July 2024 up to and including 30 June 2025, the amount 3.5; (iii) in the period from 01 July 2025 up to and including 30 June 2026, the amount 3.25; or (iv) in the period from and after 01 July 2026, the amount 3.00.

Under the 2026 Notes Indenture, Consolidated Fixed Charge Coverage Ratio means (in summary form and subject to a range of further provisos) the ratio of consolidated EBITDA to the sum of (i) consolidated net interest expense and (ii) cash and non-cash dividends due on the redeemable capital stock of the issuer and Restricted Subsidiaries and on the preferred stock of any Restricted Subsidiary.

Furthermore, the 2026 Notes Indenture contains Change of Control provisions. For the purposes of the 2026 Notes Indenture, "Change of Control" means (subject to certain carve outs):

- a disposal of all or substantially all of the properties or assets of the issuer and its Subsidiaries; or
- a change of beneficial owner of more than 50% of the issued and outstanding voting stock of the issuer measured by voting power rather than number of shares or obtaining the ability to elect the majority of the Board of the issuer.

The Change of Control provisions trigger a right of noteholders to require that the Company repurchase all or part of the Senior Secured Notes (subject to exceptions). Upon a Change of Control, the issuer must offer payment in cash of 101% of the aggregate principal amount of Senior Secured Notes repurchased, plus accrued and unpaid interest (including accrued and unpaid PIK interest) and any additional amounts. If a Change of Control offer is made to not less than 90% aggregate principal noteholders, the issuer has the right to redeem all of the Senior Secured Notes at the same price (101% of the aggregate principal amount of Senior Secured Notes plus accrued and unpaid interest and PIK interest).

The terms of the 2026 Notes Indenture also contain covenants which, subject to specific carve outs, broadly restrict the ability of the issuer, Guarantors and other Restricted Subsidiaries to:

- enter into other financing agreements
- incur additional indebtedness
- create or permit liens on its respective assets
- grant guarantees
- sell its assets or the capital stock of its respective subsidiaries
- change the nature of its business
- make investments
- pay distributions to shareholders
- make capital expenditures

The 2026 Notes Indenture includes positive covenants on the Company as the issuer to furnish quarterly unaudited consolidated financial statements of the issuer and audited annual consolidated financial statements of the issuer to the Notes Trustee within certain prescribed time periods.

8.8.2. The Bond Terms

On 5 June 2024, the Company announced its successful completion of a private placement of USD 500 million of new five-year senior secured bonds with an interest rate of 9.5% per annum and maturity date 27 June 2029 (the "**Bond Issue**"). The ISIN for the Bonds is NO0013256099. The net proceeds from the Bond Issue were used to partially refinance the Company's Senior Secured Notes.

Similarly to the 2026 Notes Indenture, the terms and conditions for the Bonds, dated 24 June 2024, entered into between the Company as issuer and Nordic Trustee AS as bond trustee (the "**Bond Terms**"), contain restrictive covenants. These covenants, subject to specific carve outs, restrict the ability of the Company, as issuer, and the ability of other companies within the Group to, inter alia, declare or distribute dividends or distributions, grant loans, incur indebtedness or create or permit liens on its respective assets.

Incurrence Test

Under the Bond Terms, an incurrence test shall be applied in respect of Distribution (as defined therein) and for the incurrence of new Permitted Financial Indebtedness (as defined therein). The incurrence test shall be calculated on a consolidated basis for the Group. The ability of the Company as issuer and any other company within the Group to incur financial indebtedness is regulated by a Fixed Charge Coverage Ratio (as defined below) and a Leverage Ratio (as defined below). Pursuant to the Bond Terms, the incurrence test is met for Permitted Financial Indebtedness if the "Leverage Ratio" (in summary form and subject to a range of further provisions) is and will be, on a pro-forma basis,

- (A) prior to and including 30 June 2025: less than or equal to 3.50x;
- (B) in the period between 1 July 2025 up to and including 30, June 2026: less than or equal to 3.25x;
- (C) in the period between 1 July 2026 up to and including 30 June 2027: less than or equal to 3.00x;
- (D) in the period between from 1 July 2027 up to and including 30 June 2028: less than or equal to 2.75x; and
- (E) in the period from 1 July 2028 and anytime thereafter, less than or equal to 2.50x.

Additionally, the "Fixed Charge Coverage Ratio" is and will be, at a pro-forma basis, at least 1.20x. For Distribution, the Incurrence Test requires, in addition to the Fixed Charge Coverage Ratio and Leverage Ratio, a liquidity threshold of not less than USD 60,000,000 (excluding any restricted cash). The Incurrence Test under the 2026 Notes Indenture and Bond Terms are currently met by the Company.

Security package and guarantees

The Bonds rank *pari passu* with the Senior Secured Notes, where the key transaction security consists of equivalent security on a second priority basis (until the Senior Secured Notes are fully redeemed) as the Senior Secured Notes Security under the 2026 Notes Indenture subject to the terms of an intercreditor agreement between the Notes Trustee for the Noteholders and the Bond Trustee for the Bondholders. The Senior Secured Bonds are guaranteed by the same guarantors as under the Senior Secured Notes: Paratus Seabras UK Limited, Paratus Seabras SP UK Limited, Seabras Servicios de Petroleo SA.

Change of control

Pursuant to the Bond Terms, each bondholder shall have a right to require that Paratus Energy Services Ltd. (as issuer) repurchases that bondholder's Bonds at a price of 101% of the nominal amount of the repurchased Bonds (plus accrued and unpaid interest on the repurchased Bonds) upon a Change of Control Event. A "Change of Control" under the Bond Terms means any event where any person or group of persons, other than (i) Hemen Holding Ltd. and/or other companies controlled directly or indirectly by Mr. John Fredriksen, his direct lineal descendants and/or (ii) any funds or accounts managed or advised by Lodbrok Capital LLP, acting in concert gains Decisive Influence (as defined therein) over the issuer.

Material covenant

Pursuant to the Bond Term, the issuer shall comply with the following financial covenant:

"Free Liquidity to be not less than the greater of:

- (i) 5% of the aggregate of the consolidated Total Interest-Bearing Debt of the Group and the Seabras Percentage of the Total Interest-Bearing Debt of the Seabras JV Group, and
- (ii) USD 35,000,000."

For the purposes of the Bond Terms, "Free Liquidity" means the consolidated amount of (i) freely available cash and cash equivalents of the Group and the "Seabras Percentage" (as defined therein) of the cash and cash equivalents of Seabras Sapura Holding GmbH and Seabras Sapura Participações S.A., and their respective Subsidiaries from time to time, in each case as reported in accordance with the accounting standard and (ii) undrawn and available amounts under revolving credit facilities with a remaining tenor of more than 6 months, as per the relevant Quarter Date (as defined therein).

The issuer undertakes to comply with the above financial covenant, such compliance to be measured on each relevant Quarter Date and be certified by the issuer in a compliance certificate in connection with each respective reporting date for each financial report.

In addition, similar to the 2026 Notes Indenture, the Bond Terms contains covenants that, subject to specific carve outs, restricts the issuers and the Group Companies ability to, inter alia, incur guarantees, declare or distribute dividends or distribution, grant loans, change its nature of business, incur or maintain indebtedness, or create or permit liens on its respective assets.

8.8.3. Investment and shareholders' agreement between Sapura Offshore SDN BHD, Seabras Servicos de Petroleo SA, Seadrill, Seabras Sapura Participacoes S.A. and Seagems Solutions S.A.

On 11 May 2012, Sapura Offshore SDN. BHD. ("**SEB Offshore**"), Seabras Servicos De Petroleo S.A. ("**Seabras Servicos**"), Seadrill, Seabras Sapura Participacoes S.A. ("**SSP**") and Seagems Solutions S.A. (formerly, 'Sapura Navegacao Maritima S.A.') ("**SS**") entered into an investment and shareholders' agreement, as amended and restated pursuant to an amendment and restatement deed dated 16 October 2018, relating to the incorporation and ongoing investment in respect of the ownership and operation of the pipe laying vessel known as "Sapura Esmeralda", registered in the name of SS under the Brazilian flag, through SSP and the management and operation of SSP (the "**Brazilian ISA**").

The Brazilian ISA contains restrictions on transfer of shares. Pursuant to clause 5.1 of the Brazilian ISA, neither shareholder shall, except with the prior written consent of the other shareholder (not to be unreasonably withheld), sell, dispose, assign or transfer any of its shares and/or otherwise deal with the shares in any manner that is or would be a breach of the terms of the Facilities Agreements or the Austrian Facilities Agreements (as defined therein).

The Brazilian ISA includes pre-emptive rights of first refusal. If any shareholder intends to transfer its shares, or any interest in such shares, an offer shall be made to the other shareholder by giving notice in writing to transfer the shares. However, such a transfer is subject to additional limitations under the agreement. For instance, it shall be a condition of any sale and transfer of shares to a third party that the third party executes a deed of adherence by which the third party undertakes to be bound by the provisions in the Brazilian ISA. Furthermore, no transfer shall be made unless it involves all of the shares in, and the whole of the Shareholder Funding to, any of the companies held by the shareholder in question.

Notwithstanding the pre-emptive rights of first refusal, a shareholder may transfer all (and not part only) of its shares to another company within its own group of companies (the "**Group Transferee**") provided that certain cumulative requirements are fulfilled, namely:

- (i) the Group transferee is a majority owned subsidiary of Seadrill (in the case of shares held by Seabras Servicos) and of SEB (in the case of shares held by SEB Offshore) and the transfer would not be in a breach of the obligations of the Transferring Party under the agreement or any breach of any of the terms of the Facilities Agreements or the Austrian Facilities Agreement (as defined in the Brazilian ISA);

- (ii) the Group Transferee is a company of substantially the same financial standing as the Transferring Party and, if not, the Transferring party shall provide a guarantee for the performance of the obligations of the transferee under the Brazilian ISA;
- (iii) the transfer will not create a conflict with the Business (as defined in Brazilian ISA)
- (iv) the Group Transferee assumes all the liabilities and obligations of the Transferring Party contained in the Brazilian ISA, and the Group Transferee executes a deed of adherence by which the Group Transferee undertakes to be bound by the provisions of the Brazilian ISA and the Transferring Party is released from any and all obligations under the Brazilian ISA;
- (v) the Group Transferee may assume all Shareholder Funding provided by the Transferring Party;
- (vi) the Group Transferee shall transfer, in a manner and to a transferee permitted by the Brazilian ISA, all the shares held by it before it ceases to be a majority owned subsidiary of the Transferring Party;
- (vii) all shares transferred shall be subject to any financing arrangements, be transferred free from all liens, charges and encumbrances with all rights and benefits attaching thereto at the date of the sale.

If any event of default occurs, the non-defaulting shareholder may (in addition to seeking contractual damages or other remedies permitted by law in the case of a breach of this agreement), by notice in writing to the defaulting shareholder require the defaulting shareholder to: (a) purchase all of the non-defaulting shareholder's shares and shareholder funding at a premium rate of 10% above the fair market value of each of the shares and the shareholder funding, or (b) tender all of its shares and shareholder funding for sale to the non-defaulting shareholder at a discounted rate of 10% below the fair market value of each of the shares and the shareholder funding.

The following events constitute an event of default: (a) any shareholder commits a material breach of Brazilian ISA, which is not remedied within 60 days from the date on which notice requiring it to do so or is incapable of being remedied; (b) an order is made or an effective resolution is passed for winding up or dissolution of a shareholder; (c) a receiver, liquidator, or like official is appointed over the whole or a substantial part of the undertaking and property of a shareholder; (d) a holder of an encumbrance takes possession of the whole or any substantial part of the undertaking and property of a shareholder without the consent of such shareholder; and (e) a shareholder makes any disposal of any shares which is in breach of the Brazilian ISA.

8.8.4. Investment and shareholders' agreement between Sapura Offshore SDN BHD, Seadrill Seabras UK Limited, Seadrill and Seabras Sapura Holding GmbH.

On 11 May 2012, SEB Offshore, Seadrill Seabras UK Limited ("**Seadrill SB UK**"), Seadrill and Seabras Sapura Holding GmbH ("**SSH**") entered an investment and shareholders' agreement, as amended pursuant to a supplement agreement dated 24 July 2014, and as further amended and restated pursuant to an amendment and restatement deed dated 16 August 2018 and 12 October 2018, relating to a joint venture between SEB Offshore and Seadrill SB UK with respect to the ownership and operation of the pipe laying vessels known as Sapura Topazio, Sapura Diamante, Sapura Ônix, Sapura Jade and Sapura Rubi, through SSH and the management and operation of SSH (the "**Austrian ISA**").

Similar to the Brazilian ISA, the Austrian ISA imposes restrictions on transfer of shares, including pre-emptive rights of first refusal and provisions relating to transfer of shares to majority owned subsidiaries. Under the Austrian ISA, a shareholder may transfer all of its shares to another company within its own group of companies (Group Transferee) provided that certain requirements are fulfilled, namely the Group Transferee is a majority owned subsidiary of Seadrill (in the case of Shares held by Seadrill SB UK) and of SEB (in the case of Shares held by SEB Offshore) and the transfer would not result in a breach of the obligations of the Transferring Party under the Austrian ISA or any breach of any of the terms of the Facilities Agreement (as defined therein).

If any event of default occurs, the non-defaulting shareholder may (in addition to seeking contractual damages or other remedies permitted by law in the case of a breach of this agreement), by notice in writing to the defaulting shareholder require the defaulting shareholder to: (a) purchase all of the non-defaulting shareholder's shares and shareholder funding at a premium rate of 10% above the fair market value of each of the shares and the shareholder funding, or (b) tender all of its shares and shareholder funding for sale to the non-defaulting shareholder at a discounted rate of 10% below the fair market value of each of the shares and the shareholder funding.

The following events constitute an event of default: (a) any shareholder commits a material breach of the agreement, which is not remedied within 60 days from the date on which notice requiring it to do so or is incapable of being remedied; (b) an order is made or an effective resolution is passed for winding up or dissolution of a shareholder; (c) a receiver, liquidator, or like official is appointed over the whole or a substantial part of the undertaking and property of a shareholder; (d) a holder of an encumbrance takes possession of the whole or any substantial part of the undertaking and property of a shareholder without the consent of such shareholder; and (e) a shareholder makes any disposal of any shares which is in breach of the Austrian ISA.

8.8.5. *The Management Agreement*

The Company has entered into a management agreement (the "**Management Agreement**") with its wholly owned subsidiary Paratus Management. According to the Management Agreement, Paratus Management is appointed as a service provider responsible for the day-to-day management of the assets, liabilities and activities of the Company on the terms and conditions set forth therein. Paratus Management receives a fee as compensation for the provisions of the services but is responsible for its own expenses related to performing the services.

8.9. **Dependency on contracts, patents, licences etc.**

Neither the Company nor any other company of the Group has any particular business-critical patents or licenses, and the Company considers that its current business and activities are not dependent on any single industrial, commercial or financial contract.

8.10. **Research and development**

The Group is currently not actively involved in any research or development activities.

8.11. **Outlook**

8.11.1. *Introduction*

On 10 September 2024, the Company published its second quarter 2024 interim results presentation, which contains financial guidance for the full financial year 2024 (the "**Forecast**"), which replaces the previous guidance published on 4 June 2024 in connection with the Bond Issue (the "**Former Forecast**"). The Forecast is presented as follows:

Table 3 – The Forecast	Guidance	Previously guided	Comments
Full-year Contract Revenue	USD 435-475 million	Not applicable	According to management reporting.
Full-year adjusted EBITDA	USD 220-240 million	USD 210-240 million	According to management reporting. Consists of 50% of Seagems figures plus Fontis EBITDA less Paratus general and administrative expenses.
Full-year Capex	USD 30-45 million	USD 45-55 million	According to management reporting. Includes USD ~20-25m of vessel upgrade and other one-time special capex projects.

The Forecast is based on the principal assumptions set out in Section 8.11.3 "*Principal assumptions*" below. The Forecast is based on a number of assumptions, the most significant of which are detailed below, and many of which are outside of the Group's control or influence. The Forecast reflects the Company's views about future events and is, by its nature, subject to significant risks and uncertainties because it relates to events and depends on circumstances that may or may not occur in the future. The Forecast is inherently subject to significant business, operational, economic and competitive uncertainties and contingencies. It is likely that one or more of the assumptions that the Company has relied upon will not prove to be accurate in whole or in part. The Company's expectations presented in the Forecast may thus deviate substantially from actual developments. Actual results may hence deviate substantially from the Forecast since anticipated events may not occur as expected. Readers should read the Forecast in conjunction with Section 2 "*Risk Factors*", Section 4.3 "*Cautionary note regarding forward-looking statements*", Section 10 "*Selected Financial Information and Other Information*", as well as the other sections of this Prospectus, including the Financial Statements. Accordingly, readers should treat this information with caution and not place undue reliance on the Forecast.

8.11.2. *Methodology and assumptions*

The Forecast has been prepared on a basis that is both (a) comparable with the Financial Statements, and (b) consistent with the Group's accounting policies. Although the Forecast has been prepared on a basis comparable with the Financial Statements, the presented figures are adjusted, non-GAAP and unaudited. The Forecast is based on estimates made by the Company based on assumptions about future events, which are subject to numerous and significant uncertainties which could cause the Group's actual results to differ materially from the Forecast presented above. The Forecast is also based on factors which are outside the Group's control or influence. These include changes in political, legal, fiscal, market or economic conditions, including macroeconomic conditions, and actions by customers or competitors of the Group.

8.11.3. *Principal assumptions*

The Forecast is expected to be driven by the anticipated contribution (i) from anticipated scope of work under firm contracts and projects during 2024; (ii) from anticipated scope of work under new contracts awarded during 2023 and 2024; and (iii) anticipated costs and investments associated with these contracts or other matters, all of which can be influenced by the Group to a limited extent but are materially impacted by factors outside of the Group's control. In respect to these principal assumptions, the Company assumes that the Group's growth will continue in accordance with the Board of Directors and Management's expectations. If the activity level deviates from the abovementioned assumptions both positively or negatively, this will drive deviations of actual results compared to the Forecast. Any changes to the principal assumptions could materially change the outcome of the Forecast. The Group's activity level depends on many factors outside the Group's control or influence, including those relating to changes in political, legal, fiscal, market or economic conditions, improvements or deterioration in macroeconomic conditions, and timely actions/decisions by its customers to advance projects to the next level of progress. In these principal assumptions, management assumes that the aforementioned factors are relatively stable during the forecasted timeframe. The Group can influence certain operational factors through its decisions to enter into, amend, or negotiate commercial agreements. It can also, to the extent allowed under the terms of its governing documents and indentures, elect to pursue strategic opportunities which would impact the Forecast.

9. CAPITALIZATION AND INDEBTEDNESS

9.1. Introduction

The financial information presented below has been prepared on the basis of an unaudited, consolidated management report for the period ended 30 September 2024. The unaudited management report has been prepared in accordance with the same accounting policies and principles as the Annual Financial Statements. The information presented below should be read in conjunction with the other parts of this Prospectus, in particular Section 10 "Selected Financial Information and Other Information", Section 11 "Operating and Financial Review", and the Financial Statements and the notes related thereto, appended as Appendix B, C and D to this Prospectus.

This Section 9 "Capitalization and Indebtedness" provides information about the unaudited consolidated capitalization and net financial indebtedness on an actual basis as of 30 September 2024 and, in the "Adjustment amount" column, the estimated impact to the Group's consolidated capitalization and net financial indebtedness as of the date of this Prospectus.

There has been no material change to the Group's consolidated capitalization and net financial indebtedness since 30 September 2024.

9.2. Capitalization

The following table sets forth information about the unaudited consolidated capitalization as of 30 September 2024:

Table 4 - Capitalization

	As of 30 September 2024 ^(a)	Adjustment amount ^(b)	As adjusted as of the date of the Prospectus
<i>(In USD thousands)</i>			
<i>Total current debt:</i>			
Guaranteed.....	-	-	-
Secured.....	-	-	-
Unguaranteed / unsecured	82,000 ⁽¹⁾	-	82,000
Total current debt:	82,000	-	82,000
<i>Total non-current debt:</i>			
Guaranteed	-	-	-
Secured	715,400 ⁽²⁾	-	715,400
Unguaranteed / unsecured	42,400 ⁽³⁾	-	42,400
Total non-current debt:	757,800	-	757,800
Total indebtedness:	839,800	-	839,800
Shareholders' equity			
Share capital.....	3 ⁽⁴⁾	-	3
Legal reserve(s).....	2,994	-	2,994

Other reserves.....	246,754 ⁽⁵⁾	-	246,754
.....			
Total shareholders' equity.....	249,750	-	249,750
Total capitalisation.....	1,089,548	-	1,089,548

(a) The data set forth in this column are derived from the unaudited consolidated management reporting as of 30 September 2024.

¹⁾ Unguaranteed / unsecured current debt of USD 82.0 million is comprised of trade payables (USD 13.4 million) presented under the financial statement line "Trade accounts payable", and taxes (VAT, withholding taxes, employee withheld taxes and social security taxes etc.) (USD 44.1 million), provision for uncertain tax positions (USD 2.8 million), accrued interest on the secured Bonds (USD 12.4 million) and other current liabilities (USD 9.2 million) presented under the financial statement line "Other current liabilities".

²⁾ Secured non-current debt comprises the notional amount of USD 715.4 million and is presented under the financial statement line item "Interest-bearing debt, long term". The Senior Secured Notes and the Bonds are secured by inter alia (i) share pledges, (ii) certain account pledges, (iii) certain floating charges, (iv) assignment of rights in the keep well agreement; and (v) receivable pledges.

³⁾ Unguaranteed / unsecured non-current debt of USD 42.4 million is comprised of unamortized debt issuance costs (USD -19.9 million) presented under "Interest-bearing debt, long term", and provision for uncertain tax positions (USD 62.3 million) presented under the financial statement line "Other non-current liabilities".

⁴⁾ Share capital of USD 3,391.00098 is included in the financial statement line-item "Total equity".

⁵⁾ Other reserves of USD 249.8 million consists of total equity of USD 214.9 million as of 31 December 2023 plus the issuance of shares of USD 71.9 million (net after issuance costs) in connection with the listing of the Company's shares on Euronext Growth Oslo in June 2024 less the return of capital of USD 37 million in September 2024. This figure does not include the profit and loss of the reporting period.

9.3. Net financial indebtedness

The following table set forth information about the Group's consolidated net financial indebtedness as of 30 September 2024:

Table 5 – Net financial indebtedness			
<i>(In USD millions)</i>			
	As of	Adjustment	As adjusted as of the
	30 September 2024 ^(a)	amount ^(b)	date of the Prospectus
(A) Cash	128,218 ⁽¹⁾	-	128,218
(B) Cash equivalents	22,186 ⁽²⁾	-	22,186
(C) Other current financial assets	317,700 ⁽³⁾	-	317,700
	468,104	-	468,104
(D) Liquidity (A)+(B)+(C)			
	82,000 ⁽⁴⁾	-	82,000
(E) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)			
	-	-	-
(F) Current portion of non-current financial debt			
(G) Current financial indebtedness (E + F)	82,000	-	82,000
(H) Net current financial indebtedness (G – D)	-386,106	-	-386,106
	757,800 ⁽⁴⁾	-	757,800
(I) Non-current financial debt (excluding current portion and debt instruments)			
(J) Debt instruments	-	-	-
(K) Non-current trade and other payables	-	-	-
(L) Non-current financial indebtedness (I+J+K)	757,800	-	757,800
(M) Total financial indebtedness (H+L)	371,694	-	371,694

(a) The data set forth in this column are derived from the unaudited consolidated management reporting as of 30 September 2024.

¹⁾ Cash of USD 128.2 million comprises of cash in the Company and Fontis and is presented under the financial statement line item “Cash and cash equivalents”.

²⁾ Cash equivalents of USD 22.2 million comprises restricted cash related to cash collateral supporting performance guarantees issued to a large state-owned petroleum company in Mexico. The balance is presented under the financial statement line item “Cash and cash equivalents”.

³⁾ Other current financial assets is comprised of accounts receivables (USD 279.2 million) presented under the financial statement line “Accounts receivables, net”, related party receivables (USD 3.3 million) presented under the financial statement line “Amounts due from related parties” and other current receivables (USD 35.2 million) presented under the financial statement line “other current assets”.

⁴⁾ For the current and non-current debt, see Section 9.2 above.

9.4. Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

9.5. Contingent and indirect indebtedness

The Group does not have any material contingent or indirect indebtedness as of the date of the Prospectus beyond that described in the tables above.

10. SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

10.1. Introduction and basis for preparation

The following selected financial information has been extracted from the Financial Statements.

The selected financial information included herein should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements, attached hereto as Appendices B, C and D, Section 4.2 "Presentation of financial and other information" and Section 11 "Operating and Financial Review".

10.2. Summary of accounting policies and principles

The Financial Statements have been prepared in accordance with US GAAP and presented in USD (presentation currency).

For information regarding accounting policies and principles for the Financial Statements, see Note 1 of the 2022-2023 Financial Statements (Appendix B), Note 1 of the 2021 Financial Statements (Appendix C) and Note 2 of the Interim Financial Statements (Appendix D).

10.3. Non-US GAAP financial measures

The table below set out certain APMs presented by the Group in this Prospectus on a half-year and annual basis. The tables below show the calculation of the relevant APMs. See Section 4.2.4 "Alternative performance measures" above for a further description of the APMs presented below. The figures presented in the respective reconciliation tables below are for the years ended 31 December 2023, 2022 and 2021, derived from the Annual Financial Statements.

Please note that 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 in this Prospectus and they should not be considered as a substitute for revenue or other financial metrics.

Table 6 - Calculation of Adjusted EBITDA

<i>(In USD millions)</i>	Six-month period		Year ended 31 December		
	ended 30 June		2023	2022	2021
<i>(In USD millions)</i>					<i>(Restated)</i>
Contract revenues*	127	97	204	206	36
Rig operating expenses	(48)	(49)	(94)	(89)	(15)
Selling, general and administrative expenses	(9)	(8)	(10)	(17)	(2)
Adjusted EBITDA (consolidated basis)	71	40	100	100	19
Contract revenues* (50% Seagems)	105	111	225	212	177
Tax on revenues (50% Seagems)	(7)	(5)	(10)	(10)	(8)
Vessel operating expenses (50% Seagems)	(37)	(29)	(67)	(64)	(75)
Selling, general and administrative expenses (50% Seagems)	(6)	(7)	(16)	(11)	(8)
<i>Adjusted EBITDA (50% share of Seagems)</i>	<i>55</i>	<i>69</i>	<i>132</i>	<i>127</i>	<i>86</i>
Adjusted EBITDA (as per Management Reporting)	126	109	232	227	105
Net debt	715	715	715	727	802
Interest-bearing debt (notional amount)	715	715	715	681	581
<i>Paratus</i>			715	681	581
<i>Fontis</i>	—	—		46	221
Cash, cash equivalents and restricted cash	232	115	115	94	70
<i>Paratus</i>	131	60	60	17	18
<i>Fontis</i>	101	55	55	77	52
Net debt (consolidated basis)	483	601	601	633	732
Interest-bearing debt (notional amount) (50% of Seagems)	48	51	51	57	189
Cash, cash equivalents and restricted cash (50% of Seagems)	14	19	19	19	16

<i>Net debt (50% of Seagems)</i>	35	32	32	38	173
Net debt (as per Management Reporting)	518	633	633	671	905

* Contract revenues represent “Operating revenues” before amortization of favorable contracts for Fontis and exclude tax on revenue for Seagems.

10.4. Consolidated Statements of Operations and Consolidated Statements of other comprehensive income

The tables below set out selected data extracted from the Financial Statements.

Table 7 - Condensed statements of operations	Six-month period ended 30 June	
	2024	2023
<i>(In USD millions)</i>		
Operating revenues		
Operating revenues	111.8	73.5
Total operating revenues	111.8	73.5
Operating expenses		
Rig operating expenses	(47.7)	(49.3)
General and administrative expenses	(8.9)	(7.5)
Depreciation and amortization	(9.3)	(7.5)
Settlement of Management Incentive Deed	—	(12.9)
Expected credit gains/(losses)	1.7	0.8
Total operating expenses	(64.2)	(76.4)
Income from equity method investments**	38.9	27.2
Operating income**	86.5	24.3
Financial items**		
Interest income	1.4	1.6
Interest expense	(43.1)	(42.7)
Gain on extinguishment of financial instruments	—	7.1
Other financial items	7.1	(10.8)
Net financial expense	(34.6)	(44.8)
Income/(loss) before taxes	51.9	(20.5)
Income tax benefit/(expense)	(8.1)	(5.9)
Net income/(loss)	43.8	(26.4)
Income/(loss) per share:		
Basic	0.28	(0.18)
Diluted	0.28	(0.18)

* Effective January 1, 2024, “Contract revenues” and “Selling, general and administrative expenses” are renamed to “Operating revenues” and “General and administrative expenses”, respectively.

** Effective January 1, 2024, the Company changed the presentation of its share of income from equity method investments (renamed from “Share in results from associated companies”) from non-operating to operating income in the consolidated statements of operations. Prior to 2024, the Company’s share of income from equity method investments was presented under “Total financial and other items”. This line item is, effective January 1, 2024, renamed to “Net financial income/(expense)”. Comparative figures for first six months of 2023 have been updated accordingly. Please refer to Note 1 in the Interim Financial Statements for more details.

Table 8 - Condensed statements of comprehensive income/(loss)

<i>(In USD millions)</i>	Six-month period ended 30 June	
	2024	2023
Net income/(loss)	43.8	(26.4)
<i>Other comprehensive income/(loss), net of tax:</i>		
Share of other comprehensive income/(loss) from equity method investments	11.3	(8.9)
Archer convertible bond reclassification	—	(6.0)
Total other comprehensive income/(loss) for the year	55.1	(41.3)

Table 9 - Statements of operations

<i>(In USD millions)</i>	Year ended 31 December		
	2023	2022	2021 <i>(Restated)</i>
Operating revenues			
Contract revenues*	167	148	29
Total operating revenues	167	148	29
Operating expenses			
Rig operating expenses	(94)	(89)	(15)
Depreciation	(15)	(15)	(2)
Selling, general and administrative expenses*	(10)	(17)	
Settlement of Management Incentive Deed	(13)	—	(2)
Expected credit gains/(losses)	(1)	21	—
Total operating expenses	(133)	(100)	(19)
Operating income**	34	48	10
Financial and other items**			
Interest income	2	3	18
Interest expense	(85)	(91)	(77)
Share in results from associated companies**	66	47	17
Gain/(loss) on extinguishment of financial instruments	4	(12)	—
Other financial items	(20)	(10)	40
Total financial and other items	(33)	(63)	(2)
Income/(loss) before taxes	1	(15)	8
Income tax/(expense)	(24)	(21)	4
Net income/(loss)	(23)	(36)	12
Income/(loss) per share:			
Basic	(0.15)	(0.25)	
Diluted	(0.15)	(0.25)	

* Effective January 1, 2024, "Contract revenues" and "Selling, general and administrative expenses" are renamed to "Operating revenues" and "General and administrative expenses", respectively. Contract revenues as is used effective 1 January 2024, represents "Operating revenues" before amortization of favorable contracts for Fontis.

** Effective January 1, 2024, the Company changed the presentation of its share of income from equity method investments (renamed from "Share in results from associated companies") from non-operating to operating income in the consolidated statements of operations. Prior to 2024, the Company's share of income from equity method investments was presented under "Total financial and other items". This line item is, effective January 1, 2024, renamed to "Net financial income/(expense)". Comparative figures for first six months of 2023 have been updated accordingly. Please refer to Note 1 in the Interim Financial Statements for more details.

Table 10 - Statements of comprehensive income/(loss)

<i>(In USD millions)</i>	Year ended 31 December		
	2023	2022	2021 <i>(Restated)</i>
Net income/(loss)	(23)	(36)	12
Other comprehensive income/(loss), net of tax:			
Share in results from associated companies	(3)	—	6
Change in fair value of debt component of Archer convertible bond	—	3	3
Archer convertible bond reclassification	(6)	—	—
Total other comprehensive income/(loss) for the year	(32)	(33)	21

10.5. Consolidated balance sheets

The tables below set out selected data extracted from the Financial Statements.

Table 11 – Balance sheets

<i>(In USD millions)</i>	As of 30 June		As of 31 December	
	2024	2023	2022	2021 <i>(Restated)</i>
ASSETS ⁽²⁾				
CURRENT ASSETS				
Cash and cash equivalents*	232.2	115	94	70
Accounts receivables, net	211.0	169	114	318
Amount due from related party current	3.3	3	56	—
Favorable contracts	30.7	31	38	43
Other current assets	29.3	34	46	28
Total current assets	506.5	352	348	459
NON-CURRENT ASSETS				
Equity method investments	367.1	355	311	264
Drilling units and equipment, net	253.6	258	250	255
Deferred tax assets	—	—	5	5
Amount due from related party non-current	—	—	19	69
Favorable contracts	22.5	38	68	121
Other non-current assets	0.3	—	1	1
Total non-current assets	643.5	651	654	715
Total assets	1,150.0	1,003	1,002	1,174
LIABILITY AND EQUITY				
Current liabilities				
Debt due within twelve months	—	—	—	581
Trade accounts payable	14.9	19	10	7
Short-term amounts due to related parties	—	—	2	12
Other current liabilities	59.6	29	32	96
Total current liabilities	74.5	48	44	696
Non-current liabilities				
Long-term debt	665.3	655	650	233
Other non-current liabilities	65.3	85	74	64
Total non-current liabilities	730.6	740	724	297
Commitments and contingencies				
Equity				
Common shares	—	—	—	—
Additional paid in capital	1,362.8	1,291	1,278	1,192
Accumulated other comprehensive loss	7.8	(3)	6	3

Accumulated deficit	(1,028.7)	(1,073)	(1,050)	(1,014)
Total equity	344.9	215	234	181
Total liabilities and equity	1,150.0	1,003	1,002	1,174

* Includes restricted cash of USD 23.3 million, USD 23 million, USD 22 million, and USD 21 million as of 30 June 2024, 31 December 2023, 31 December 2022 and 31 December 2021, respectively.

10.6. Statements of cash flows

The tables below set out selected data extracted from the Financial Statements.

Table 12 - Condensed statements of cash flows	Six-month period ended 30 June	
	2024	2023
<i>(In USD millions)</i>		
Cash flows from operating activities		
Income/(loss) before income taxes	51.9	(20.5)
<u>Adjustments to add/(deduct) non-cash items:</u>		
Amortization of favorable contracts	15.4	23.2
Depreciation	9.3	7.5
Settlement of Management Incentive Deed (MID)	—	12.9
Income from equity method investments	(38.9)	(27.2)
Net interest expense and amortization	41.7	41.1
Loss/(gain) on realization of marketable securities		5.6
Unrealized foreign exchange gain/(loss)	(7.1)	(6.3)
Expected credit gains/(losses)	(1.7)	(0.8)
(Gain)/Loss on debt extinguishment	—	(7.1)
Share-based compensation	0.1	—
Other	(0.6)	0.9
<u>Change in working capital items and other:</u>		
Accounts receivables, net	(40.0)	13.0
Trade accounts payable	(3.6)	1.0
Other assets	4.7	(3.0)
Other liabilities	10.7	13.0
Net cash (used in)/provided by operating activities	41.9	53.3
Cash flows from investing activities		
Additions to drilling units and equipment	(4.6)	(6.0)
Investment in equity method investee	-	(16.0)
Distribution from equity method investments	37.6	65.5
Net cash (used in)/provided by investing activities	33.0	43.5
Cash flows from financing activities		
Interest on bank deposits	1.4	0.5
Payment of interest on borrowings	(32.2)	(2.7)
Issuance of common shares (net of issue costs)	72.6	—
Net cash (used in)/provided by financing activities	(41.8)	(2.2)

Effect of exchange rate changes on cash and cash equivalents	0.8	0.1
Net increase in cash and cash equivalents	117.5	94.7
Cash and cash equivalents at beginning of the period	114.7	94.0
Cash and cash equivalents at the end of period	232.2	188.7

Table 13 - Statements of cash flows

<i>(In USD millions)</i>	Year ended 31 December		
	2023	2022	2021 <i>(Restated)</i>
Cash flows from operating activities			
Net income / (loss)	(23)	(36)	12
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>			
Depreciation	15	15	2
Amortization of deferred loan changes	15	8	—
Amortization of favorable contracts	37	58	7
Share of results from associated companies	(66)	(47)	(17)
Loss/(gain) on realization of marketable securities	5	7	(2)
Unrealized (gain)/loss related to derivative financial instruments	—	1	(3)
Unrealized foreign exchange gain/(loss)	15	(3)	—
Deferred and other income tax	2	—	(3)
Change in allowance for credit losses	1	(25)	(64)
(Gain)/Loss on extinguishment of financial instruments	(4)	12	—
Settlement of Management Incentive Deed	13	—	—
<i>Other movements in operating activities</i>			
Payment-in-kind-interest and non-cash interest expense	69	62	23
Distributions received from associated companies	—	—	6
Payments for long term maintenance	(11)	(10)	—
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable	(56)	225	(1)
Trade accounts payable	9	3	4
Related party balances	(2)	(2)	(4)
Other assets	3	(23)	(5)
Other liabilities	(3)	(14)	27
Net cash (used in)/provided by operating activities	19	231	(18)
Cash flows from investing activities			
Additions to drilling units and equipment	(12)	—	(1)
Cash and restricted cash obtained through acquisition of subsidiary	—	—	62
Investment in associates	(16)	—	—
Payments received from loans granted to related parties	114	—	10

Loans granted to related parties	—	—	(48)
Net cash provided by investing activities	86	—	23
Cash flows from financing activities			
Loan costs paid	—	(3)	—
Repayments of external debt	(49)	(179)	—
Interest paid on external debt	(35)	(17)	—
Repayments of debt to related party	—	(8)	—
Net cash (used in)/provided by financing activities	(84)	(207)	—
Net increase in cash and cash equivalents, including restricted cash	21	24	5
Cash and cash equivalents, including restricted cash, at beginning of the period	94	70	65
Cash and cash equivalents, including restricted cash, at the end of period	115	94	70

10.7. Statements of changes in equity

The tables below set out selected data extracted from the Financial Statements.

Table 14 - Statement of changes in equity

(In USD millions)

	Common shares	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total equity
Balance as at 1 January 2021 (Restated)	—	1,192	(6)	(1,026)	160
Net income	—	—	—	12	12
Other comprehensive income	—	—	9	—	9
Balance as at 31 December 2021 (Restated)	—	1,192	3	(1,014)	181
Balance as at 1 January 2022	—	1,192	3	(1,014)	181
Net loss	—	—	—	(36)	(36)
Issuance of common shares in connection with debt modification	—	86	—	—	86
Other comprehensive income	—	—	3	—	3
Balance as at 31 December 2022	—	1,278	6	(1,050)	234
Net loss	—	—	—	(23)	(23)
Issuance of C-shares in connection with termination of MID	—	13	—	—	13
Other comprehensive loss	—	—	(9)	—	(9)
Balance as at 31 December 2023	—	1,291	(3)	(1,072)	215
Balance as at January 1, 2023	—	1,278.0	6.0	(1,050.0)	234.0
Net loss	—	—	—	(26.4)	(26.4)
Issuance of C-shares in connection with termination of MID	—	12.9	—	—	12.9
Other comprehensive loss	—	—	(14.9)	—	(14.9)
Balance as at 30 June 2023	—	1,290.9	(8.9)	(1,076.4)	205.6
Balance as at 1 January 2024	—	1,290.9	(3.5)	(1,072.5)	214.9
Net income	—	—	—	43.8	43.8
Other comprehensive income	—	—	11.3	—	11.3
Issuance of common shares	—	71.9	—	—	71.9
Balance as at June 30, 2024	—	1,362.8	7.8	(1,028.7)	344.9

11. OPERATING AND FINANCIAL REVIEW

This operating and financial review should be read together with Section 4 "General Information", including section 4.2 "Presentation of financial and other information", Section 8 "Business of the Group", Section 10 "Selected Financial Information and Other Information" and the Financial Statements, including related notes, attached to this Prospectus as Appendices B, C and D. This operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Group's current expectations, estimates, assumptions and projections about the Group's industry, business, strategy and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of a number of factors, including those discussed in Section 2 "Risk Factors" and Section 4.3 "Cautionary note regarding forward-looking statements" of this Prospectus, as well as other sections of this Prospectus.

11.1. Introduction

The financial information included in this Section 11 "Operating and Financial Review" has been derived from the Financial Statements. The financial information included herein should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements, which are attached as appendices to this Prospectus, and the related notes included elsewhere in this Prospectus. The financial information included in this Registration Document includes measures which are not accounting measures as defined by US GAAP. These measures have been included for the reasons described in Section 4.2.4 "Alternative performance measures". However, these measures should not be used instead of, or considered as alternatives to, the Group's historical financial results based on US GAAP.

With respect to the financial information included in Sections 11.4 – 11.7, please note that the Company acquired the remaining 50% equity interest in Fontis resulting in the consolidation of Fontis into the Company in a business combination with effect from 2 November 2021. As such, from 1 January 2021 to 1 November 2021, the Company's investment in Fontis is included in the 2021 Financial Statements as a 50% owned investment in associated companies and is accounted for using the equity method. Because the Company had written down its investment in Fontis to nil prior to 1 January 2021, its equity share of the earnings of Fontis was also nil for the same period. Effective 2 November 2021, the Company acquired 100% of Fontis in a business combination and the financial position, results from operations and cash flows of Fontis are included in the Company's consolidated financial statements from that date. Please refer to Note 20 "Business Combination" of the Company's the 2021 Financial Statements for a summary of Fontis identifiable assets acquired and liabilities assumed as at the acquisition date, as well as Fontis' operation results since the acquisition date.

11.2. Significant factors affecting the Group's income statement and statement of financial positions

The Group's income statement and statement of financial positions have been, and may continue to be, affected by a range of factors, many of which are beyond the Group's control. The key factors that Management believes have had a material effect on the Group's income statement and statement of financial positions during the periods under review, as well as those considered likely to have a material effect on its income statement and statement of financial positions in the future, are the following:

- Changes in national and international economic conditions, such as interest rates, inflation, and employment levels, can affect commodity prices, the cost of borrowing, cost of labor, and the valuation of assets, among other things. These economic shifts may influence global demand for, and price of, goods and services, namely oil, directly impacting the Group's critical end market customers. Such changes and developments, beyond the Group's control, could negatively affect the Group and its customers' investment activities, realization opportunities, and operational and financial performance
- Fluctuations in commodity and energy markets influenced by geopolitical, operational, and global systematic risks have a direct impact on the Group's performance. During and following price drops, companies often reduce exploration activities, affecting demand for rigs, vessels, and service personnel. Idle equipment caused by downtime and decreased dayrates and/or utilization due to reduced demand substantially impact the Group's ability to meet the Group's financial goals
- The jack-up drilling market and the offshore service industry has historically been highly cyclical and volatile, with periods of low demand and/or over-supply of offshore vessels, drillings rigs and offshore services. An increase in the supply of offshore support vessels and rigs, or decrease in the demand for such services, has the potential to reduce dayrates within the offshore market, which in turn could have a material adverse effect on the Group's revenues, profitability, liquidity, cash and financial position

- The Group has a high customer concentration which magnifies the potential impact of a counterparty's inability to meet its obligations. Any significant default by a major customer can result in substantial revenue loss and operational disruption for the Group. The Group has, for instance, previously encountered instances of payment delays by counterparties under customer contracts, which has negatively affected the Group's liquidity. Should the Group's counterparty under its customer contracts, or other counterparties under future contracts, continuously fail to honor its payment obligations or other obligations under its agreements with the Group, this could, inter alia, impair the Group's liquidity and cause significant losses. In the year ended 31 December 2023 and the six-month period ended 30 June 2024, a large state-owned petroleum company in Mexico accounted for 100% of the Company's consolidated total operating revenues, respectively. In addition, for Seagems, Petrobras accounted for 99.8% and 73.9% of total operating revenues for the same respective periods. Consequently, the Group's financial condition and results of operations will be materially adversely affected if these customers or any other future customers interrupt or curtail their activities, terminate their contracts with the Group with or without cause (irrespective of whether the client was legally entitled to terminate or not), fail to renew their existing contracts or refuse to award new contracts to the Group, and the Group is unable to enter into contracts with new customers at comparable dayrates and with similar utilization of the Group's vessels as the major customer it has lost. Additionally, this concentration of customers may increase the Group's overall exposure to credit risk, and the Group's financial condition and results of operations will be materially and adversely affected if one or more of its significant customers fails to honor payment obligations under contracts with the Group
- The Group's Contract backlog may not be ultimately realized, whereas any non-realization would result in lower revenues than estimated. The Group's inability to realize its contract backlog amounts, and thereby not receive the expected revenue for a time period, could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects
- The Group conducts a significant portion of its operations through joint ventures, exposing it to risks and uncertainties, many of which are outside the Group's control. The terms of co-operation and shareholding in the joint ventures are governed by the investment and shareholders' agreements between the shareholders. Any differences in views among the participants may result in delayed decisions, failures to agree on major issues and/or a need to liquidate the company on unfavorable terms. The Company's obligations in respect of, and the Company's ability to receive any dividends from, its jointly owned ventures depend on the terms and conditions of its investment and shareholders' agreements and relationship with its joint shareholders. There can be no assurance that the Group will continue its relationship with its joint owners or that its joint owners will want to pursue the same strategies as the Group. The Group cannot control the actions of its joint venture partners, including any non-performance, default or bankruptcy of such partner and the investment and shareholders' agreements governing the joint ventures may restrict the Company's ability to exit the joint ventures at reasonable prices. Further, if any of the Company's joint venture partners does not meet its contractual obligations, the joint venture may be unable to adequately perform and deliver its contracted services. Such factors could have a material adverse effect on the business operations of the joint venture and, in turn, the Group's business, results of operations, cash flows, financial condition and/or prospects
- The market value of the Group's vessels and rigs and/or those the Group may acquire in the future may decrease, which could cause the Group to incur losses due to impairment of book values or if it decides to sell assets. The fair market value of the vessels and rigs currently owned by the Group and/or those the Group may acquire in the future, may increase or decrease depending on a number of factors, such as, inter alia, types, sizes and ages of the units, as well as supply and demand for offshore supply vessels and rigs. If the book value of any unit exceeds the fair market value (undiscounted net cash flows), the Group may suffer impairment of the book value of its assets and consequently suffer a financial loss. Also, should the Group sell any unit when prices have fallen, the sale may be at a loss. Impairment of book value or loss could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects
- The Group is exposed to risk due to changes in tax laws or tax practice of any jurisdiction in which the Group operates. Tax laws, regulations and treaties are highly complex and subject to interpretation. Consequently, the Group may be subject to changing tax laws, regulations and treaties in and between the countries in which it will operate, including any treaties to which any of Bermuda, the United States, or any relevant European Union member country is a party. In addition, the Group may be subject to changing interpretations of tax laws and retroactive tax assessments, such as the Group's ongoing assessment relating to tax liabilities in

Mexico. The Group is in the process of negotiating a settlement with the Mexican tax authorities in respect of unsettled tax liabilities for years of account from 2014, and from 2018 through 2019, together with interest and penalties for late payments. These liabilities relate in particular to the deductibility of mobilization costs and transfer pricing. No assurance can be made that the Mexican tax authorities will not open audits for periods from 2020 and onwards. If the audits expand in scope or the authorities continue to question the Group's tax position, the Group could face significant legal and financial consequences, such as higher taxes, penalties, and interest, which in turn could significantly affect the Group's tax expenses and effective tax rate, potentially impacting earnings and cash flow operations and the Group's overall financial position

- All of the Group's debt obligations have defined maturity or redemption dates, presenting the ongoing risk that the Company may encounter challenges in refinancing or meeting its payment obligations when the loans and notes mature. Such risks may arise due to various factors, including excessive leverage, declining asset values, or insufficient earnings and cash flow. Additionally, broader macroeconomic factors and trends in the global credit markets can further exacerbate these risks. Failure to secure further refinancing for its debt could have a material adverse effect on the Group's financial position. Without the ability to access additional funding, the Group may face difficulties in meeting its financial obligations, maintaining its operations, or pursuing growth opportunities

11.3. Financial review of the Group's income statements

11.3.1. Descriptions of income statement line items

Set out below is a description of selected income statement line item and should be read in conjunction with the Annual Financial Statements and notes.

Operating revenues

Operating revenues relates to Fontis and are primarily earned from drilling contracts which include (i) providing a drilling rig and the crew and supplies necessary to operate the rig, (ii) mobilizing and demobilizing the rig to and from the drill site and (iii) performing rig preparation activities and/or modifications required for the contract. Consideration received for performing these activities may consist of dayrate drilling revenue, mobilization and demobilization revenue, contract preparation revenue and reimbursement revenue. All five jack-up rigs have contracts in place with a large state-owned petroleum company in Mexico. Year over year fluctuations in revenue are driven by the rig activity (number of active/ideal days) and additional services to the customer. Furthermore, the amortization of favorable revenue contract assets is recognized as an adjustment (decrease) to revenues over the contract term.

Total operating expenses

Total operating expenses are mainly comprised of rig operating expenses, depreciation, selling, general and administrative expenses, expected credit gains and other operating expenses.

Rig operating expenses

Rig operating expenses are related to Fontis and are costs associated with operating a drilling unit and include the remuneration of offshore crews and related costs, supplies, insurance costs, expenses for repairs and maintenance as well as costs related to onshore personnel and are expensed as incurred. The Company also incurs costs to prepare a drilling unit for a new customer contract and to move the rig to the contract location which is recognized over the expected contract term. The Company incurs costs to transfer a drilling unit to a safe harbor or different geographic area at the end or during the contract and expense such demobilization costs as incurred. The Company also expenses any costs incurred to relocate drilling units that are not under contract.

Selling, general and administrative expenses

Selling, general and administrative expenses mainly relate to expenses that are not directly tied to the rig operating activities. These include expenses related to sales, marketing, office management, rent, utilities, and other overheads essential for running the business.

Depreciation

Depreciation consists of depreciation, amortization and impairment associated with the Group's drilling units and equipment, favorable contracts, investment in associated companies and the other non-current assets.

Income from equity method investments

Income from equity method investments relates to the Company's recording of its share in the net income/(losses) of associated companies and joint ventures which are accounted for pursuant to the equity method. This line item is effective 1 January 2024, presented as part of the operating income. In prior years, this was presented under financial items (see more details below).

Financial items

Financial items mainly include bank interest income, interest expenses accrued in relation to the outstanding loans, foreign exchange gains or losses and other financial income and expenses as further described year on year basis.

Income tax expense

Income tax expense consists of taxes in Fontis including the movement in the provision for the uncertain tax positions ("UTP") in Mexico.

11.3.2. Results of operations for the six-month period ended 30 June 2024 compared to the six-month period ended 30 June 2023

Table 15 – Condensed statements of operations	Six-month period ended 30 June		
	2024	Change in %	2023
<i>(In USD millions)</i>			
Total operating revenues	111.8	52.1	73.5
Total operating expenses	(64.2)	(16.0)	(76.4)
Income from equity method investments	38.9	43.0	27.2
Operating income	86.5	256.0	24.3
Net financial expense	(34.6)	(22.8)	(44.8)
Income/(loss) before income taxes	51.9	353.2	(20.5)
Income tax benefit/(expense)	(8.1)	37.3	(5.9)
Net income/(loss)	43.8	265.9	(26.4)

Set out below is a description of the key reasons for the changes from the six-month period ended 30 June 2024 compared to the six-month period ended 30 June 2023 to relating to the relevant line item:

Total operating revenues:

Total operating revenues for the first six months of 2024 ("H1 2024") stood at USD 112 million, up by USD 38 million (52%) compared to the first six months of 2023 ("H1 2023") (USD 74 million). The revenue increase was primarily driven by the recognition of revenue from previously unbilled services (USD 15 million), higher dayrates following market indexation in February 2024 (USD 7 million), and lower amortization of favorable contracts (USD 8 million) in H1 2024, accounted for as an adjustment to contract revenues. Furthermore, as previously announced, the comparative operating revenues in 2023 were negatively impacted by downtime on the Courageous and Defender in parts of Q1 2023 (USD 9 million).

Total operating expenses:

Total operating expenses decreased by USD 12 million (16%) from USD 76 million in H1 2023 to USD 64 million in H1 2024 mainly explained by the accounting effects from the termination of management incentive deed ("MID") with Seadrill booked in H1 2023 (USD 13 million recognized as cost). Additionally, the rig operating expenses in H1 2023 was impacted by higher repair and maintenance ("R&M") costs related to the Courageous and Defender incidents in part of Q1 2023 and management services expenses from Seadrill, while H1 2024 involved higher personnel costs following the termination of these management service contracts. Corporate SG&A increased during H1 2024 mainly

due to transaction costs incurred related to the listing on Euronext Growth Oslo and placement of bonds. Depreciation amounted to USD 9 million, slightly up by USD 2 million compared to USD 7 million in the corresponding period last year.

Income from equity method investments

The Company accounts for its investments in the Seagems JV applying the equity method. Until the 2022-2023 Financial Statements, 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 1 January 2024. This change reflects the view that the operations of the Company's investment in Seagems is "integral" to its business. The Company believes this adjustment will provide users of its financial statements with more relevant information and aligns with industry practices. Comparative figures have been updated accordingly in the Interim Financial Statements. The Company's share of income from Archer is presented in the same manner, based on a materiality assessment.

Total income from equity method investments during H1 2024 was USD 39 million, up from USD 27 million same period last year.

Net financial expense:

Net financial expense decreased to USD 35 million in H1 2024, compared to USD 45 million in H1 2023. This reduction is primarily due to lower interest expenses in 2024. In H1 2023, the Company accrued higher PIK interest due to higher interest rates, which contributed to higher financial expenses. Additionally, the full repayment of the Fontis notes in second half of 2023 further reduced interest costs in 2024. Furthermore, in H1 2024, the Company recognized an unrealized foreign exchange gain from the revaluation of provisions for UTP in Mexico. This compares with an unrealized foreign exchange loss recorded in H1 2023. However, these favorable factors were partly offset by an accounting gain recognized in 2023 related to the conversion of Archer debt.

Income tax expense

Tax expense recorded during H1 2024 amounted to USD 8 million compared to USD 6 million in H1 2023, mainly driven by movements in the provision for the UTP in Mexico.

11.3.3. Results of operations for the financial year ended 31 December 2023 compared to the financial year ended 31 December 2022

The table below summarizes selected data relating to the Group's historical results of operations for the financial years ended 31 December 2023 and 2022.

Table 16 – Statements of operations	Year ended 31 December		
	2023	Change in %	2022
<i>(In USD millions)</i>			
Total operating revenues	167	13	148
Total operating expenses	(133)	33	(100)
Operating income	34	(29)	48
Total financial and other items	(33)	(48)	(63)
Income/(loss) before income taxes	1	107	(15)
Income tax (expense)	(24)	14	(21)
Net (loss)	(23)	(36)	(36)

Set out below is a description of the key reasons for the changes from year to year relating to the relevant line item:

Total operating revenues:

Total operating revenues in 2023 stood at USD 167 million, up by USD 19 million (13%), compared to USD 148 million in 2022, mainly due to lower amortization of favorable contracts (accounted for as an adjustment to contract revenues). In 2023, USD 37 million was recognized as amortization of favorable contracts compared to USD 58 million in 2022.

Total operating expenses:

Total operating expenses increased by USD 33 million (33%) from USD 100 million in 2022 to USD 133 million in 2023 mainly explained by the accounting effects from the termination of MID with Seadrill in Q1 2023 (USD 13 million recognized as cost) and changes in expected credit loss ("ECL"), (from USD 21 million as reversal of ECL in 2022 to USD -1 million as a cost in 2023). Details of MID agreement are disclosed in Note 1 and Note 8 of the 2022-2023 Financial Statements. Furthermore, there was an increase in rig operating expenses of USD 5 million, offset by a decrease in selling, general and administrative expenses of USD 7 million.

Total financial and other items:

Total financial and other items (net cost) in 2023 amounted to USD 33 million compared to USD 63 million in 2022. The reduction in financial and other items (net cost) was mainly due to lower interest expenses from USD 91 million in 2022 to USD 85 million in 2023 mainly due to switching from incurring PIK interest at the rate of 9.5% to paying interest cash at the rate of 9% from second half of 2023, higher income from Seagems (USD 67 million and USD 47 million in 2023 and 2022, respectively) driven by higher revenues and decrease in financial expenses, recognized gain on extinguishment of financial instruments of USD 4 million compared to a loss USD 12 recognized in 2022 mainly related to conversion of the Archer loan into shares (gain of USD 7 million) partly offset by early redemption of new Fontis notes (USD 3 million loss), partly offset by higher other financial expenses from USD 10 million in 2022 to USD 20 million in 2023 mainly driven by unrealized foreign exchange losses from the translation of the UTP provision in Mexico at year-end 2023.

Income tax expense

Tax expense amounted to USD 24 million in 2023 compared to USD 21 million in 2022, mainly driven by movements in the provisions for the UTP in Mexico.

11.3.4. *Results of operations for the financial year ended 31 December 2022 compared to the financial year ended 31 December 2021*

The table below summarizes selected data relating to the Group's historical results of operations for the financial years ended 2022 and 2021, extracted from the consolidated financial statements as of and for the years ended 31 December 2022 and 2021.

<i>(In USD millions)</i>	Year ended 31 December		2021 <i>(Restated)</i>
	2022	Change in %	
Total operating revenues	148	410	29
Total operating expenses	(100)	426	(19)
Operating income	48	380	10
Total financial and other items	(63)	3050	(2)
Income/(loss) before taxes	(15)	(288)	8
Income tax (expense)	(21)	(625)	4
Net income/(loss)	(36)	(400)	12

Set out below is a description of the key reasons for the changes from year to year relating to the relevant line item:

Total operating revenue

Total operating revenues increased by USD 119 million, from USD 29 million in 2021 to USD 148 million in 2022, mainly due to the fact that the revenues from Fontis were consolidated from November 2021 following the closing of the transaction. Prior to 1 November 2021, Fontis was equity accounted in the Paratus consolidated financial statements (see Note 20 in the 2021 Financial Statements).

Total operating expenses

Total operating expenses increased by USD 81 million, from USD 19 million in 2021 to USD 100 million in 2023, mainly due to the fact that the operating expenses from Fontis were consolidated from November 2021 following the closing of the transaction. Prior to 1 November 2021, Fontis was equity accounted in the Paratus consolidated financial statements (see Note 20 in the 2021 Financial Statements).

Total financial and other items

Total financial and other items (net cost) in 2022 amounted to USD 63 million, compared to USD 2 million in 2021. The increase in financial and other items (net cost) was mainly due to higher interest expenses mainly as a result of restructuring of the senior secured notes to 2026 notes (USD 91 million and USD 77 million in 2022 and 2021, respectively), loss on debt extinguishment of USD 12 million compared to nil in 2021, and higher other financial expenses (USD 10 million in financial expense in 2022 compared to USD 40 million of financial income in 2021), partly offset by higher income from Seagems (USD 47 million and USD 17 million in 2022 and 2021, respectively) driven by higher revenues and margins in 2022.

Income tax expense

Income tax expense increased by USD 25 million from USD 4 million in tax income in 2021 to USD 21 million tax expense in 2022, mainly due to increase in the UTP provision in Mexico and due to the fact that Fontis was consolidated from November 2021 following the closing of the transaction.

11.3.5. Operating segments

In the years ended 31 December 2023, 31 December 2022 and 31 December 2021, the Group had one customer with external contract revenues. The revenues in those years were generated in one geographic location, Mexico. During the same periods all of the Group's operating drilling units were located in one geographic location, Mexico.

From 1 January 2024, the Company reports its operations under three segments: Fontis, Seagems, and Other. This change (i.e., presenting Seagems JV operating results and the Company 50% share of the JV) reflects the view that the operations of the JV are "integral" to the Company's business. The Company believes this adjustment will provide users of the Financial Statements with more relevant information and aligns with industry practices. Fontis (previously known as SeaMex) 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% share in Seagems. 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 in the Interim Financial Statements for Seagems are not included within the consolidated results and are thus adjusted for and replaced with the Company's equity in earnings of the equity method investment. The Other segment includes the Company's ownership in Archer which is accounted for as an equity method investment as well as general corporate activities.

11.3.6. Sales revenue by geographic area

For the periods ended 30 June 2024, 31 December 2023, 2022 and 2021, all of Paratus' consolidated revenues were generated in one geographic location, Mexico.

11.4. Financial review of the Group's financial condition*11.4.1. Description of balance sheet line items*

Set out below is a description of descriptions of selected balance sheet line item and should be read in conjunction with the Annual Financial Statements and notes.

Total current assets

Total current assets comprise mainly cash and cash equivalents, accounts receivables in Mexico, favorable contract balances and other current assets mainly related to prepaid expenses, taxes receivables and VAT balances in Mexico.

Total non-current assets

Total non-current assets comprise mainly equity method investment (i.e., the Company share in the net assets of Seagems and Archer), drilling units and equipment, non-current portion of the favorable contracts (see above), amount due from related party non-current and deferred tax assets.

Total current liabilities

Total current liabilities comprise mainly of trade accounts payable, debt due within twelve months and short-term amounts due to related parties, and other current liabilities mainly related to VAT and taxes payables in Mexico. At 30 June 2024, other current-liabilities also included the current portion of the provision for UTP (see below).

Total non-current liabilities

Total non-current liabilities comprise mainly of long-term debt and other non-current liabilities mainly related to the provision for UTP.

Total equity

Total equity is the sum of common shares, additional paid-in capital, accumulated other comprehensive loss and accumulated deficit.

11.4.2. *Financial position as of 30 June 2024 compared to 31 December 2023***Table 18 - Condensed balance sheets**

<i>(In USD millions)</i>	Period ended as of		
	30 June 2024	Change in %	31 December 2023
Total current assets	506.5	44	352.0
Total non-current assets	643.5	(1)	651.0
Total assets	1,150	15	1,003
Total current liabilities	74.5	55	48.0
Total non-current liabilities	730.6	(1)	740.1
Total equity	344.9	60	214.9
Total liabilities and equity	1,150.0	15	1,003.0

Set out below is a description of the key reasons for the changes from year end 31 December 2023 to the period ended at June 2024 relating to the relevant line item:

Total current assets

Total current assets increased by USD 154 million (44%) since year end 2023, from USD 352 million at year end 2023 to USD 506 million at 30 June 2024 and was mainly driven by increase in cash and cash equivalents, from USD 115 million at year-end 2023 to USD 232 million at 30 June 2024 as explained in the summarized cash flow information section below, and increase in accounts receivable in Mexico, from USD 169 million at year-end 2023 to USD 211 million at 30 June 2024 explained by collections of receivables in Mexico of USD 106 million offset by accrue and billed receivables of USD 146 million since year-end 2023.

Total non-current assets

Total non-current assets decreased by USD 7 million (1%) from USD 651 million at year end 2023 to USD 643 million at 30 June 2024 and was mainly driven by decrease in favorable contracts, from USD 38 million at year end 2023 to USD 22 million at 30 June 2024, decrease in drilling units and equipment from USD 258 million at year end 2023 to USD 254 million at 30 June 2024 driven by depreciation, partly offset by an increase in the book value of the equity method investments from USD 354 million at year end 2023 to USD 367 million at 30 June 2024 mainly related to Seagems JV.

Total current liabilities

Total current liabilities increased by USD 26 million (55%) from USD 48 million at year end 2023 to USD 74 million at 30 June 2024 and was mainly driven by a reclassification of the UTP provisions related to tax audits for 2017 and partly 2014, from non-current to current. The 2017 tax claim was fully settled and paid in July-Aug, while a portion of the 2014 tax claim is expected to be settled within 12 months. The increase in current liabilities was further due to increase in the accrual for withholding taxes on bare boat charter (“BBC”) payments and VAT, partly offset by a decrease in trade payables which decreased mainly due to payments of outstanding and deferred suppliers.

Total non-current liabilities:

Total non-current liabilities decreased by USD 9 million (1%) from USD 740 million at year end 2023 to USD 731 million at 30 June 2024, mainly driven by reclassification of the UTP provision as explained above as well as currency revaluation in the period as the provision is carried in Mexican pesos.

Total equity:

Total equity at 30 June 2024 was USD 345 million, compared to USD 215 million at year end 2023. The increase in equity was driven by net income of USD 44 million, OCI related to equity method investments of USD 11 million and issuance of common shares of USD 72 million related to the private placement in June 2024.

11.4.3. *Financial position as of 31 December 2023 compared to 31 December 2022*

The table below provides selected data pertaining to the Group's statements of financial position as of 31 December 2023 and 2022:

Table 19 - Balance sheets	As of 31 December		
	2023	Change in %	2022
<i>(In USD millions)</i>			
Total current assets	352	1	348
Total non-current assets	651	-	654
Total assets	1,003	-	1,002
Total current liabilities	48	9	44
Total non-current liabilities	740	2	724
Total equity	215	(8)	234
Total liabilities and equity	1,003	-	1,002

Set out below is a description of the key reasons for the changes from year to year relating to the relevant line item:

Total current assets

Total current assets increased by USD 4 million (1%) from USD 348 million at year end 2022 to USD 352 million at year end 2023 and was mainly driven by increase in cash, cash equivalent and restricted cash, from USD 94 million at year end 2022 to USD 115 million at year end 2023 as explained in the summarized cash flow information section below, increase in accounts receivables in Mexico from USD 114 million at year end 2022 to USD 169 million at year end 2023 mainly related to increase in unbilled revenues due to administrative requirements associated with the change of the company name from Seamex to Fontis. Fontis was unable to bill its key customer for a period of six months, leading to a build-up of accounts receivable and consequently lower collection of payments. The increase in current assets was partly offset by a decrease in related party receivables from USD 56 million at year end 2022 to USD 3 million at year end 2023 explained by the Seagems settlement of related party loan including interests, decrease in the favorable contracts from USD 38 million at year end 2022 to USD 31 million at year end 2023 due to amortization and a decrease in other current assets from USD 46 million at year end 2022 to USD 34 million at year end 2023 mainly explained by reclassification of the Archer investment from marketable securities to equity accounted investment effective April 2023.

Total non-current assets

Total non-current assets decreased by USD 3 million (0.5%) from USD 654 million at year end 2022 to USD 651 million at year end 2023 and was mainly driven by a decrease in related party balances, which was nil at year end 2023 compared to USD 19 million at year end 2022 mainly explained by conversion of the Archer convertible loan into shares in Archer, decrease in favorable contracts from USD 68 million at year end 2022 to USD 38 million at year end 2023 due to amortization and a valuation allowance booked in 2023 of USD 5 million against the deferred tax asset. The decrease in non-current assets was partly offset by an increase in investment in associated companies, from USD 311 million at year end 2022 to USD 355 million at year end 2023 mainly driven by the recognition of the Company's share in the net income of Seagems for 2023 and increase in the Company's ownership in Archer from 15.7% to 24.2% effective April 2023 (transferred from marketable securities) and increase in drilling units and equipment from USD 250 million at year end 2022 to USD 258 million at year end 2023 driven by higher capex additions related to the drilling units in Mexico partly offset by depreciation.

Total current liabilities

Total current liabilities increased by USD 4 million (9%) from USD 44 million at year end 2022 to USD 48 million at year end 2023, mainly due to higher trade accounts payables, from USD 10 million at year end 2022 to USD 19 million at year end 2023 mostly associated with administrative processes and timing of transition from the previous rig manager

Total non-current liabilities:

Total non-current liabilities increased by USD 16 million (2%) from USD 724 million at year end 2022 to USD 740 million at year end 2023, mainly driven by accrued PIK interest for Paratus Senior Secured Notes (USD 655 million at year end 2023 compared to USD 650 million at year end 2022) and increase in the UTP provision in Mexico (USD 85 million at year end 2023 compared to USD 74 million at year end 2022) driven by additional interest and penalties as well as currency revaluation in the period as the provision is carried in Mexican pesos.

Total equity:

The equity at year end 2023 was USD 215 million, compared to USD 234 million at year end 2022. The decrease in equity was driven by net loss of USD 23 million and OCI (loss) of USD 9 million, partly offset by the recognition of the MID transaction of USD 13 million as part of additional paid-in capital.

11.4.4. Financial position as at 31 December 2022 compared to 31 December 2021

The table below summarizes data selected from the Group's statements of financial position related to the Company's activities and is extracted from the Group's audited consolidated annual financial statement for the financial year as of 31 December 2022 and 2021:

<i>lin USD millions)</i>	As of 31 December		2021 <i>(Restated)</i>
	2022	Change in %	
Total current assets	348	(24)	459
Total non-current assets	654	(9)	715
Total assets	1,002	(15)	1,174
Total current liabilities	44	(94)	696
Total non-current liabilities	724	144	297
Total Equity	234	29	181
Total liabilities and equity	1,002	(15)	1,174

Set out below is a description of the key reasons for the changes from year to year relating to the relevant line item:

Total current assets

Total current assets decreased by USD 111 million (24%) from USD 459 million at year end 2021 to USD 348 million at year end 2022 and was mainly driven by a decrease in accounts receivables in Mexico, from USD 318 million at year end 2021 to USD 114 million at year end 2022 mainly driven by significant collection of payments and release of the ECL provision, partly offset by increase in cash and cash equivalents, from USD 49 million at year end 2021 to USD 72 million at year 2022 as explained in the summarized cash flow information section below, increase in related party receivables, from nil at year end 2021 to USD 56 million at year end 2022 related to reclassification of the Seagems loan receivable from non-current to current and additional loans granted to Seagems and an increase in other current assets, from USD 28 million at year end 2021 to USD 46 million at year end 2022 mainly related to movement in the VAT receivable in Mexico.

Total non-current assets

Total non-current assets comprise mainly investments in associated companies (equity accounted investments), drilling units and equipment, favorable contracts, amount due from related party non-current and deferred tax assets. Total non-current assets decreased by USD 61 million (9%) from USD 715 million at year end 2021 to USD 654 million at year end 2022 and was mainly driven by a decrease in related party balances (USD 19 million at year end 2022 compared to USD 69 million at year end 2021) explained by reclassification from non-current to current (see above and amortization of favorable contracts of USD 58 million during 2022, partly offset by an increase in investment in associated companies (USD 311 million at year end 2022 compared to USD 264 million at year end 2021) mainly driven by the recognition of the Company's share in the net income of Seagems for 2023.

Total non-current assets

Total non-current assets decreased by USD 61 million (9%) from USD 715 million at year end 2021 to USD 654 million at year end 2022 and was mainly driven by a decrease in related party balances, from USD 69 million at year end 2021 to USD 19 million at year end 2022 explained by reclassification from non-current to current (see above explanation), and decrease in favorable contracts, from USD 121 million at year end 2021 to USD 68 million at year end 2022 due to amortization. This was partly offset by an increase in investment in associated companies, from USD 264 million at year end 2021 to USD 311 million at year end 2022 mainly driven by the recognition of the Company's share in the net income of Seagems for 2022.

Total current liabilities

Total current liabilities decreased by USD 652 million from USD 696 million at year end 2021 to USD 44 million at year end 2022, mainly driven by the cancellation of current debt in connection with the restructuring of the Company in January 2022. Furthermore, the decrease in current liabilities was also explained by a decrease in other current liabilities, from USD 96 million at year end 2021 to USD 32 million at year end 2022 mainly explained by lower accrual of interest (nil at year end 2022 compared to USD 35 million at year end 2021) and lower tax and VAT payables.

Total non-current liabilities

Total non-current liabilities increased by USD 427 million (144%) from USD 297 million at year end 2021 to USD 724 million at year end 2022, mainly driven by the issuance of the Senior Secured Notes.

Total equity

The equity at year end 2022 was USD 234 million, compared to USD 181 million at year end 2021. The increase in book equity of USD 53 million was driven by the issuance of common shares in connection with modification of the Senior Secured Notes of USD 86 million, and OCI of USD 3 million, partly offset the net loss of USD 36 million in 2022.

11.5. Liquidity and capital resources

11.5.1. Sources of liquidity

The Group manages its financing structure and cash flow requirements in response to the Group's strategy and objectives, deploying financial and other resources related to those objectives.

The Group's main sources of liquidity are cash flows derived from operating activities, its borrowings and equity (financing activities), as well as cash and cash equivalents. The Group's cash and cash equivalents are primarily held in USD. The Group's ability to generate cash from operations depends on its future operating performance, which in turn is dependent on general macroeconomic, financial, competitive and market regulatory conditions, many of which are beyond the Group's control, as well as other factors described in Section 2 "Risk Factors".

The Group's assets and investments have been provided and funded through a series of transactions as described below:

Restructuring support agreement:

On 2 July 2021, Seadrill, who at that point held a 100% equity interest in Paratus, and Noteholders agreed to key commercial terms for a comprehensive restructuring of the Company and entered into a restructuring support agreement ("**RSA**"). The RSA was implemented through a series of transactions. The first element of the RSA was implemented on 2 November 2021 and resulted in Paratus increasing its ownership interest in Fontis to 100%. The second part of the RSA was a debt restructuring that required the use of a pre-packaged Chapter 11 process which concluded on 20 January 2022. See Section 8.6 "*History and important events*" for further information related to the history and restructuring process of the Group.

Conversion of convertible loan in Archer:

On 6 March 2023, the Company subscribed to a USD 15.5 million equity investment in Archer as part of Archer's broader efforts to refinance its existing capital structure and converted its subordinated USD 15.9 million loan to Archer for new shares at an implied value of USD 20 million (see Section 11.6.1 "*Historical investment*" below). On 20 April 2023, Paratus received 208,000,000 new common shares of Archer in connection with the conversion of Paratus convertible loan. As a result of the conversion of the loan and additional share subscription to 161 million shares for USD 16 million in March 2023, Paratus holding in Archer increased to 392,305,324 shares, representing 24.2% of the total number of share and voting rights in Archer. As of the date of this Prospectus, Paratus holds 15,692,212 shares, representing 19.99%³⁶.

Prior to the conversion date, the investment in Archer was recognized as Marketable Securities included in "Other Current Assets" in the consolidated balance sheets. From April 2023, the investment in Archer is accounted for as an equity method investee.

Payments under debt facility:

During 2023, interest payments of USD 1.4 million were made on the USD 219 million New Notes. The New Notes were fully repaid in July 2023 (see Section 8.6 "*History and important events*" of the Group).

Repayment of Seagems loans:

Paratus received USD 65.5 million in June 2023 from Seagems to settle the loan receivable from Seagems. The payment includes (i) USD 34.7 million loan principal, (ii) USD 12.8 million loan equity and (iii) 18 million of accrued interest. In September 2023, Paratus received USD 19 million for equity loans. Further information on the loan receivable can be found in note 18 "Related party transactions" in the 2022-2023 Financial Statements.

³⁶ Please refer to Section 11.6.2 for further information regarding the Company's ownership interest in Archer.

Class C share issuance:

On 25 May 2023, the Company's Board of Directors authorized the issuance of 22,332 shares of a new class of ordinary nonvoting shares in the Company (the "**C Shares**") to Hemen Investments Ltd., Lodbrok Capital LLP, and Melqart Asset Management (UK) Ltd as consideration for the termination of the MID. The C Shares were redesignated to as Class A Shares on 15 May 2024.

Private placement in relation with the admission to trading on Euronext Growth Oslo

On 21 June 2024, the Company applied for admission to trading on Euronext Growth Oslo. On 24 June 2024, the Company announced that it has successfully completed a USD 75 million private placement through the conditional allocation and issuance of 15,309,059 new shares at an offer price of NOK 51.66 per share (equivalent to USD 4.90 based on the official exchange rate of Norges Bank on Friday 21 June 2024), raising gross proceeds of the NOK equivalent of USD 75 million. The private placement was conditional upon approval of the Company's admission to trading. The Private Placement was completed on 26 June 2024 following the approval by Oslo Børs of the Company's application for admission to trading on Euronext Growth Oslo.

11.5.2. Restrictions on use of capital

The Group is subject to certain restrictions on the use of capital, such as: (i) restrictions on the payment of dividends and the repurchase of its shares, subject to certain solvency tests set out in the Bermuda Companies Act; (ii) limitations on investments, subject to specific carve outs, and (iii) limitations on repaying subordinated indebtedness. Additionally, the 2026 Notes Indenture and the Bond Terms each contain change of control clauses, providing noteholders and bondholders the ability to require the Company as issuer to repurchase all or part of the Senior Secured Notes and Bonds in a change of control event. For further information about restrictive covenants that impose limitations on the use of capital, please refer to Section 8.8.1 "*The 2026 Notes Indenture*", Section 8.8.2 "*The Bond Terms*", and Section 11.5.7 "*Financing arrangements*".

11.5.3. Summarized cash flow information

The following table presents the Group's historical cash flows for the years ended 31 December 2023, 2022 and 2021, as derived from the Financial Statements and for the six-month period ended 30 June 2024 and 2023, as derived from the Interim Financial Statements.

Table 21 – Statements of cash flows

<i>(In USD millions)</i>	Six-month period ended 30 June		Year ended 31 December		
	2024	2023	2023	2022	2021 <i>(Restated)</i>
Net cash from/(used in) operating activities	41.9	53.3	19	231	(18)
Net cash from/(used in) investing activities	33.0	43.5	86	-	23
Net cash from/(used in) financing activities	41.8	(2.2)	(84)	(207)	-
Cash and cash equivalents at the end of period	232.2	188.7	115	94	70

11.5.4. Net cash from/(used in) operating activities

Net cash flows from operating activities was USD 42 million during H1 2024, compared to USD 53 million in H1 2023. The decrease in inflow was mainly driven by a build-up of working capital related to accounts receivable in Mexico relative to collections.

Net cash from operating activities in 2023 was USD 19 million compared to USD 231 million in 2022. The decrease in inflow was primarily driven by a build-up of working capital related to accounts receivable in Mexico relative to collections.

Net cash from operating activities in 2022 was USD 231 million compared to USD 18 million net cash used in operating activities in 2021. The increase in inflow was primarily driven by the accounting presentation of Fontis, from equity accounted investment (cash flows presented under investment activities) prior to November 2021 to consolidated investment following the business combination. The higher inflow is also explained by significant collections of payments from receivables in Mexico.

11.5.5. Net cash from/(used in) investing activities

Net cash from investing activities of USD 33 million during H1 2024 was mainly related to distributions from Seagems of USD 38 million to Paratus partly offset by capex additions of USD 5 million. In comparison, net cash from investing activities for the same period in 2023 totaled USD 44 million, consisting of USD 66 million in distributions from Seagems to Paratus, partly offset by capex additions of USD 6 million and USD 16 million in purchase of marketable securities in Archer.

Net cash from investing activities in 2023 was USD 86 million compared to nil in 2022. The increase in inflow was mainly related to payments received from the loans granted to Seagems, partly offset by capex additions in Fontis and conversion of the Archer loan.

Net cash from investing activities in 2022 was nil compared to USD 23 million in 2021 and was primarily related to net cash obtained through the acquisition of Fontis.

11.5.6. Net cash from/(used in) financing activities

Net cash from financing activities of USD 42 million for H1 2024 comprised of net proceeds from the private placement in June 2024 of USD 73 million, interest income of USD 1 million and interest payments of USD 32 million. In H1 2023, financing activities comprised of interest income of USD 1 million and USD 3 million in interest payments related to the Fontis notes. The Company did not pay any interests in H1 2023 related to the 2026 notes as it was only accruing PIK interests.

Net cash used in financing activities in 2023 was USD 84 million compared to USD 207 million in 2022. The decrease in outflow was primarily relating to the repayment of external debt in Fontis.

Net cash used in financing activities in 2022 was USD 207 million compared to nil in 2021.

11.5.7. Financing arrangements

Following emergence from Chapter 11 in January 2022, the Group's capital structure was reconstructed. As of 31 December 2023, 2022, 2021 and for the six-month period ended 30 June 2024, the Group had the following debt amounts outstanding:

Table 22 – The Group's outstanding debt

	30 June 2024	31 December 2023	31 December 2022	31 December 2021 <i>(Restated)</i>
<i>(In USD millions)</i>				
Notes:				
USD 880 million Senior Secured Notes			-	581
USD 620 million Senior Secured Notes plus PIK interest	715.4	715	681	-
USD 219 million New Notes	-	-	46	221
Total external credit facilities	715.4	715	727	802
Deduct net discount and fees	(50.1)	(60)	(77)	12
Carrying value	665.3	655	650	814

As of the date of this Prospectus, the Group's maturity profile for debt repayments are as follows:

Table 23 – The Group's maturity profile

	Interest rate	Maturity date	Instalments and interest profile					2029
			2024	2025	2026	2027	2028	
<i>(In USD millions)</i>								
Notes:								
USD 620 million Senior Secured Notes plus PIK interest	9.00%*	15.07.2026	-	-	215	-	-	-
Bonds	9.50%	27.06.2029	-	-	-	-	-	500
Total instalments			-	-	215	-	-	500
Calculated interest profile			33.42	66.85	57.98	47.50	47.50	23.75
Total instalments and interest interest			33.43	66.85	272.98	47.50	47.50	523.75

*Assumes full cash interest. Paratus has the option to pay interest in kind at 10%, 3% cash and 6% PIK or 9% cash

The key terms relating to the debt are explained below.

The Senior Secured Notes:

The Senior Secured Notes were issued on 20 January 2022 and are due 15 July 2026. The aggregate principal amount is USD 620 million. As of 30 June 2024, the outstanding notional balance of USD 715 million comprises Senior Secured Notes principal of USD 620 million and USD 96 million accrued PIK interest (unchanged from year-end 2023). The carrying amount of the Senior Secured Notes are presented net of an amortized discount and have a carrying amount of USD 655 million of 31 December 2023.

On 8 July 2024, the Senior Secured Notes were partially redeemed. As of the date of the Prospectus, the outstanding amount under the 2026 Notes Indenture is 215 million.

The Bonds:

The Bonds were issued on 4 June 2024 with maturity date 27 June 2029. As of the date of this Prospectus, there have been no changes to the repayment of the Bonds.

Financial covenants:

The main terms and covenants for the Group's borrowings are described below.

Under the 2026 Notes Indenture for the Senior Secured Notes:

- (i) Minimum cash
 - a. at least USD 20 million of unrestricted cash on a pro forma basis
- (ii) Two (2) quarters of cash interest payments
 - a. Paratus having paid Paratus Notes full cash interest in the two prior quarters or:
 - b. Paratus having escrowed such amounts to have satisfied two consecutive quarters of cash interest payments
- (iii) Leverage test
 - a. Paratus satisfaction of the following Net Interest-Bearing Debt to LTM Adjusted EBITDA ratios for the appropriate time period:
 - i. Prior to and including June 2024: less than or equal to 3.75x

- ii. 1 July 2024 up to and including 30 June 2025: less than or equal to 3.50x
- iii. 1 July 2025 up to and including 30 June 2026: less than or equal to 3.25x
- iv. 1 July 2026 and after: less than or equal to 3.00x

Under the Bond Terms for the Bonds:

- (i) Financial covenant: minimum free liquidity of the higher of (1) 5% of the Group's (including Seagems) aggregate total interest-bearing debt, or (2) USD 35 million.
- (ii) Incurrence test:

Distributions:

- a. Net leverage not exceeding 3.50x / 3.25x / 3.00x / 2.75x / 2.50x until (and including) 30 June 2025 / 30 June 2026 / 30 June 2027 / 30 June 2028 / maturity
- b. Minimum fixed charge coverage ratio of 1.20x, and
- c. Minimum free liquidity (excluding any restricted cash) of USD 60m

New debt:

- a. Net leverage not exceeding 3.50x / 3.25x / 3.00x / 2.75x / 2.50x until (and including) 30 June 2025 / 30 June 2026 / 30 June 2027 / 30 June 2028 / maturity
- b. Minimum fixed charge coverage ratio of 1.20x.

11.6. Investments

11.6.1. Historical investments

On 2 November 2021, the Company acquired the remaining 50% equity interest in SeaMex Limited, resulting in the consolidation of SeaMex (now, Fontis) into the Company in a business combination. Prior to the acquisition and business consolidation, SeaMex Limited was a 50/50 joint venture between one of the Company's subsidiaries, Seadrill JU Newco Bermuda Ltd, and an investment fund controlled by Fintech. See Section 8.6 "History and important events" for further information.

On March 6, 2023, the Company subscribed to a USD 15.5 million equity investment in Archer as part of Archer's broader efforts to refinance its existing capital structure ("**Archer Equity Subscription**"). In addition, Paratus converted its subordinated USD 15.9 million loan to Archer for new shares at an implied value of USD 20.0 million (collectively with the Archer Equity Subscription, "**Archer Recapitalization**"). As part of the Archer Recapitalization, the Company increased its ownership stake in Archer from 15.5% to approximately 24.2% of the total number of share and voting rights. The Archer Recapitalization was completed in April 2023. On 31 October 2024, Archer announced the successful completion of its private placement of 24,393,100 new common shares at a subscription price of NOK 22.465 per share (the "**Archer Private Placement**"). The Archer Private Placement is divided into two separate tranches. Following the delivery of new shares in Tranche 1 (as defined below) of the Archer Private Placement, the Company's ownership interest has been temporarily diluted to 19.99% of Archer's issued share capital. Please refer to Section 11.6.2 below for further information.

Apart from the above, the Company has not made any material investments since the financial year 2021 and up to the date of this Prospectus.

11.6.2. Investments in progress

As announced by Archer on 31 October 2024, Paratus JU Newco Bermuda Limited, a wholly owned subsidiary of the Company, subscribed for and was conditionally allocated 5,891,614 shares, which is equal to the NOK equivalent of approximately USD 12.1 million, in the Archer Private Placement. Paratus JU Newco Bermuda Limited used available cash reserves to fund the investment in the shares. The Archer Private Placement is divided into separate tranches, where the first tranche ("**Tranche 1**") consists of 13,512,837 offer shares and the second tranche ("**Tranche 2**") consists of the remaining 10,880,263 offer shares in the Archer Private Placement.

Paratus JU Newco Bermuda Limited has been allocated shares in Tranche 2, and the issuance and delivery of such shares are subject to approval by the special general meeting in Archer, to be held on or about 13 November 2024. All investors who were allocated shares in the Archer Private Placement have undertaken an obligation to attend the special general meeting in Archer and vote in favor of the resolutions relating to Tranche 2 as proposed by the board of directors. Further to this, completion of both Tranche 1 and Tranche 2 is subject to Archer's board of directors resolving to consummate the Archer Private Placement and allocate the offer shares.

Prior to the Archer Private Placement, Paratus JU Newco Bermuda Limited held 15,692,212 Shares, representing approximately 24.2% of the share capital and votes in Archer. Following the delivery of shares in Tranche 1, Paratus JU Newco Bermuda Limited has been temporarily diluted to 19.99% of the issued share capital of Archer. Subject to and following issuance and delivery of the new shares pertaining to Tranche 2, Paratus JU Newco Bermuda Limited will hold 21,583,826 shares in Archer, equal to approximately 24.2% of the share capital of Archer. Thus, Paratus JU Newco Bermuda Limited's ownership in Archer following the Archer Private Placement remains unchanged.

Apart from the above, there are no material investments of the Company that are in progress or for which firm commitments have already been made as of the date of this Prospectus.

11.6.3. Joint ventures and undertakings

As of the date of the Prospectus, the Company has a 50% ownership stake and voting rights in Seagems, which is accounted for as a joint venture according to the equity method, and a 19.99% ownership stake and voting rights in Archer³⁷, which is accounted for as an equity method investee³⁸. The equity method investments were measured at fair value at the time the Company obtained significant influence which resulted in a different basis from the underlying carrying values of the investees' net assets at the date of emergence. The basis differences comprise of (i) basis differences on vessels and equipment which are depreciated over the remaining useful life of the associated asset and (ii) contract basis differences which are amortized over the remaining term of the contract (see Note 19 in the 2023-2022 Financial Statements).

Below is a summary of certain financial information about Archer and Seagems. For further information about Seagems and Archer, see Sections 8.2 "*Business operations and principal activities*", 8.2.2 "*Seagems*" and 8.2.3 "*Archer*".

Archer:

- **Issued capital:** Archer has USD 0.6 million in issued capital as of the date of this Prospectus.
- **Net profit/loss for the financial year ended 31 December 2023:** As reported in Archer's financial statements for the financial year ended 31 December 2023, the net loss before taxes in 2023 amounted to USD 22.2 million, compared to a net income of USD 23.1 million for the financial year 2022. Archer's total income tax charges for 2023 amounted to a tax expense of USD 5.9 million as compared to an expense of USD 13.3 million for 2022. The group's net tax expense primarily relates to tax expense from operations in Europe, driven by underlying improved profitability for the operations in Norway and South America. The net loss in 2023 amounted to USD 28.1 million, compared to a net income of USD 9.8 million for the financial year 2022.
- **Reserves:** As reported in Archer's financial statements for the period ended 30 June 2024, reserves amounted to USD 180.8 million.

³⁷ Please refer to Section 11.6.2 for further information regarding the Company's ownership interest in Archer.

³⁸ Archer has been accounted for as an equity method investee from April 2023. Prior to the conversion of the convertible loan in March 2023, the investment in Archer was recognized as marketable securities included in "Other Current Assets" in the consolidated balance sheets.

- **Amount of dividends received during the financial year ended 31 December 2023:** Archer did not pay any dividend for the financial year ended 31 December 2023.
- **Amount of debt owed to the Company by Archer:** nil (no outstanding loans from Archer)
- **Amount still to be paid on shares held:** nil
- **Amount of debt owed to Archer by the Company:** nil

Seagems:

- **Issued capital:** Seagems has USD 68.2 million in issued capital as of the date of this Prospectus.
- **Net profit/loss for the financial year ended 31 December 2023:** As reported by Seagems for the year ended 31 December 2023 total net profit was USD 112.2 million.
- **Reserves:** approximately USD 44.1 million (Seagems only have reserves in Brazil)
- **Amount of dividends received during the financial year ended 31 December 2023:** nil (Seagems only started paying dividends in September 2024)
- **Amount of debt owed to the Company by Seagems:** USD 22.1 million as of 30 June 2024
- **Amount still to be paid on shares held:** USD 34.3 million of equity loans as of 30 June 2024
- **Amount of debt owed to Seagems by the Company:** nil

For a summary of the balance sheet of the Seagems and Archer and the Company's share of recorded equity in those companies as of and for the financial years ended 31 December 2023, 2022 and 2021, see the table below retrieved from the Annual Financial Statements, appended as Appendix B and C to this Prospectus:

Table 24

In USD millions

	As at 30 June		As at 31 December				
	2024		2023		2022	2021 (Restated)	
	Seagems	Archer	Seagems	Archer ³⁹	Seagems	Archer	Seagems
Current assets	233.3	358.6	192.3	354.8	175	-	179
Non-current assets	1,273.0	530.3	1,304.8	550.9	1,364	-	1,466
Current liabilities	(237.6)	(283.1)	(309)	(277.5)	(486)	-	(546)
Non-current liabilities.....	(120.5)	(424.1)	(126.3)	(432)	(134)	-	(308)
Net Assets.....	1,148.2	181.3	1,061.8	196.2	919	-	791
The Company ownership percentage	50.0 %	24.2 %	50.0%	24%	50%	-	50%
The Company's share of book equity	574.1	43.9	530.9	47.5	460	-	396
Shareholder loans held as equity	20.3	-	58	-	115	-	115
Basis difference allocated to PPE			(282)	(5)	(295)	-	(308)
Basis difference allocated to contracts			6	-	31	-	61
Basis difference	(266.2)	(4.9)					
Total adjustments			(218)	(5)	(149)	-	(132)
Book value of the Company's equity method investments	328.2	312.4	313	42	311	-	264

11.6.4. Environmental issues

The Group's operations are subject to hazards inherent in the offshore support vessel business and the drilling, completion and operation of oil and natural gas wells. The Group's services require the use of heavy equipment and exposure to hazardous conditions. Accidents or other operating hazards could result in the suspension of operations because of related machinery breakdowns, failure of subcontractors to perform or supply goods or services, or personnel shortages. A recent example of such risks materializing is the operational incidents on the Courageous and the Defender in November 2022 and January 2023, respectively, which caused operational downtime. Damage to the environment could also result from the Group's operations and services, particularly from spillage of fuel, lubricants or other chemicals and substances. The Group may also be subject to property, environmental and other damage claims by oil and gas companies.

The Group's operations are subject to regulations controlling the discharge of materials into the environment, requiring removal and clean-up of materials that may harm the environment, controlling carbon dioxide emissions or otherwise relating to the protection of the environment. The Group incurs, and expects to continue to incur, capital and operating costs to comply with environmental laws and regulations. The technical requirements of environmental laws and regulations are becoming increasingly complex, stringent and expensive to comply with. There is in general an increasing demand to reduce fuel consumption and emissions in vessel operations, both mandatory and in contracts. This has impact on costs e.g., due to requirements of upgrades to comply with demand or implementation of new systems and technology.

As an owner of offshore support vessels and drilling rigs and provider of services to oil and gas companies, the Group may be liable (under applicable laws and regulations or contractually) for damages and costs incurred in connection with spills of oil and other chemicals and substances related to the operations of its vessels and rigs and the provision of its services. The Group may also be subject to significant fines in connection with spills.

Although the Group actively works towards minimizing the risk of damage to the environment as a result of its operations, there are still risks of environmental damage and negative consequences for the Group. For example, Archer reported two spills in 2020. Failure to comply with environmental laws and regulations may result in the assessment of administrative, civil and even criminal penalties, the imposition of remedial obligations, and the issuance of injunctions that may limit or prohibit the Group's operations. The technical requirements of environmental laws and regulations are becoming increasingly expensive, complex and stringent. The application of these requirements, the modification of existing

³⁹ Archer results are shown for the period from 20 April 2023 to 31 December 2023.

laws or regulations or the adoption of new laws or regulations curtailing exploration and production activity could materially limit the Group's future contract opportunities, limit the Group's activities or the activities and levels of capital spending by the Group's customers, or materially increase the Group's costs.

11.7. Related party transactions

11.7.1. Management service agreements ("**MSA**") with Seadrill

In 2021, the Company was wholly owned by Seadrill. As a result of being part of the Seadrill organization, the Company and Fontis had entered into agreements with affiliates of Seadrill for management and administrative services, as well as technical and commercial management services. Additionally, both Seadrill and Fintech, former joint venture partners, provided certain financing arrangements to the Company and Fontis, such as credit and loan facilities.

In 2022, the Company completed its debt restructuring pursuant to Chapter 11, during which Seadrill sold 65% of its equity interest in the Company, reducing its ownership interest to 35%. As part of the Chapter 11 restructuring plan, Seadrill or its subsidiaries continued to provide certain management services to the Group. On 14 February 2023, Seadrill sold its entire remaining 35% shareholdings in Paratus and its management incentive fee, documented under the MID, whereby Seadrill would be entitled to receive a 5% fee on any proceeds arising out of a liquidity event above certain level. The MID arrangement was put in place to incentivize Seadrill to perform well under the MSAs. However, on 14 March 2023, following Seadrill's disposal of its remaining shareholding in the Company, Seadrill provided each of the Company and Fontis with a termination notice regarding (i) the MSA entered into with the Company (the "**Paratus MSA**") and (ii) the MSA entered into with Fontis (the "**Fontis MSA**"), respectively. The Paratus MSA was terminated effective 12 July 2023 and the Fontis MSA was terminated effective 10 September 2023. On May 25, 2023, the Company issued 22,332 class C shares to existing shareholders as consideration for the termination of the MID.

11.7.2. Service agreement with Front Ocean

At the date of this Prospectus, the Company has entered into a service agreement with Front Ocean Management AS ("**Front Ocean**"), whereby Front Ocean has agreed to provide management and administrative services to the Company (the "**Service Agreement**"). In consideration for the services provided, the Company shall pay a fee to Front Ocean, calculated in accordance with terms and conditions of the Service Agreement. Front Ocean is affiliated with Hemen Holding Ltd, a company indirectly controlled by trusts established by Mr. John Fredriksen for the benefit of his immediate family ("**Hemen**"), one of the Company's largest shareholders.

11.7.3. Loan facilities within the Group

The Company has a series of loan facilities that was extended to Seagems between May 2014 and December 2016. The loans are repayable on demand, subject to restrictions on Seagems' external debt facilities. In 2023, the Company received USD 56 million to settle the loan receivable from Seagems. The payment includes USD 38 million for loan principal and USD 18 million for accumulated interest.

Moreover, on 13 March 2020, Archer announced completion of a refinancing, which included agreed renegotiated terms on the convertible loan. The updated terms amended the loan balance to USD 13 million that bears interest of 5.5%, matures in April 2024 and an equity conversion option. On 20 April 2023, the Company received 208,000,000 new common share of Archer in connection with the conversion of the convertible loan. On the date of conversion, the fair value of the convertible debt instrument was USD 22 million, of which the split between debt and embedded derivative option was USD 16 million and USD 6 million, respectively. The value of shares received on conversion date was estimated as USD 20 million and was based on quoted market prices.

For further information, refer to Note 18 to the Annual Financial Statements.

Other than the above, the Group has not carried out any related party transactions during the periods covered by the historical financial information included herein and up until the date of this Prospectus.

11.8. Critical accounting policies and estimates

The preparation of financial statements according to US GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ

from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Company makes estimates and assumptions concerning the future. Estimates and judgments are evaluated on a continuous basis and are based on historical experiences and other factors that are believed to be reasonable under the circumstances. Critical accounting estimates are important to the portrayal of both the Company's financial position and results of operations and requires the Company to make subjective or complex assumptions or estimates about matters that are uncertain. Critical accounting estimates that are significant for the financial years 2023, 2022 and 2021 are related to, among others, carrying value of rig assets, impairment considerations, current expected credit losses, uncertain tax positions, foreign currencies, related parties, revenue from contracts with customers, equity investments and income taxes. For a detailed overview of the Company's significant accounting estimates, see Note 2 "Significant Accounting Policies" in the Annual Financial Statements, appended hereto as Appendix B and C.

11.9. Trend information

The Group is not aware of any recent significant changes in the trends related to production, sales or inventory, costs or selling prices in the period between 31 December 2023 and the date of this Prospectus. Further, the Company is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year.

11.10. Significant changes

On 8 July 2024, the Senior Secured Notes was partially redeemed (see Section 8.6 "*History and important events*", Section 8.8.1 "*The 2026 Notes Indenture*" and Section 8.8.2 "*The Bond Terms*" for further information about the redemption of the Senior Secured Notes).

On 10 September 2024, the Company declared cash distribution of USD 0.22 per share to all shareholders of record as of 13 September 2024, which was subsequently paid on 23 September 2024. The distribution was made in the form of return of capital and was paid out of the Company's contributed surplus account which includes amounts previously constituting paid in share premium that were converted into contributed surplus in compliance with the reduction of capital procedure set out in the Bermuda Companies Act. Specifically, at a special general meeting held on 5 September 2024, the Company's shareholders approved a reduction of the Company's share premium account (forming a portion of additional paid in capital in the financial statements of the Company) from USD 157,994,017 to USD 2,994,017 by the transfer of USD 155,000,000 from the Company's share premium account to the Company's contributed surplus account with effect on or around 5 September 2024.

During 2024, Fontis has received USD 106 million in collections from its key client in Mexico. These collections contributed to reduce Fontis' receivable balance, which had experienced an irregular increase since Q2 2023 due to re-certification procedures required by the client following the transition from the previous manager of the rigs. However, no payments have been received since 30 June 2024, and the outstanding receivable balance has therefore increased further in proportion with accrued revenues (see Section 2.1.6 "*The Group's Contract backlog may not be ultimately realised, whereas any non-realisation would result in lower revenues than estimated*"). As highlighted in the Interim Financial Statements for the period ending 30 June 2024, the Company noted that collections from the client in Mexico may continue to fluctuate going forward.

Other than that, there have been no significant changes in the Group's financial position or financial performance since the financial period ended 30 June 2024 and up to the date of this Prospectus.

12. BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

12.1. Introduction

The Board of Directors is responsible for the overall management of the Company and may exercise all the powers of the Company not reserved for the Company's shareholders by the Bye-laws and Bermuda law.

In accordance with Bermuda law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business; ensuring proper organization, preparing plans and budgets for its activities; ensuring that the Company's activities, accounts and asset management are subject to adequate controls; and undertaking investigations necessary to ensure compliance with its duties. The Board of Directors may delegate such matters as it seems fit to the executive management of the Company (the "**Management**").

The Management is responsible for the day-to-day management of the Company's operations in accordance with instructions set out by the Board of Directors. Among other responsibilities, the Management is responsible for keeping the Company's accounts in accordance with existing Bermuda legislation and regulations and for managing the Company's assets in a responsible manner.

12.2. The Board of Directors

12.2.1. Overview of the Board of Directors

The Bye-laws provide that the Board of Directors shall consist of a minimum of three Board Members or such a number in excess thereof as the Company's shareholders may from time to time determine. The names, positions, current term of office and business addresses of the Board Members as of the date of this Prospectus are set out in the table below:

Name*	Position	Served since	Term expires
Mei Mei Chow	Chair	January 2022	No fixed term
Robert Jensen	Board Member	February 2023	No fixed term
James Ayers	Board Member	December 2018	No fixed term
Joachim Bale	Board Member	August 2023	No fixed term
Ørjan Svanevik	Board Member	December 2023	No fixed term
Mark-Anthony Lovell Mey	Board Member	November 2024 ⁴⁰	No fixed term

The Company's registered business address, Par-La-Ville Place, 14 Par-La-Ville Road, Hamilton, HM 08 Bermuda, serves as the business address for Board Members with regard to their directorship in the Company.

The Shares and options to acquire Shares that are held by the Board Members as at the date of this Prospectus are set out in Section 12.6 "*Shareholdings and options and benefits of Board Members and Management*".

12.2.2. Brief biographies of the Board Members

Set out below are brief biographies of the Board Members. The biographies include each Board Member's relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a Board Member is or has been a member of the administrative management or supervisory bodies or partner in the previous five years.

Mei Mei Chow, Chair

Mei Mei Chow is an ICAEW Chartered Accountant with over 25 years' experience at senior and executive management levels. Most recently she has been working as an expert adviser with a global management consultant on international and cross border M&A projects. Mei Mei Chow is currently an independent non-executive board member of Gas Malaysia Berhad, a company listed on Malaysia's Kuala Lumpur Stock Exchange, and also serves as its chair of the audit committee and member of the risk and compliance committee. She has also spent over 10 years recently with Sapura Energy Berhad, a global oil and gas company, as a member of Sapura's leadership team alongside the group CEO

⁴⁰ Mark-Anthony Lovell Mey was elected as a Board Member at the Company's special general meeting ("**SGM**") held on 5 November 2024, with the appointment taking effect on 13 November 2024.

and other top management. Prior to that, Mei Mei held various senior management positions including divisional CFO roles and Group Head of Strategy, with the Sime Darby Group, a top five listed conglomerate in Malaysia. She is a chartered accountant and also a member of the Chartered Institute of Marketing. In 2024, the Minister of Women & Family to the Government of Malaysia requested Mei Mei Chow to join a newly formed committee and panel of a start-up initiative to provide support and government funding to upcoming women leaders. Mei Mei Chow has a BA Hons in Business Studies from the University of South Wales.

Current directorships and senior management positions Directorships: Gas Malaysia Berhad, UM Pharmauji Sdn Bhd, Mercy Humanitarian UK Ltd

Management position(s): (N/A)

Previous directorships and senior management positions – last five years Directorship(s): N/A

Management positions: Sapura Energy Berhad (Executive Committee, Senior Vice President, Financial Advisory and Portfolio Planning, Group Strategy and Finance / Group Chief Financial Officer)

Robert Jensen, Board Member

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

Current directorships and senior management positions Directorships: Seagems and Fontis

Management position(s): (N/A)

Previous directorships and senior management positions – last five years Directorship(s): N/A

Management position(s): (N/A)

James Ayers, Board Member

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

Current directorships and senior management positions Directorships: Northern Ocean Ltd. and various subsidiaries, Frontline group subsidiaries, Golden Ocean group subsidiaries (various), SFL Corporation group subsidiaries, Archer group subsidiaries (various), FLEX LNG group subsidiaries (various), Northern Drilling group subsidiaries (various) and Avance Gas group subsidiaries (various) and Seagems.

Management position: Front Ocean Management Ltd. (CEO)

Previous directorships and senior management positions – last five years Directorships: Seadrill group subsidiaries (various)

Management position: Frontline Management (Bermuda) Ltd. (Head of Corporate)

Joachim Bale, Board Member

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

Current directorships and senior management positions Directorship(s): N/A

Management position(s): N/A

Previous directorships and senior management positions – last five years Directorship(s): N/A

Management position(s): N/A

Ørjan Svanevik, Board Member

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

Current directorships and senior management positions Directorships: Norgesgruppen ASA, Norgesgruppen Finans Holding AS Western Bulk Chartering AS, Axactor ASA, Sea1 Offshore Inc, Prai AS (Chair), CW Downer AS (Chair), Oavik Capital AS (Chair), Oavik Invest AS (Chair), Oavik Management AS (Chair)

Management positions: Investment Director at Seatankers. CEO Oavik Capital, CW Downer AS, Oavik Invest AS, Oavik Management AS, Prai AS

Previous directorships and senior management positions – last five years – Directorships: Chair Volue ASA, Chair Enrx AS (EFD Induction Group AS), Tekna Holding ASA

Management positions: Western Bulk Chartering, Arendals Fossekompani ASA (CEO), Oavik Capital AS (CEO)

Mark-Anthony Lovell Mey, Board Member (effective as of 13 November 2024).

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

Mr. Mey earned an Advanced Diploma in Accounting and a Bachelor of Commerce degree from the University of Port Elizabeth, South Africa. He is a Chartered Accountant and attended the Harvard Business School Executive Advanced Management Program.

Current directorships and senior management positions – Directorship(s): N/A

Management position(s): N/A

Previous directorships and senior management positions – last five years – Directorship(s): Nauticus Robotics, Inc. (Board member)

Management position(s): Transocean Ltd (CEO and EVP)

12.3. Management

12.3.1. Overview

The Company's Management team consists of four (4) individuals.

The Shares and options to acquire Shares that are held by members of the Management as of the date of this Prospectus are set out in Section 12.6 "Shareholdings and options and benefits of Board Membes and Management"

The names of the members of Management as of the date of this Prospectus, and their respective positions, are presented in the table below:

Table 26 – Overview of the Management		
Name	Current position within the Group	Employed with the Group since
Robert Jensen	CEO	10 November 2022
Baton Haxhimehmedi	CFO	1 June 2024
Nika Hasanova	Group Head of Finance	19 June 2023
Raphael Siri	CEO of Fontis Energy	16 May 2023

The following addresses serves as c/o address for the members of the Management in relation to their employment with the Group:

- For Robert Jensen and Baton Haxhimehmedi: Bryggegata 3, 0250 Oslo, Norway
- For Nika Hasanova: 10 Eastcheap, London, EC3M 1AJ, London, United Kingdom
- For Raphael Siri: Av. Isla de Tris 216, Residencial San Miguel, Ciudad Del Carmen, C.P. 24157.

12.3.2. *Brief biographies of the members of the Management*

Set out below are brief biographies of the members of the Management. The biographies include the members of Management's relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years.

Robert Jensen, CEO

Robert Jensen has served as member of the Board of Directors and as CEO of the Company since 10 November 2022. For a brief biography of Mr. Jensen, please see above under Section 12.2.2 "*Brief biographies of the Board Members*".

Baton Haxhimehmedi, CFO

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

<i>Current directorships and senior management positions</i>	Directorship(s): N/A
	Management position(s): DNO ASA (Group Head of Finance, December 2023 – May 2024)
	Directorship(s): N/A
<i>Previous directorships and senior management positions - last five years</i>	Management position(s): N/A

Nika Hasanova, Group Head of Finance

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

<i>Current directorships and executive management positions</i>	Directorship(s): N/A
	Management position(s): N/A
<i>Previous directorships and executive management positions last five years</i>	Directorship(s): N/A
	Management position(s): N/A

Raphael Siri, CEO of Fontis Energy

Raphael Siri is currently the CEO of Fontis Energy (100% subsidiary of the Company) with 27 years of experience within the oil and gas industry. He holds an Engineering Diploma in Applied Mathematics from Ecole Nationale Supérieure de Techniques Avancées, Paris, and a degree in Applied Mathematics from Université de Nice Sophia Antipolis, Nice. Mr. Siri joined Seadrill Limited in 2011 after 16 years of operational and management experience in Drilling from major oil and gas companies like Schlumberger (Sedco Forex) and Pride International. His extensive engineering portfolio covers different locations across Africa including Algeria, Nigeria and Congo as well as Houston, Texas.

He previously held the position of Director of Operations Preparations in 2011 before assuming the role of Senior Vice President, Asia Pacific of Seadrill Limited in 2013.

<i>Current directorships and executive management positions</i>	Directorship(s): Fontis Energy with certain subsidiaries (chair since June 2023)
	Management positions: Fontis energy with certain subsidiaries
<i>Previous directorships and executive management positions last five years</i>	Directorship(s): Sapura Drilling Pte Ltd with certain subsidiaries (1 May 2013-15 May 2023)
	Management position(s): CEO of Sapura Drilling, Senior Vice President QHSE of Sapura Energy.

12.4. Remuneration and benefits

The below table sets forth the amount of remuneration paid by the Company to its Board Members for the financial year ended 31 December 2023.

Table 27 – Remuneration to the Board Members

Name and position	Total remuneration (USD)
Mei Mei Chow, Chair of the Board	172,050
James Ayers, Board Member	39,000
Joachim Bale, Board Member*	N/A
Ørjan Svanevik, Board Member**	6,875
Robert Jensen, CEO and Board Member ***	-

* Mr. Bale joined the Board of Directors from 30 August 2023.

** Mr. Svanevik joined the Board of Directors from 28 November 2023.

*** Mr. Jensen has waived his entitlement to a director fee for his role as a director of the Company, effective from 31 October 2024.

The below table sets forth the amount of remuneration paid by the Company to its Management for the financial year ended 31 December 2023.

Table 28 – Remuneration to the Management

Name and position	Salary*	Other benefits	Pension	Total remuneration and pension contribution (USD)
Robert Jensen, CEO and Board Member	196,009	1,594	12,995	210,597
Nika Hasanova, Group Head of Finance**	78,883	n/a	4,883	83,767
Raphael Siri, CEO of Fontis Energy***	815,071	24,131	n/a	839,202

* Includes bonus payments.

** Mrs. Hasanova joined the Company from 19 June 2023.

*** Mr. Siri joined the Company from 16 May 2023.

12.5. Share incentive scheme and Long-term Incentive Plan

In April 2023, the Company established an incentive plan to provide selected participants with a financial incentive which recognizes long-term corporate, organization and individual performance and accomplishments (the "**Incentive Scheme**"). Pursuant to the Incentive Scheme, the Company can grant warrants for Shares (or their cash settled equivalent) up to an aggregate amount of the higher of 1,428,500 Shares or an amount of Shares which is equal in number to 1% of the total shares in the Company in issue from time to time, which can be awarded to Directors and management personnel of the Company or any Group Company.

In April 2023, the Company issued warrants and stock options to the directors of the Company as compensation for the services performed. The warrants issued are performance-based awards and require achievement of certain performance criteria, which is predefined by the Board of Directors at the time of grant. Stock option awards expire 4 years after the grant date and vest based upon the passage of time. On 12 September 2024, all warrants issued under the Incentive Scheme were exercised. There are currently 400,000 outstanding options under the Incentive Scheme.

On 10 September 2024, the Board of Directors approved a long-term incentive plan (the "**Long-term Incentive Plan**"). The Long-term Incentive Plan is structured in the form of a share option program targeted at members of the Executive Management and selected Board members. The initial strike price is set at NOK 51.7 per share plus a performance addition of 7.5% compound annual growth in the vesting period. For any future grants under the Long-term Incentive Plan, the strike price will be set at the discretion of the Board of Directors. The exercise price shall be adjusted for any distribution on the shares made before the relevant options are exercised. The options will have a five-year term and will vest in three tranches over three years (or alternatively upon the Share price reaching certain pre-determined levels, provided that at least one year shall lapse between each vesting date) with one-third in each tranche.

As of the date of this Prospectus, the following members of the Executive Management have been awarded options under the Company's Long-term Incentive Plan:

- Robert Jensen, CEO has been awarded 420,000 options, divided into three tranches of 140,000 options per tranche at the initial strike price of NOK 51.7. The value of each Vesting tranche shall be limited to USD 200,000.
- Baton Haxhimehmedi, CFO, has been awarded 225,000 options, divided into three tranches of 75,000 options per tranche at the initial strike price of NOK 51.7. The value of each Vesting tranche shall be limited to USD 150,000.

No members of the Board have been awarded options under the Long-term Incentive Plan.

12.6. Shareholdings and options and benefits of Board Members and Management

The below table sets forth the number of Shares and options to acquire Shares held by the members of Management and Board Members.

Table 29 – Overview of shareholdings and options

Name and position	No. of Shares	No. of options	Comments
Mei Mei Chow – chair	286,800	N/A	N/A
James Ayers	N/A	N/A	N/A
Joachim Bale	N/A	N/A	N/A
Ørjan Svanevik	N/A	N/A	N/A
Mark-Anthony Lovell Mey *	N/A	N/A	N/A
Robert Jensen – CEO and Board Member	N/A	820,000*	400,000 options granted under the Option Agreement. 420,000 options awarded under the Long-term Incentive Plan
Baton Haxhimehmedi – CFO	N/A	225,000*	Options have been awarded under the Long-term Incentive Plan.
Nika Hasanova – Group Head of Finance	N/A	N/A	N/A
Raphael Siri – CEO of Fontis Energy	N/A	N/A	N/A

*Mark-Anthony Lovell Mey was elected as new Board Member on the special general meeting of the Company held on 5 November 2024, with the appointment taking effect on 13 November 2024.

Pursuant to the terms of Mei Mei Chow's amended and restated appointment letter, which amends and restates her engagement letter dated 28 April 2023, (the "**Amended and Restated Appointment Letter**") Mei Mei Chow is entitled to a monthly fee, which as of 1 April 2023, is USD 14,500 gross per month ("**Monthly Fees**"). In addition, and subject to certain terms and conditions, Mei Mei is entitled to receive consideration equal to:

- (i) a cash sum equal to 25bps (0.25%) of any amount of gross debt achieved in a Seagems refinancing (the "**Base Refinancing Fee**"); and
- (ii) a cash sum of USD 200,000, payable in the event that a Seagems refinancing achieves more than USD 600,000,000 in gross debt (the "**Seagems Additional Refinancing Fee**"); and
- (iii) a cash sum of USD 200,000, payable in the event that a Fontis refinancing achieves more than USD 200,000,000 in gross debt (the "**Fontis Additional Refinancing Fee**").

Certain conditions, summarised below, apply to Mei Mei Chow's entitlement to receive each and any of the Base Refinancing Fee, the Seagems Additional Refinancing Fee and the Fontis Additional Refinancing Fee, and these include:

1. Once the aggregate of the Monthly Fees and the Base Refinancing Fee paid equals USD 750,000, then Mei Mei Chow will not be entitled to receive any further amounts of Base Refinancing Fee; and
2. In order for Mei Mei Chow to be eligible to receive any amount by way of the Base Refinancing Fee, the Seagems Additional Refinancing Fee, or the Fontis Additional Refinancing Fee then either:
 - Mei Mei Chow's appointment as a director: (a) must remain in effect and (b) not have been terminated in accordance with the bye-laws of the Company, in each case as at the point the entitlement arises; or
 - notice to terminate Mei Mei Chow's appointment as a director must: (a) have been given by the Company in accordance with the Company bye-laws within the 180-day period prior to the date of the relevant entitlement arising; and (b), such termination was not as a result of Mei Mei Chow having, *inter alia*, committed any serious or repeating breach, been guilty of any fraud or dishonesty, been declared bankrupt, or been disqualified from acting as a director.

Moreover, the Company has granted Robert Jensen a total of 400,000 options on the terms and conditions set out in an option agreement dated 10 November 2022 by and between Mr. Jensen and the Company (the "**Option Agreement**"). According to the Option Agreement, each option carries a right (but no obligation) to acquire one (1) share, with par value of USD 0.00002 in the Company. The options vests as follows:

- 75,000 shares 12 months after signing of the option agreement at a strike price of USD 2 per share
- 125,000 shares 24 months after signing of the option agreement at a strike price of USD 4 per share

- 200,000 shares 36 months after signing of the option agreement at a strike price of USD 6 per share

If the Company resolves or carries out a share capital increase at a price lower than the market value, the strike price shall be adjusted downwards to reflect the value reduction per share.

In a change of control event, any options that have not yet vested, will immediately vest, and, together with all previously vested options, will be exercisable for ninety (90) days thereafter. Pursuant to section 7 of the Option Agreement, a "change of control" means any event, circumstances, transaction, or series of transactions resulting in (i) in the sale of all or substantially all of the Company's assets or shares in the Company, or (ii) any entity other than the company or its affiliates becomes owner of more than 50.1% of the outstanding shares in the subsidiary. Mr. Jensen may, subject to Clause 11 "Termination" of the Option Agreement, exercise the vested portion of the options at any time from the date of vesting and until five years after signing of this agreement. Any options not exercised such date will automatically become void and lapse without compensation to Mr. Jensen. Following the Share Split, each share of the Company split into 500 shares, and the number of outstanding options and the strike price under the Option Agreement have been adjusted accordingly.

Pursuant to the terms of Mark-Anthony Lovell Mey's appointment letter as of 18 October 2024, Mr. Mey is entitled to, within one (1) month of the commencement of his appointment as a director of the Company, options to subscribe for a total of 135,000 Shares of par value USD 0.00002 each in the Company, pursuant to and in accordance with the Long-term Incentive Plan. Mr. Mey will also be entitled to a monthly fee of USD 8,333.34.

Based on the above, the total number of outstanding options are 1,045,000. As the Company has 169,550,049 shares in issue, this represents a dilution of 0.61%.

12.7. Benefits upon termination

Raphael Siri is entitled to severance pay equivalent to four months of his annual compensation (base salary plus annual bonus at target) if his employment contract with Fontis International Talent Ltd. ("FIT"), dated 11 September 2023, is terminated by Fontis before 15 May 2025 and without cause.

Pursuant to the employment agreement entered into between Robert Jensen and Paratus Management, Mr. Jensen is entitled to severance pay equivalent to 100 percent of his ordinary fixed salary at the date of termination, for three months after the expiry of the notice period (subject to certain terms and conditions), if the employment as CEO is terminated by Paratus Management.

For the sake of completeness, in the event of a termination of Mei Mei Chow's appointment or in the event that her office is vacated in accordance with the Bye-laws, Mei Mei Chow will only be entitled to accrued Monthly Fees (as defined above) as at the date of termination, together with reimbursement of any expenses properly incurred prior to that date and any other amounts to the extent accrued or otherwise payable under the Amended and Restated Appointment Letter. In the event of termination of Mark-Anthony Lovell Mey, Mr. Mey shall only be entitled to accrued monthly fees as of the date of termination, together with reimbursement in the normal way of any expenses properly incurred before that date. Mr. Mey shall not be entitled to any compensation for the loss of any rights or benefits under the Long-term Incentive Plan or any other long-term incentive plan of the Group.

No other members of the Board of Directors or Management are entitled to benefits upon termination.

12.8. Pension and retirement benefits

The Group does not have a defined contribution scheme, except for Paratus Management and Paratus Management (UK) Ltd., which have defined contribution plans in accordance with local laws of Norway and England, respectively.

For the year ended 31 December 2023, the total amounts accrued for members of the management employed by Paratus Management and Paratus Management UK Ltd. were approximately USD 36 thousand.

The Group has no pension or retirement benefits for its board members.

12.9. Employees

The Group has 1,052 employees⁴¹ at the date of this Prospectus.

The table below shows the development in the number of employees in the Group for the years ended 31 December 2023, 2022 and 2021.

Table 30 – Number of employees of the Group at end of 31 December	2023	2022	2021
Group	1,570	1,557	1,537

The below table below shows the number of employees of the Group by main category of activity for the years ended 31 December 2023, 2022 and 2021.

Table 31 – Employees by category	2023	2022	2021
Other employees⁴²	68	70	84
Onshore	291	253	259
Offshore	1,211	1,234	1,194
Total	1,570	1,557	1,537

The below table below shows the number of full-time employees of the Group by geographic location for the years ended 31 December 2023, 2022 and 2021.

Table 32 – Employees by geographic location	2023	2022	2021
Mexico	512	492	525
Bermuda	1	-	-
Overseas	-	-	14
Norway	1	1	0
UK	2	0	0
Brazil	989	991	914
Austria	61	5	5
Other	4	64	79

⁴¹ This includes 50% of Seagems.

⁴² This includes management and accounting in Paratus Energy Services Ltd.

12.10. Committees

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

12.10.1. Audit committee

The Board of Directors has established an audit committee. The members of the audit committee are Mei Mei Chow (chair of the committee) and James Ayers.

The primary purpose of the audit committee is to assist the Board of Directors in the preparation of decisions on issues regarding risk assessment, internal control, financial reporting and auditing. The duties of the audit committee include, but are not limited to:

- reviewing and discussing with Management and the auditors prior to public dissemination the Company's audited financial statements and quarterly financial statements, including matters required to be discussed by the applicable auditing standards from time to time;
- approving the audit and non-audit services to be performed by the independent auditors;
- in consultation with the auditors, Management and internal finance team, monitoring the integrity of the Company's financial reporting processes;
- overseeing the performance of the Company's internal finance and audit function; and
- reviewing and discussing with Management and the auditors the Company guidelines and policies with respect to risk assessment and risk management.

12.11. Corporate governance

As a company incorporated in Bermuda, the Company is subject to Bermuda laws and regulations with respect to corporate governance, including the provisions of the Bermuda Companies Act. Bermuda does not have an all-encompassing corporate governance code that applies to all Bermuda companies. However, the Board of Directors has a responsibility to ensure that the Company has sound corporate governance mechanisms, and the Company recognizes the importance of, and is committed to, maintaining good corporate governance across the Group. The Company has thus adopted and implemented a corporate governance regime which complies with the Norwegian Code of Practice for Corporate Governance, dated 14 October 2021 (the "**Norwegian Code of Practice**"), with the following exemptions:

- In accordance with normal practice for Bermuda companies, the Company's Bye-laws do not include a specific description of its business. According to the Memorandum of Association, the objects for which the Company was formed and incorporated are unrestricted. As a Bermuda incorporated company, the Company has chosen to establish the constitutional framework in compliance with the normal practice of Bermuda and accordingly deviate from section 2 of the Norwegian Code of Practice.
- In accordance with Bermuda law, the Board of Directors is authorised to exercise the power of the Company to acquire its own shares to be held as treasury shares, and to issue any unissued shares within the limits of the authorised share capital. These authorities are neither limited to specific purposes nor to a specific period as recommended in section 3 of the Norwegian Code of Practice. While the Company aims at providing competitive long-term return on the investments of its shareholders, it does not currently have a formal dividend policy.
- The Board of Directors will include members of the Management. This represents a deviation from the Norwegian Code of Practice which recommends that no members of management are represented on the board of directors of a company. In the case of the Company, management representation on the Board of Directors is considered beneficial to ensure that the Board of Directors possesses the right competence in its current phase. Furthermore, management representation on the board of directors, is in line with Bermuda corporate governance practises.

- Under Bye-law 12, the Board of Directors may declare dividends and distributions without the approval of a general meeting of shareholders, subject to complying with the requirements of the Bermuda Companies Act. This is in line with Bermuda corporate practices but deviates from the Norwegian Code of Practice and Norwegian corporate practises whereby dividends and distributions require the approval of a general meeting of shareholders.
- The Bermuda Companies Act does not contain special case management requirements for how specifically defined agreements between public companies and close associates are to be handled. The Board of Directors will consider and determine, on a case by case basis, whether independent third party evaluations are required when entering into agreements with close associates (but is not required by Bermuda law to do so).
- The Board and Management will consider and determine on a case-by-case basis whether independent third-party evaluations are required if entering into agreements with related parties in accordance with section 9 of the Norwegian Code of Practice. However, the Board of Directors may decide, due to the specific agreement or transaction, to deviate from this recommendation if the interest of the shareholders in general are believed to be maintained in a satisfactory manner through other measures.
- The Company encourages shareholders to attend its general meetings. It is also the intention to have representatives of the Board of Directors to attend general meetings. The Company will, however, normally not have the entire Board of Directors attend general meetings, as this is not required by Bermuda law. This represents a deviation from the Norwegian Corporate Code of Practice, which states that arrangements shall be made to ensure participation by all directors.
- There is no obligation to present the guidelines for remuneration of the Board of Directors to the shareholders of a Bermuda incorporated company. Consequently, the Company deviates from this part of section 11 of the Norwegian Code of Practice. There are no service contracts between the Company and any of its directors providing for benefits upon termination of their service.
- There is no obligation to present the guidelines for remuneration of the executive management to the shareholders of a Bermuda incorporated company. In the view of the Company, there is sufficient transparency and simplicity in the remuneration structure and information provided through the annual report and financial statements are sufficient to keep shareholders adequately informed. The Company therefore deviates from this part of section 12 of the Norwegian Code of Practice.
- Pursuant to Bye-law 24, general meetings of shareholders are chaired by the chair of the Board of Directors, if there be one, and if not the president of the Company, if there be one, or a person appointed by the board of directors. Having the chairman, president or a director of the Board of Directors chairing general meetings simplifies the preparations for general meetings significantly and is in compliance with normal procedures under Bermuda law. However, this represents a deviation from the Norwegian Code of Practice, which states that the Board of Directors should seek to ensure that an independent chairman is appointed, if considered necessary based on the agenda items or other relevant circumstances.
- As permitted under Bermuda law, the Company will not have a nomination committee as recommended by the Code of Practice section 7. In lieu of a nomination committee comprised of independent directors, the Board of Directors is responsible for identifying and recommending potential candidates to become Board Members and recommending directors for appointment to board committees.
- Pursuant to Bye-law 2, the Board of Directors has the power to issue any unissued shares on such terms and conditions as it may determine. Neither the Company's Bye-laws nor Bermuda company laws include regulation of pre-emptive rights for shareholders in connection with share capital increases. The Company is subject to the general principle of equal treatment of shareholders under the Norwegian Securities Trading Act section 5-14. The Board of Directors will, in connection with any future share issues, on a case-by-case basis, evaluate whether deviation from the principle of equal treatment is justified.
- The Company has not yet established guiding principles for how it will act in the event of a take-over bid, which is a deviation from section 14 of the Norwegian Code of Practice.
- The Company has previously granted options and warrants to members of the Board of Directors. The Company shall generally as a guideline not grant options or warrants to its Board Members, however, to further support the Company's phase as a newly listed company, the Board Members have taken on selected assignments for the Company exceeding their appointment and tasks as a Board Member. The Board shall be informed when individual Board Members perform tasks for the Company other than exercising their role as Board Members. In some cases, it may thus be necessary that options and other financial instruments form part of the Board Members

remuneration to be evaluated on a case-by-case basis. As such, the Company may deviate from the recommendation in section 8 of the Norwegian Code of Practice section.

- The Board has not established a remuneration committee as recommended by the Code. It is the Board's assessment that given the limited number of employees in the Company, matters pertaining to remuneration of the Company's executive management can be dealt with by the Board directly without the need to have a dedicated preparatory committee. Members of the Board who are not considered independent of the Company's executive personnel will not participate in the Board's deliberations regarding remuneration.

Neither the Board of Directors nor a general meeting of the Company has adopted any resolutions which are deemed to have a material impact on the Group's corporate governance regime. As of the date of this Prospectus, the Company complies with the corporate governance regime applicable to the Company.

12.12. Disclosure about convictions and involvement in any bankruptcies etc.

CEO of Fontis Energy, Raphael Siri, was part of the executive committee of Sapura Energy Bhd, a listed company currently designated under Practice Note 17/2005 issued by Bursa Malaysia. Mr. Siri's areas of responsibilities (Sapura Drilling, CEO and Sapura Energy, QHSE) at the time were not in default, however, the Sapura E&C entities were. The Company is of the view that the association with the Practice Note 17/2005 of Sapura Energy Bhd does not make Mr. Siri unfit to participate in the management of a company admitted to trading on Euronext Oslo Børs. Furthermore, James Ayers served as Board Member during the Company's emergence from the voluntary Chapter 11 bankruptcy in January 2022 (see Section 8.6 "*History and important events*" for further details), while Mei Mei Chow was appointed as Board Member at the emergence (ie. on 20 January 2022).

Other than as set out above, during the last five years preceding the date of this Prospectus, none of the Board Members or the members of the Management has, or had, as applicable

- any convictions in relation to fraudulent offences;
- been involved in any bankruptcies, receiverships, liquidations or companies put into administration where he/she has acted as a member of the administrative, management or supervisory body of a company, nor as partner, founder or senior manager of a company; or
- received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of affairs of any issuer.

12.13. Disclosure of conflict of interest

As set out in Section 12.2 above, Board Member Joachim Bale is a partner in Lodbrok Capital LLP, an investment manager, whose accounts and funds, on a combined basis, is one of the largest creditors and shareholders in the Company with an approximate combined shareholding of approximately 21%. Mr. Bale is hence not deemed independent in relation to larger shareholders. In addition, Mr. Bale, both in his personal capacity and through investments made by funds managed by Lodbrok Capital LLP invests in other companies within the energy sector, some of which may have interests which deviate from those of Paratus.

Board Member James Ayers is a director of companies that are related to Hemen, being one of the largest shareholders of the Company. As such, there may be real or apparent conflicts of interest with respect to matters affecting Lodbrok Capital LLP and Hemen and other relevant affiliated companies whose interest in some circumstances may be adverse to the interest of the Company. In addition, Board Member Ørjan Svanevik is employed by Seatankers, which is also a company associated with Hemen.

In addition, and as set out in Section 12.2 "*The Board of Directors*" and Section 12.3 "*Management*", Robert Jensen has a dual role as both CEO and member of the Board and is hence not considered independent of the Management. It is common and acceptable practice for executive management of a company incorporated and existing in Bermuda to also serve as a director on the board of directors. This dual role is recognized and permitted under Bermuda law and aligns with the norms of the industry in which the Group operates

Other than as specified above and the related party transactions set out in Section 11.7 "*Related party transactions*", there are currently no other actual or potential conflicts of interests between the Company and the private interests or other duties of any of the members of the Management or the Board of Directors, including any family relationships between such persons.

13. CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Bye Laws and applicable law in effect as at the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Bye-laws, included in Appendix A of this Prospectus, and applicable laws.

13.1. Company corporate information

The legal and commercial name of the Company is Paratus Energy Services Ltd. (previously known as 'Seadrill New Finance Limited' or 'NSNCo'). The Company is an exempted company limited by shares incorporated and existing under the laws of Bermuda pursuant to the Bermuda Companies Act. The Company was incorporated on 14 March 2018 and is registered with the Bermuda Registrar of Companies under registration number 53451. The Company's LEI code is 549300XB7T5BX418QX67.

The Company's registered office is at Par-La-Ville Place, 14 Par-La-Ville Road, Hamilton, HM 08 Bermuda, with phone number 1(441) 295-6935, and the Company's management and corporate office is c/o Paratus Management at Bryggegata 3, 0250 Oslo, Norway, with phone number +47 23 11 40 00.

The Company's website can be found at www.paratus-energy.com/. The content of www.paratus-energy.com/ is not incorporated by reference into, or otherwise form part of, this Prospectus.

13.2. Share capital and share capital history

13.2.1. Overview

As of the date of this Prospectus, the Company's has an issued share capital of USD 3,391.00098 divided into 169,550,049 shares, each with a par value of USD 0.00002. The authorized share capital of the Company as at the day of this Prospectus is USD 5,685.00. All Shares have been created and issued in accordance with the requirements of the Bermuda Companies Act and the Bye-laws, and all issued shares are validly issued and fully paid. The Shares will be traded in NOK on Euronext Oslo Børs.

The Company has one class of shares in issue, being the Shares, and all Shares carry equal rights in all respects, including rights to dividends. There are no restrictions on the free transferability of the Shares, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or existing shareholders' rights of first refusal.

Other than as mentioned in Section 8.6 "*History and important events*" and Section 11.7.1 "*Management service agreements (MSA) with Seadrill*" regarding the issuance of new Shares in connection with the modification of notes to the Noteholders as part of the Chapter 11 emergence, less than 10% of capital has been paid for with assets other than cash during the period covered by the historical financial information (2023, 2022 and 2021).

The number of Shares issued as of 1 January 2023 was 285,700 and the number of Shares issued as of 31 December 2023 was 308,032.⁴³

On 26 June 2024, Euronext Oslo Børs resolved to admit the Shares to trading on Euronext Growth Oslo. The first day of trading was 28 June 2024 under the ticker code "PLSV". The Company does not have securities listed on any stock exchange or other regulated market.

For further information on the authorisations granted to the Board of Directors to increase the share capital of the Company, refer to Section 13.6 "*Authorisations to increase the share capital*".

13.2.2. Share capital history

The table below shows the development in the Company's share capital for the period covered by the historical financial information, i.e. from 31 December 2023, 2022 and 2021, and up to the date of this Prospectus:

⁴³ Number of shares on a pre-Share Split basis

Table 33 – Share capital history

Date registered	Event	Authorised share capital (USD)	Issued share capital (USD)	Par value (USD)	Issued no. Shares
10 January 2022	Increase in share capital	5,685	1,000.00	1	1,000
20 January 2022	Subdivision of shares of nominal USD 1.00 to USD 0.01, and subsequent share issuance	5,685.00	2,857.00	0.01	285,700
25 May 2023	Share issuance	5,685.00	3,080.32	0.01	308,032
21 May 2024	Subdivision of existing A-shares into 500 class A-shares	5,685.00	3,080.32	0.00002	154,016,000
26 June 2024	Private Placement	5,685.00	3,386.50098	0.00002	169,325,049
12 September 2024	Exercise of 225,000 warrants	5,685.00	3,391.00098	0.00002	169,550,049

Other than as set out above, there have been no changes to the Company's share capital or the number of Shares of the Company from the start of the period covered by the historical financial information up to the date of this Prospectus.

13.3. Admission to trading

The Shares have been trading on Euronext Growth Oslo, a multilateral trading facility operated by Euronext Oslo Børs since 28 June 2024 under the ticker code "PLSV" with ISIN BMG6904D1083. On 5 November 2024, the Company applied for the Shares to be admitted to trading and listing on Euronext Oslo Børs. The Company's listing application was approved by Euronext Oslo Børs on 6 November 2024. Upon Listing, the Shares will be deregistered from Euronext Growth Oslo and admitted to trading through the facilities of Euronext Oslo Børs. Trading in the Shares on Euronext Oslo Børs is expected to commence on or about 13 November 2024, under the ticker code "PLSV".

13.4. Ownership structure

As of 7 November 2024, the Company has 3,383 holders of Shares.

The table below shows the Company's 20 largest holders of Shares as recorded in ESO as of 7 November 2024.

Table 34 – Overview of the Company's 20 largest shareholders⁴⁴

#	Shareholders	Total Shares	Percent
1	HEMEN INVESTMENTS LTD	49,341,840	29.1%
2	BNP Paribas	27,396,206	16.2%
3	Brown Brothers Harriman & Co.	12,800,000	7.5%
4	Goldman Sachs International	9,840,631	5.8%
5	BNP Paribas	6,459,345	3.8%
6	Euroclear Bank S.A./N.V.	4,786,949	2.8%
7	The Bank of New York Mellon SA/NV	4,704,395	2.8%
8	Morgan Stanley & Co. Int. Plc.	3,371,918	2.0%

⁴⁴ Lodbrok Capital LLP holds through nominee account 34,916,900 Shares equal to approximately 21% of the Shares in the Company.

9	Skandinaviska Enskilda Banken AB	2,950,000	1.7%
10	The Bank of New York Mellon SA/NV	2,175,000	1.3%
11	MP PENSJON PK	2,142,124	1.3%
12	ACONCAGUA MANAGEMENT LTD	2,000,000	1.2%
13	J.P. Morgan Securities Plc	1,940,523	1.1%
14	BNP Paribas	1,925,795	1.1%
15	State Street Bank and Trust Comp	1,418,315	0.8%
16	VERDIPAPIRFONDET FONDSFINANS NORGE	1,400,000	0.8%
17	NORDNET LIVSFORSIKRING AS	1,347,217	0.8%
18	J.P. Morgan Securities Plc	1,234,477	0.7%
19	JPMorgan Chase Bank, N.A., London	1,127,558	0.7%
20	SKAGEN VEKST VERDIPAPIRFOND	996,000	0.6%

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 14.7 "*Disclosure obligations*" for a description of the disclosure obligations pursuant to the Norwegian Securities Trading Act.

The Company has one class of Shares in issue and all Shares in that class provide equal rights in the Company. Accordingly, there are no differences in the voting rights among the Shares.

No particular measures are initiated to ensure that control is not abused by large shareholders. Minority shareholders are protected from abuse by relevant regulations in inter alia the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Act. Under Bermuda law, an acquiring party is generally able to acquire compulsorily the common shares of minority holders. See Section 13.10 "*Certain aspects of Bermuda Law, the Memorandum of Association and the Bye-laws*" and Section 14.10 "*Compulsory acquisitions*" for further information.

13.5. Change in control

As of the date of this Prospectus, to the knowledge of the Company, there are no arrangements or agreements, which may at a subsequent date result in a change in control in the Company.

13.6. Authorization to increase the share capital and to issue Shares

As of the date of this Prospectus, the Company's authorized share capital is USD 5,685.00. The issued share capital of the Company is USD 3,391.00098 divided into 169,550,049 shares of par value USD 0.00002 each. Pursuant to the Bye-laws, the Board of Directors may issue any unissued shares forming part of the Company's authorized share capital on such terms and conditions as it may determine.

13.7. Share repurchase mandate

On 10 September 2024, the Board of Directors approved a share repurchase mandate to acquire shares for an amount of up to \$100 million which will provide the Company with flexibility to repurchase shares in the open market. As of the date of this Prospectus, there have been no repurchase of shares. Any share repurchase programs will be announced by the Company and may be suspended or discontinued at any time.

13.8. Other financial instruments

Other than as set out in Section 12.5 "*Share incentive scheme and Long-term Incentive Plan*" and Section 12.6 "*Shareholdings and options and benefits of Board Members and Management*" above, the Company has not issued any other options, warrants, convertible loans, or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company.

13.9. Shareholder rights

The Company has one class of Shares in issue and all Shares in that class provide equal rights in the Company. Each Share carries one vote and all Shares carry equal rights in all respects, including rights to dividends. There are no restrictions on the free transferability of the Shares. The rights attaching to the Shares are described in Section 13.10 "*Certain aspects of Bermuda law, the Memorandum of Association and the Bye-laws*".

13.10. Certain aspects of Bermuda law, the Memorandum of Association and the Bye-laws

The Company's Memorandum of Association and Bye-laws upon Listing are set out in Appendix A to this Prospectus and a summary of these are included below.

13.10.1. Objective

Pursuant to the Company's Memorandum of Association the objects for which the Company was formed and incorporated are unrestricted.

13.10.2. Number of directors and term of Office

Under the Bermuda Companies Act, the minimum number of directors on the board of directors of a company is one. Pursuant to the Bye-laws, the Company's Board of Directors shall consist of at least three or such number in excess thereof as the shareholders may from time to time determine. At the shareholders general meeting held on 5 November 2024, it was determined by the shareholders (in accordance with the Bermuda Companies Act) that the maximum number of Board Members is eight.

Directors are elected at the annual general meeting of the Company, or any special general meeting called for that purpose. Directors shall hold office for such term as the shareholders may determine or, in the absence of such determination, until the next annual general meeting or until their successors are elected or appointed or their office is otherwise vacated.

13.10.3. Removal of Directors

Bye-law 37 and the Bermuda Companies Act provide that the shareholders of the Company may, at a special general meeting called for that purpose, remove any director. Any director whose removal is to be considered at such a special general meeting is entitled to receive not less than 14 days' notice and shall be entitled to be heard at the meeting.

13.10.4. Newly created directorships and vacancies on the Board

Under the Bermuda Companies Act, the directors shall be elected at each annual general meeting of the company or elected or appointed by the shareholders in such other manner and for such term as may be provided in the bye-laws for the relevant company. Additionally, a vacancy created by the removal of a director at a special general meeting may be filled at that meeting by the election of another director or in the absence of such election, by the other directors. Unless the bye-laws of a company provide otherwise (and the Bye-laws do not) and provided there remains a quorum of directors in office, the remaining directors may fill a casual vacancy on the board.

Under Bye-law 38.2, the Board of Directors has the power to appoint any person as a director to fill any vacancy in the Board of Directors occurring as a result of the death, disability, disqualification or resignation of any director. Under Bye Law 33.3, the Board may, if authorised by the shareholders at any general meeting, also fill any vacancy in their number left unfilled at a general meeting. A director so appointed will hold office for such terms as the shareholders determine or, in the absence of such determination, until the next annual general meeting of the Company or their successors are elected or appointed or their office is otherwise vacated in accordance with the Bye laws.

13.10.5. Board meeting quorum; voting requirement

Bye-Law 52 provides that the quorum necessary for the transaction of the business of the Board of Directors shall be two directors provided that if there is only one director for the time being in office the quorum shall be one. Questions arising at any meeting of the Board of Directors shall be determined by a majority of votes cast. In the event of an equality of votes, the chairman of the meeting shall be entitled to a second or casting vote under Bye-law 49.

13.10.6. Interested Directors

Under Bye-law 47, any director, or any director's firm, partner or any company with whom any director is associated, may act in any capacity for, be employed by or render services to the Company and such director or such director's firm, partner or company shall be entitled to remuneration as if such director were not a director. However, a director or director's firm, partner or company cannot act as auditor to the Company. A director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest at the first opportunity at a meeting of the Board of Directors or by writing to the Board as required by the Bermuda Companies Act. Following such a declaration, a director may vote in respect of any contract or proposed contract or arrangement in which

such director is interested and may be counted in the quorum for such meeting and shall not be liable to account to the Company for any profit realized thereby.

13.10.7. Duties of the Directors

The duties of a director are owed to the company and not to the individual shareholders and as such, only the company will be able to enforce them (though in certain circumstances shareholders may be able to bring a derivative action on the company's behalf). For these purposes, the company is generally defined by reference to the present and future shareholders of the company as a whole. At common law a director owes two types of duty to the company: a fiduciary duty and a duty of skill and care.

Fiduciary Duty: A director must act in good faith in his or her dealings with or on behalf of the company and must exercise his or her powers for the purposes for which they are intended and fulfil the duties of his or her office honestly. This fiduciary duty includes the following four aspects: (i) a duty to act in good faith in what the director considers to be the best interests of the company and not for any collateral purpose, (ii) a duty to exercise powers for a proper purpose, (iii) a duty to avoid conflicts of interest with the company, and (iv) a duty not to profit improperly.

Duty of skill and care: When a director is acting in the company's interest, he or she must exercise whatever skill he or she possess with reasonable care. Directors are expected to be reasonably diligent in conducting the affairs of the company and are not shielded from impunity under the business judgement rule. This duty has three aspects: (i) degree of skill, (ii) attention to business, and (iii) reliance on others.

The common law duties are augmented by certain duties imposed by statute.

The Bermuda Companies Act provides that, if a director or officer has an interest in a material contract or proposed material contract with a company or any of its subsidiaries or has a material interest in any person that is a party to such a contract, such director or officer must disclose the nature of that interest at the first opportunity either at a meeting of directors or in writing to the board of directors. In addition, the Bermuda Companies Act imposes various duties on directors and officers of a company with respect to certain matters of management and administration of such company.

13.10.8. Director liability

A director may be personally liable to the company in damages for breaching his or her fiduciary duties or duties of care, skill and diligence. All directors who participate in the breach will be held jointly and severally liable but as between them, they will have rights of contribution.

The Bermuda Companies Act permits a company to indemnify any director, officer or auditor from loss or liability in circumstances where it is permissible for the company to indemnify such director, officer or auditor, as indicated in "Indemnification of Directors and Officers" below. Such restriction on liability shall not extend to any matter which would render it void pursuant to the Bermuda Companies Act.

13.10.9. Indemnification of Directors and Officers

The Bermuda Companies Act permits a company to indemnify its directors, officers and auditor with respect to any loss arising or liability attaching to such person by virtue of any rule of law concerning any negligence, default, breach of duty, or breach of trust of which the director, officer or auditor may be guilty in relation to the company they serve or any of its subsidiaries; provided that the company may not indemnify a director, officer or auditor against any liability arising out of his or her fraud or dishonesty. The Bermuda Companies Act also permits a company to indemnify a director, officer or auditor against liability incurred in defending any civil or criminal proceedings in which judgement is given in his or her favour or in which he or she is acquitted, or when the Supreme Court of Bermuda grants relief to such director, officer or auditor. The Bermuda Companies Act permits a company to advance moneys to a director, officer or auditor to defend civil or criminal proceedings against them on condition that these moneys are repaid if the allegation of fraud or dishonesty is proved against them. The Supreme Court of Bermuda may relieve a director, officer or auditor from liability for negligence, default, breach of duty or breach of trust if it appears to the court that such director, officer or auditor has acted honestly and reasonably and, having regard to all the circumstances of the case, ought fairly to be excused.

Bye-law 48.1 provides that the directors, secretary and other officers (such term to include any person appointed to any committee by the Board of Directors) acting in relation to any of the affairs of the Company or any subsidiary thereof and the liquidator or trustees (if any) acting

in relation to any of the affairs of the Company or any subsidiary thereof and every one of them (whether for the time being or formerly), and their heirs, executors and administrators (each of which an "Indemnified Party"), shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no Indemnified Party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any monies or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any monies of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to any of the indemnified parties

In addition, the Bye-laws of the Company provide exculpation provisions, which provide that the shareholders waive all claims or rights of action, individually or in right of the Company, that they might have against the Company's directors or officers for any act or failure in the performance of his or her duties, except in respect of any fraud or dishonesty. Such provisions make a shareholder's claim against a director legally unsustainable, absent properly particularised and appropriately evidenced allegations of fraud and dishonesty.

13.10.10. Share class

The share capital of the Company comprises shares of a single class, the holders of which shall, subject to the Bye Laws:

- be entitled to one vote per share;
- be entitled to such dividends as the Board of the Directors may from time to time declare;
- in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- generally be entitled to enjoy all of the rights attaching to shares.

13.10.11. No restrictions of transfer of shares

Subject to the Bermuda Companies Act, the Bye-laws, and any applicable securities laws, there are no restrictions on trading in the Shares. Bye-Law 8.4 provides that where the Company's shares are listed or admitted to trading on a listing exchange share may be transferred in accordance with the rules and regulations of the listing exchange. Where applicable, all transfers of uncertificated shares shall be made in accordance with and be subject to the facilities and requirements of the transfer of title to shares in that class by means of any relevant system concerned and, subject thereto, in accordance with any arrangements made by the Board of Directors pursuant to the Bye-laws. The Board of Directors may also make such additional regulations as it considers appropriate from time to time in connection with the transfer of the Company's publicly traded shares and other securities.

13.10.12. General meetings

Under the Bermuda Companies Act, an annual general meeting of the shareholders shall (unless dispensed with for a specific year or a period of time or indefinitely, by resolution in accordance with the Bermuda Companies Act) be held in each calendar year. When the requirement has been so waived, any shareholder may, on notice to the company not later than three months before the end of the year in question, require the holding of an annual general meeting, in which case an annual general must be called.

The Bye-laws provide that the annual general meeting shall be held at such place, date and hour as shall be fixed by the president or chairman of the Company (if any) or any two directors or any director and the secretary or the Board of Directors.

Under the Bermuda Companies Act, any meeting of shareholders that is not the annual general meeting is called a special general meeting. The Bye-laws provide that the Board of Directors may convene a special general meeting, such meeting to be held at such place, date and hour as fixed by them, whenever in their judgment such a meeting is necessary, and shall, when required by the Bermuda Companies Act, convene a special general meeting of the shareholders. Under the Bermuda Companies Act, a special general meeting of shareholders must be convened by the board of directors of a company on the requisition of shareholders holding not less than one-tenth of the paid-up share capital of the company carrying the right to vote at general meetings as at the date the request is made.

13.10.13. Notice of general meetings

Pursuant to Bye-Law 19, the shareholders shall be given at least five days notice of an annual general meeting or a special general meeting, but the accidental omission to give notice to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice does not invalidate the proceedings of the meeting.

If a general meeting is called on shorter notice, it will be deemed to have been properly called if it is so agreed (i) in the case of a meeting called as an annual general meeting by all the shareholders entitled to attend and vote thereat; and (ii) in the case of a special general meeting by a majority in number of the shareholders having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right. The Bye-laws permit attendance at general meetings by proxy, provided the instrument appointing the proxy is in such form as the chairman of the meeting shall accept.

Under Bermuda law, accidental omission to give notice, or the non-receipt of a notice of a meeting by any persons entitled to receive notice, will not invalidate proceedings at a general meeting.

13.10.14. Shareholder meeting quorum; voting requirement; voting rights

Under Bermuda law, the voting rights of shareholders are regulated by the company's bye-laws and, in certain circumstances, by the Bermuda Companies Act. Bye-law 23.1 provides that two or more persons present in person and representing in person or by proxy and entitled to vote (whatever the number of shares held by them) in the Company throughout the meeting will form a quorum for the transaction of business, provided that if the Company has only one shareholder, then one shareholder present in person or by proxy shall constitute a quorum. Except where a greater majority is required by the Bermuda Companies Act or the Bye-laws, any question proposed for consideration at any general meeting shall be decided on by a simple majority of votes cast. There is no cumulative voting. Every shareholder of the Company who is present in person or by proxy has one vote for every Share of which he or she is the holder.

The Bye-laws provide that, in general, the holders of shares in the single class of shares in the share capital of the Company are entitled to one vote per share. No shareholder shall be entitled to vote at a general meeting unless such shareholder has paid all the calls on all shares held by such shareholder.

13.10.15. Shareholder action by written consent

The Bermuda Companies Act provides that, except in the case of the removal of an auditor before the expiration of his term of office or the removal of a director, anything which may be done by resolution of a company in a general meeting or by resolution of a meeting of any class of the shareholders of a company may be done by resolution in writing. Bye-Law 31.3 provides that such resolution must be signed by the shareholders representing such majority of votes as would be required if the resolution was voted on at a general meeting at which all shareholders entitled to attend and vote thereat were present and voting.

13.10.16. Notice of shareholder proposals

Under Bermuda law, shareholders may, as set forth below, at their own expense (unless the company otherwise resolves), require a company to give notice of any resolution that the shareholders can properly propose at the next annual general meeting and/or to circulate a statement (of not more than 1000 words) in respect of any matter referred to in a proposed resolution or any business to be conducted at that general meeting. The number of shareholders necessary for such a request is either the number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the request a right to vote at the meeting to which the request relates or not less than 100 shareholders.

13.10.17. Disclosure of shareholdings

There are no disclosure requirements under the Bye-laws.

13.10.18. Additional issuances and preferential rights

The Bye-laws do not provide a shareholder of the Company with any pre-emptive rights to subscribe for additional issues of the Company's shares. Under Bermuda law and the Bye-laws, the Board of Directors is authorized to issue any unissued shares on such terms and conditions as it may determine and any shares or class of shares may be issued with such preferred, deferred or other special rights or such restrictions,

whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the shareholders prescribe or, if no such resolution is in effect or insofar as the resolution does not make specific provision, as the Board of Directors may from time to time determine.

The Board of Directors' mandate to issue shares is limited to the extent of the authorised share capital of the Company in accordance with its Memorandum of Association. The authorised share capital of the Company may be increased by a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders and a resolution of the Board of Directors.

13.10.19. Capital Reduction

The Company may, by a resolution of the Board of Directors and a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders, cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

13.10.20. Minority rights

Class actions and derivative actions are generally not available to shareholders under Bermuda law. However, Bermuda courts ordinarily would be expected to follow English case law precedent, which would permit a shareholder to commence an action in the name of a company to remedy a wrong done to a company where the act complained of is alleged to be beyond the corporate power of a company, is illegal or would result in the violation of that company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the Company's shareholders than actually approved it. However, generally a derivative action will not be permitted where there is an alternative action available that would provide an adequate remedy. Any property or damages recovered by derivative action go to the company, not to the plaintiff shareholders. When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the court, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company or that the company be wound up.

13.10.21. Rights of redemption and repurchase of shares

The Bye-laws do not provide for any shareholder rights of conversion or redemption of the Shares. However, Bye-Law 2.2 provides that, subject to the Bermuda Companies Act, any preference shares may be issued or converted into shares that (at a determinable date or at the option of the Company or the holder) are liable to be redeemed on such terms and in such manner as may be determined by the Board of Directors (before the issue or conversion). The Company has neither issued any preference shares, nor any redeemable preference shares, as at the date of this Prospectus.

13.10.22. Shareholder votes on certain reorganisations

The Bermuda Companies Act is silent on whether a company's shareholders are required to approve a sale, lease or exchange of all or substantially all of a company's property and assets. The Bermuda Companies Act does require, however, that shareholders approve certain amalgamations and mergers. Pursuant to the Bermuda Companies Act, an amalgamation or merger of two or more non-affiliated companies requires approval of the board of directors and the approval of the shareholders of each Bermuda company by a three-fourths majority and the quorum for such a meeting must be two persons holding or representing by proxy more than one-third of the issued shares of the company, unless the bye-laws otherwise provide. For purposes of approval of an amalgamation or merger, all shares whether or not otherwise entitled to vote, carry the right to vote. A separate vote of a class of shares is required if the rights of such class would be altered by virtue of the amalgamation or merger. A simplified approach to amalgamations and mergers can be undertaken where a holding company and one or more of its wholly-owned subsidiaries propose to amalgamate or merge and where two or more of wholly-owned subsidiaries of the same holding company propose to amalgamate or merge. A short form amalgamation or merger dispenses with the requirements to have shareholder approval.

Pursuant to the Bermuda Companies Act, a company may be acquired by another company pursuant to a scheme of arrangement effected by obtaining the agreement of such company and of the holders of its shares, representing in the aggregate a majority in number and at least 75% in value of the shareholders (excluding shares owned by the acquirer, who would act as a separate class) present and voting at a court-

ordered meeting held to consider the scheme of arrangement. The scheme of arrangement must then be sanctioned by the Bermuda Supreme Court. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Bermuda Registrar of Companies, all holders of ordinary shares will be compelled to sell their shares under the terms of the scheme of arrangement.

13.10.23. Appraisal Rights

Merger or amalgamation: Under the Bermuda Companies Act, a shareholder who did not vote in favour of an amalgamation or merger between non-affiliated companies and who is not satisfied that he or she has been offered fair value for his or her shares may, within one month of the giving of the notice of the shareholders' meeting to consider the amalgamation or merger, apply to the Bermuda Supreme Court to appraise the fair value of his or her shares. If the court appraised value is greater than the value received or to be received in the amalgamation or merger, the acquiring company must pay the Bermuda Supreme Court appraised value to the dissenting shareholder within one month of the appraisal, unless it decides to terminate the amalgamation or merger in accordance with the terms of the amalgamation or merger agreement. An amalgamation agreement or merger agreement may provide that at any time before the issue of a certificate of amalgamation or merger the agreement may be terminated by the directors of an amalgamating or merging company, notwithstanding approval of the agreement by the shareholders of all or any of the amalgamating or merging companies.

Section 103 of the Bermuda Companies Act: Under Section 103 of the Bermuda Companies Act, the holders (the purchasers) of 95% or more of the shares of a company may give notice to the remaining shareholders requiring them to sell their shares on the terms described in the notice. Within one month of receiving the notice, any remaining shareholder may apply to the Bermuda Supreme Court for an appraisal of its shares. Within one month of the court's appraisal, the purchasers are entitled to either acquire all shares involved at the price fixed by the Bermuda Supreme Court or cancel the notice given to the remaining shareholders. Where shares have been acquired under the notice at a price less than the Bermuda Supreme Court's appraisal, the purchasers must either pay the difference in price or cancel the notice and return to each shareholder concerned the shares acquired and each shareholder must repay the purchaser the purchase price.

13.10.24. Dissenter's rights

Under Section 102 of the Bermuda Companies Act, if an offer to acquire shares (or any class of shares) of a company is approved by the holders of 90% in value of the shares (excluding shares held by the bidder, or a nominee or subsidiary of the bidder) within four months of the offer then the bidder can, within two months of the date of the approval, compulsorily acquire the shares of dissenting shareholders by giving notice to such shareholders of the compulsory acquisition of their shares. A dissenting shareholder has one month from receipt of the compulsory acquisition notice in order to make an application to the Bermuda Supreme Court to set aside the compulsory acquisition. The right of a dissenting shareholder is not limited to having the fair value of its shares appraised and the Bermuda Supreme Court has a broad discretion to order as it thinks fit. If no application to the Court is made, then on the expiry of one month from the date on which the compulsory acquisition notice was given, the bidder becomes entitled and bound to acquire the subject shares on the same terms as those offered to the shareholders who accepted the offer. Dissenting shareholders also have the right under Section 102 to serve a notice on the bidder requiring it to acquire their shares on the terms of the earlier offer, or on such terms as may be agreed or as the Court (on the application of either the acquirer or the dissenting shareholder) thinks fit to order. This right must be exercised within 3 months from the giving of notice by the acquirer that the 90% threshold has been reached.

13.10.25. Distribution of assets upon liquidation

In the event of the winding up and liquidation of the Company, the liquidator may, with the sanction of a resolution passed by a simple majority of votes cast at a general meeting of the Company's shareholders, and any other sanction required by the Bermuda Companies Act, divide among the shareholders in specie or kind the whole or any part of the assets of the Company and may for such purposes set such value as he deems fair upon any property to be divided and may determine how such division is to be carried out between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or part of the Company's assets in trustees upon such trust for the benefit of the shareholders, however, no shareholder will be compelled to accept any shares or other assets in respect of which there is any liability.

13.10.26. Variation of shareholder rights

As previously stated, the Company currently has one class of Shares. Bye-Law 11 provides that, if at any time the share capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class of shares may (unless otherwise

provided by the terms of issue of the shares of that class), from time to time, be varied with the consent in writing of the holders of not less than 75% of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum (where the Company has more than one shareholder) shall be two persons at least holding or representing by proxy one-third of the issued shares of the class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

13.10.27. Amendments to the Memorandum of Association

The Bermuda Companies Act provides that the memorandum of association of a company may be amended by a resolution passed at a general meeting of shareholders of which due notice has been given. The Bye-laws provide that no alteration or amendment to the Memorandum of Association may be made save in accordance with the Bermuda Companies Act and until same has been approved by a resolution of the Board of Directors and by a resolution passed at an annual or special general meeting of shareholders.

An application may be made to the Bermuda Supreme Court for an alteration to the memorandum of association to be annulled and where such an application is made the alteration shall not have effect except in so far as it is confirmed by the Supreme Court. Such an application may only be made (a) by the holders of not less in the aggregate than twenty per centum in par value of the company's issued share capital or any class thereof; or (b) by the holders of not less in the aggregate than twenty per centum of the company's debentures entitled to object to alterations to its memorandum of association provided that an application shall not be made by any person who has voted in favour of the alteration or has given to the company a statement in writing duly signed that he, having had notice, consents to the alteration. The application is required to be made within twenty-one days after the date on which the resolution altering the company's memorandum of association was passed and may be made on behalf of the persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose.

13.10.28. Amendment of the Bye-laws

The Bye-laws provide that no Bye-Law may be rescinded, altered or amended and no new Bye Law may be made save in the manner provided for in the Bermuda Companies Act and until same has been approved by a resolution of the Board of Directors and by a resolution passed at an annual or special general meeting of shareholders.

13.10.29. Inspection of books and records; shareholder lists

Members of the general public have a right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include a company's memorandum of association, including its objects and powers, and certain alterations to the memorandum of association. The shareholders have the additional right to inspect the bye-laws of the company, minutes of general meetings and the company's audited financial statements, which must be presented in the annual general meeting. The register of members of a company is also open to inspection by shareholders and by members of the general public without charge. The register of members is required to be open for inspection for not less than two hours in any business day (subject to the ability of a company to close the register of members for not more than thirty days in a year). A company is required to maintain its share register in Bermuda but may, subject to the provisions of the Bermuda Companies Act, establish a branch register outside of Bermuda. A company is required to keep at its registered office a register of directors and officers that is open for inspection for not less than two hours in any business day by members of the public without charge. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

13.11. Shareholder agreements

The Company is not aware of any shareholders' agreements related to the Shares.

14. SHAREHOLDER MATTERS, COMPANY LAW AND SECURITY LAW

14.1. Introduction

The following is a summary of certain information in respect of trading and settlement of shares on Euronext Oslo Børs, securities registration in Norway and certain provisions of applicable Norwegian securities law, including the Norwegian Securities Trading Act, in effect as of the date of this Prospectus. This summary does not purport to be complete and is qualified in its entirety by Norwegian law.

14.2. Trading and settlement

As of the date of this Prospectus, trading of equities on Oslo Børs is carried out in the electronic trading system Optiq, which is the electronic trading system of Euronext.

Official regular trading for equities on Oslo Børs takes place between 09:00 hours (Oslo time) and 16:20 hours (Oslo time) each trading day, with pre-trade period between 08:15 hours (Oslo time) and 09:00 hours (Oslo time), closing auction from 16:20 hours (Oslo time) to 16:25 hours (Oslo time) and a post-trade period from 16:25 hours (Oslo time) to 17:30 hours (Oslo time). Reporting of after exchange trades can be done until 17:30 hours (Oslo time).

The settlement period for trading on Euronext Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in ESO two days after the transaction, and that the seller will receive payment after two days.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

14.3. Information, control and surveillance

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

14.4. ESO and transfer of shares

14.4.1. Overview

The Company's register of members is maintained and kept in Bermuda by the Company, at the Company's registered office at Par-La-Ville Place, 14 Par-La-Ville Road, Hamilton, HM 08 Bermuda. As of 7 November 2024, 168,420,204 Shares, constituting USD 3,368.40408 of the

Company's share capital, are registered in book-entry form with the ESO under ISIN BMG6904D1083. The Shares are freely transferable and not subject to any transfer restrictions pursuant to the Bermuda Companies Act the Bye-laws and any applicable securities law.

Shares admitted to trading on Euronext Oslo Børs must be registered in the ESO, which is Norway's paperless centralized securities registry. For foreign issuers such as the Company, a proportion of the share capital which satisfies the requirements for admission to trading must be registered in the ESO. Accordingly, pursuant to a registrar agreement between the ESO Registrar, with registered address Dronning Eufemias gate 30, 0191 OSLO, Norway, and the Company (the "**Registrar Agreement**"), the ESO Registrar has registered a portion of the Company's Shares in the ESO register, and the ESO register functions as the Company's branch register of shareholders (the "**Branch Register**") in accordance with Bermuda law. As a result of the implementation of the Branch Register, 168,420,204 Shares of the Company are, as of 7 November 2024, registered directly with the ESO in book-entry form and may be traded on Euronext Oslo Børs.

All transactions related to Shares registered with the ESO as reflected in the Branch Register are recorded in the ESO through computerized book-entries. No physical share certificates are or can be issued for Shares registered with the ESO. The ESO confirms each entry by sending a notification of the transaction to the relevant investor reflected in the Branch Register, regardless of beneficial ownership. The evidence of ownership through the ESO is the only formality required in order to acquire and sell Shares on Euronext Oslo Børs. To affect these entries, the investor must establish a securities account with a Norwegian account operator unless the shareholder's Shares are registered in the name of a nominee. Norwegian banks, licensed investment firms in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account operators. Subject to the qualifications set out above, the entry of a transaction in the ESO is under Norwegian law prima facie evidence in determining the legal rights of parties as towards the issuing company and against a third party claiming an interest in the security.

Under Norwegian law, shares are registered in ESO in the name of the beneficial owner of the shares. Beneficial owners of Shares that hold their Shares through a nominee (such as banks, brokers, dealers or other third parties) are registered in ESO in the name of the nominee. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the Company and to the Norwegian authorities. In case of registration by nominees, the registration in ESO must show that the registered owner is a nominee. There is, however, no assurance from the Company that beneficial owners of the Shares will receive the notice of any general meeting of the Company in time to instruct their nominees to vote for their Shares in the manner desired by such beneficial owners.

ESO must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian Financial Supervisory Authority requests. Further, Norwegian tax authorities may require certain information from ESO regarding any individual's holdings of securities, including information about dividends and interest payments.

ESO is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside ESO's control the consequences of which ESO could not reasonably be expected to avoid or overcome. Damages payable by ESO may, however, be reduced in the event of contributory negligence by the aggrieved party.

14.4.2. ESO Registrar

The Company's Branch Register is administered by DNB Bank ASA, Registrars Department, with registered address Dronning Eufemias gate 30, 0191 Oslo, Norway and business registration number 984 851 006 in the Norwegian Register of Business Enterprises.

14.5. Shareholder register – Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in ESO through a nominee. However, foreign shareholders may register their shares in the ESO in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the Branch Register must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

14.6. Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

14.7. Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

14.8. Insider trading

According to Norwegian law, implementing MAR, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in MAR art. 7. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

14.9. Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange, in its capacity as Take-over Authority of Norway, before the offer is submitted to the shareholders or made public. The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. However, if it is clear that the market price was higher when the mandatory offer obligation was triggered, the offer price shall be at least as high as the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant mandatory offer threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a General Meeting of the Company's shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine that accrues until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated Company through acquisition becomes the owner of shares representing 40%, or more of the votes in the

company. The same applies correspondingly if the person, entity or consolidated Company through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated Company sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated Company that has passed any of the above-mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

14.10. Compulsory acquisition

Under Bermuda law, an acquiring party is generally able to acquire compulsorily the common shares of minority holders in the following ways:

- By a procedure under the Bermuda Companies Act known as a "scheme of arrangement". A scheme of arrangement could be effected by obtaining the agreement of the company and of holders of common shares, comprising in the aggregate a majority in number representing at least 75% in value of the shareholders (excluding shares owned by the acquirer) present and voting at a meeting ordered by the Bermuda Supreme Court held to consider the scheme of arrangement. Following such approval by the shareholders, the Bermuda Supreme Court may then sanction the scheme of arrangement. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of common shares could be compelled to sell their shares under the terms of the scheme of arrangement.
- Where an acquiring party makes an offer in a scheme or contract for shares or a class of shares in a company and the acquiring party receives acceptances, pursuant to the offer, for not less than 90% of the shares in issue (other than those already held by the acquiring party, its subsidiary or by a nominee for the acquiring party or its subsidiary as at the date of the offer), within four months of the offer, the acquiring party may, at any time within two months from the date the acceptance was obtained, give notice to any dissenting shareholder that it wishes to acquire his shares on the same terms as the original offer. The dissenting shareholders could be compelled to transfer their shares unless the Bermuda Supreme Court (on application made within a one-month period from the date of the bidder's notice of its intention to acquire such shares) orders otherwise.
- The holder(s) of not less than 95% of the shares or any class of shares of a company may give a notice to the remaining shareholders of the intention to acquire the shares of such remaining shareholders on the terms set out in the notice. When this notice is given, the acquiring party is entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Bermuda Supreme Court for an appraisal of the value of their shares. This provision only applies where the acquiring party offers the same terms to all holders of shares whose shares are being acquired.

14.11. Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the ESO who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

Specific permission is required from the BMA, pursuant to the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of securities of Bermuda companies, other than in cases where the BMA has granted a general permission. The BMA, in its notice to the public dated 1 June 2005, has granted general permission for the issue and subsequent transfer of any securities from and/or to a non-resident of Bermuda where any equity securities of such company (which includes the Shares), are listed on an appointed stock exchange, for as long as any equity securities of the company remain so listed. Euronext Oslo Børs has been appointed as an appointed stock exchange under Bermuda law and therefore the specific permission of the BMA is not required to be obtained prior to any issuance or

transfer of the Shares. Neither the BMA nor the Bermuda Registrar of Companies have reviewed or approved this Prospectus and no statement to the contrary, explicit or implicit, is authorised to be made in this regard. The Company has been designated by the Bermuda Monetary Authority as a non-resident for Bermuda exchange control purposes. This designation allows the Company to engage in transactions in currencies other than the Bermuda dollar, and there are no restrictions on the Group's ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda.

15. TAXATION

The tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdiction in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares.

The summary regarding Norwegian and Bermudian taxation is based on the laws in force in as at the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes. The statements in the summary only apply to shareholders who are beneficial owners of the Shares.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

15.1. Norwegian taxation

15.1.1. Taxation of dividends

Norwegian Corporate Shareholders

Dividends received by shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("Norwegian Corporate Shareholders"), are taxed as ordinary income at a flat rate of 22%. For Norwegian Corporate Shareholders that are considered to be 'financial institutions' under the Norwegian financial activity tax (e.g., banks and holding companies), the effective rate of taxation for dividends is 25%.

Norwegian Personal Shareholders

Dividends received by shareholders who are natural persons resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable as ordinary income currently at a rate of 22% (for 2024), to the extent the dividends exceed a statutory tax-free allowance (Nw.: *skjermingsfradrag*). With effect from the fiscal year 2024 the taxable amount is multiplied by a factor of 1.72, resulting in an effective tax rate of 37.84% (22% x 1.72). The tax-free allowance is calculated on a share-by-share basis. The allowance for each Share is equal to the cost price of the Share multiplied by a determined risk-free interest rate based on the effective rate of interest on treasury bills (Nw.: *statskasseveksler*) with three months' maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding Shares at the expiration of the relevant calendar year. The risk-free interest rate is published in January in the year following the income year. The risk-free interest rate for 2023 was 3.2%. Norwegian Personal Shareholders who transfer Shares will thus not be entitled to deduct any calculated tax-free allowance related to the year of the transfer when determining the taxable amount in the year of transfer. Any part of the calculated tax-free allowance one year that exceeds the dividend distributed on a Share ("**excess allowance**") may be carried forward and set off against future dividends received on, or gains upon realization, of the same Share.

The Shares will not qualify for Norwegian share saving accounts (Nw.: *aksjesparekonto*) held by Norwegian Personal Shareholders, as the Company is resident outside the European Economic Area for tax purposes.

Non-Norwegian Shareholders

As a general rule, dividends received by shareholders (both corporate shareholders and personal shareholders) that are not resident in Norway for tax purposes ("**Non-Norwegian Shareholders**"), from Shares in companies who are not resident in Norway for tax purposes, including the Company, are not subject to Norwegian taxation, unless the Non-Norwegian Shareholder holds the Shares in connection with business activities carried out or managed from Norway.

15.1.2. Taxation upon realization of Shares

Norwegian Corporate Shareholders

A capital gain or loss derived by a Norwegian Corporate Shareholder from a disposal of Shares in the Company is taxable or tax deductible in Norway. The taxable gain/deductible loss per Share is calculated as the difference between the consideration for the Share and the Norwegian Corporate Shareholder's cost price of the Share, including costs incurred in relation to the acquisition or disposal of the Share. Such capital gain or loss is included in or deducted from the basis for computation of ordinary income in the year of disposal. Ordinary income is taxable at flat a rate of 22%. For Norwegian Corporate Shareholders that are considered to be 'financial institutions' under the Norwegian financial activity tax (e.g., banks and holding companies), the effective rate of taxation of capital gains is 25%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of. If the Norwegian Corporate Shareholder owns Shares acquired at different points in time, the Shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis. Special rules apply for Norwegian Corporate Shareholders that cease to be tax-resident in Norway.

Norwegian Personal Shareholders

Sale, redemption or other disposal of Shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of Shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is currently taxable at a rate of 22%. However, with effect from the fiscal year 2024, the taxable capital gain (after the tax-free allowance reduction, cf. below) or tax-deductible loss shall be adjusted by a factor of 1.72, resulting in a marginal effective tax rate of 37.84%. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of Shares disposed of. The taxable gain/deductible loss is calculated per Share as the difference between the consideration for the Share and the Norwegian Personal Shareholder's cost price of the Share, including costs incurred in relation to the acquisition or realization of the Share. Norwegian Personal Shareholders are entitled to deduct a statutory tax-free allowance from any capital gain, provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 15.1.1 "Taxation of dividends" above for a description of the calculation of the tax-free allowance. The allowance may only be deducted to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e., any unused allowance exceeding the capital gain upon the realization of a Share will be annulled. If the Norwegian Personal Shareholder owns Shares acquired at different points in time, the Shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

The Shares will not qualify for Norwegian share saving accounts (Nw.: *aksjesparekonto*) held by Norwegian Personal Shareholder, as the Company is resident outside the European Economic Area for tax purposes.

Non-Norwegian Shareholders

As a general rule, gains derived from the sale or other realization of shares received by Non-Norwegian Shareholders from shares in companies who are not resident in Norway for tax purposes, including the Company, are not subject to Norwegian taxation, unless the Non-Norwegian Shareholder holds the shares in connection with business activities carried out or managed from Norway.

Controlled Foreign Corporation (CFC) taxation

Norwegian shareholders in the Company will be subject to Norwegian taxation following the Norwegian Controlled Foreign Corporations regulations (Norwegian CFC-regulations) if Norwegian shareholders directly or indirectly own or control (hereinafter together referred to as "Control") the Shares of the Company.

Norwegian shareholders will be considered to Control the Company if:

- Norwegian shareholders Control 50% or more of the Shares in the Company at the beginning of and at the end of a tax year; or

- If Norwegian shareholders Controlled the Company the previous tax year, the Company will also be considered Controlled by Norwegian shareholders in the following tax year unless Norwegian resident shareholders Control less than 50% of the Shares at both the beginning and the end of the following tax year; or
- Norwegian shareholders Control more than 60% of the Shares in the Company at the end of a tax year.

If less than 40% of the Shares are Controlled by Norwegian shareholders at the end of a tax year, the Company will not be considered Controlled by Norwegian shareholders for Norwegian tax purposes. Under the Norwegian CFC-regulations Norwegian shareholders are subject to Norwegian taxation on their proportionate part of the taxable net income generated by the Company (and relevant foreign companies of the Group), calculated according to Norwegian tax regulations, regardless of whether or not any dividends are distributed from the Company. Please also refer to Section 2 "*Risk factors*" for information on risks relating to law, regulation and litigation.

15.1.3. *Net wealth tax*

Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are not subject to net wealth tax.

Norwegian Personal Shareholders

The value of Shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. With effect from the fiscal year 2024, the marginal net wealth tax rate is 1% of the tax assessment value of total net assets exceeding NOK 1.7 million (NOK 3.4 million jointly for married couples), increased to 1.1% of the tax assessment value of total net assets exceeding NOK 20 million. The value for assessment purposes for listed Shares is equal to 80% of the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year).

Non-Norwegian shareholders

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian personal shareholders may, however, be liable for Norwegian net wealth tax if the shareholding is, in effect, connected to business activities carried out in or managed from Norway.

15.1.4. *VAT and transfer tax*

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of Shares.

15.1.5. *Inheritance tax*

A transfer of Shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

15.1.6. *Norwegian CFC taxation*

In the event that the Company's shareholders are affected by Norwegian CFC taxation, they could be exposed to Norwegian tax liabilities based on their pro-rata portion of the taxable net income generated by the Company and related foreign entities within the Group, as calculated in accordance with Norwegian tax regulations. Such a scenario may place a substantial tax encumbrance on these investors, with potential administrative complexities for both the Company and its shareholders.

15.2. Bermuda taxation

15.2.1. *Taxation applicable to the Company*

Under current Bermuda law, there is no withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company in Bermuda.

The Government of Bermuda has recently passed the CIT Act, conforming to the OECD BEPS Pillar 2 framework, which will impose corporate income tax on certain Bermuda-based entities for fiscal years beginning on or after January 1, 2025. The CIT Act will apply to any entity

incorporated or formed in Bermuda, or that has a permanent place of business in Bermuda, if that entity is a member of an "In Scope MNE Group" (i.e. a group of entities related through ownership and control that has an annual revenue of 750 million euros or more in a fiscal year, pursuant to the consolidated financial statements of the ultimate parent entity, in at least two of the four fiscal years immediately preceding the fiscal year beginning on or after January 1, 2025, and such group includes at least one entity located in a jurisdiction that is not the parent entity's jurisdiction). The CIT Act could, if applicable to the Company, have a material adverse effect on the Company's financial condition and results of operations.

Prior to the enactment of Bermuda's corporate income tax legislation, the Company obtained from the Bermuda Minister of Finance under the Exempted Undertaking Tax Protection Act 1966, as amended, an assurance that, in the event that Bermuda enacts legislation imposing tax computed on profits, income, any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance, the imposition of any such tax shall not be applicable to the Company or any of its operations or its shares, debentures or other obligations, until 31 March 2035. This assurance is subject to the proviso that it is not to be construed so as to prevent the application of any tax or duty to such persons as are ordinarily resident in Bermuda or to prevent the application of any tax payable in accordance with the provisions of the Bermuda Land Tax Act 1967, as amended, or otherwise payable in relation to any property leased to the Company. Given the limited duration of the Bermuda Minister's assurance, it cannot be certain that the Company (or any of its Bermuda incorporated subsidiaries) will not be subject to any Bermuda tax after 31 March 2035.

Notwithstanding the Exempted Undertakings Tax Protection Act 1966 or the assurance to the Company issued thereunder, beginning January 1, 2025, with respect to Bermuda entities in scope of Bermuda's corporate income tax legislation, liability for tax pursuant to such corporate income tax legislation shall apply notwithstanding any assurance given pursuant to the Exempted Undertakings Tax Protection Act 1966. Any assurance issued prior to January 1, 2024, will be subject to the application of the CIT Act and the imposition of any tax pursuant thereto. Any assurance issued after January 1, 2024 shall not apply to the imposition of any tax pursuant to the CIT Act.

Taxation applicable to the shareholders

The Company's shareholders will not, based on their shareholding in the Company only, be taxable in Bermuda as of the date hereof. The assurance obtained by the Company from the Minister of Finance of Bermuda referred to above covers taxation of the Company's shareholders as well. Hence, in the event any legislation is enacted in Bermuda imposing any tax on the shares or dividends paid on the shares or in the nature of estate duties or inheritance tax on the transfer of shares, such tax shall not, until after 31 March 2035, be applicable on the Company's shareholders except insofar as such shareholders may be tax resident in Bermuda.

15.3. Cautionary note

Potential investors should be aware that the tax legislation of the investor's Member State and of the Company's country of incorporation may have an impact on the income received from the securities.

16. TRANSFER RESTRICTIONS

16.1. General

The Shares may, in certain jurisdictions, be subject to restrictions on transferability and resale and may not be transferred or sold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risk of the investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Receipt of this Prospectus shall not constitute an offer for Shares and this Prospectus is for information only and should not be copied or redistributed. Accordingly, if an existing shareholder receives a copy of this Prospectus, the existing shareholder should not distribute or send the same, or transfer the Shares to any person in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If an existing shareholder forwards this Prospectus into any such territories (whether under a contractual or obligation or otherwise), the existing shareholder should direct the recipient's attention to the contents of this Section 16 "*Transfer restrictions*".

The Shares may not be transferred or delivered, directly or indirectly, in or into, any jurisdiction in which it would not be permissible to transfer the Shares and this Prospectus shall not be accessed by any person in any jurisdiction it would not be permissible to transfer the Shares.

The information in this Section 16 "*Transfer restrictions*" is intended as a general guide only. If any recipient is in any doubt of any of the contents of these restrictions, or whether any of these restrictions apply to that recipient, the recipient should obtain independent professional advice without delay.

16.2. Transfer restrictions

16.2.1. United States

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S of the U.S. Securities Act ("**Regulation S**"), and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and are subject to significant restrictions on transfer.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Prospectus.
- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

- The Company shall not recognise any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.
- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.
- The purchaser acknowledges that the Company and its respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, in or a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a Qualified institutional buyers (as defined in Rule 144A), (ii) is aware that the sale to it may be made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.
- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein, may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser will not deposit or cause to be deposited such Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.
- The purchase acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.
- The Company shall not recognise any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that the Company, and its respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

16.2.2. European Economic Area

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Company that:

- it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and
- in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Company has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

17. ADDITIONAL INFORMATION

17.1. Independent auditors

The Company's current independent auditor is KPMG with company registration number 935 174 627, and registered business address Sørkedalsveien 6, 0369 Oslo, Norway. The partners of KPMG are members of The Norwegian Institute of Public Accountants (Norwegian: Den Norske Revisorforeningen). KPMG was engaged as independent auditor by the Company on 7 June 2023. Previously, PwC, with company number OC303525 and business address 1 Embankment Place, London, WC2N 6RH in the United Kingdom, served as independent auditor. PwC is a member firm of the Institute of Chartered Accountants in England and Wales.

The 2022-2023 Financial Statements, appended as Appendix B, have been audited by KPMG, independent auditors in accordance with International Standards on Auditing, as stated in their report included therein.

With respect to the Interim Financial Statements, appended as Appendix D, KPMG has applied limited procedures in accordance with ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity, for a review of such information. As set out in their separate report included herein, KPMG did not audit and do not express an opinion on the Interim Financial Statements. Accordingly, the degree of reliance on their report on the Interim Financial Information should be restricted in light of the limited nature of the review procedures applied.

PwC has audited the 2021 Financial Statements, appended as Appendix C, as set forth in their report included therein.

PwC and KPMG have not audited, reviewed or produced any other report on any other information in this Prospectus.

17.2. Advisors

DNB Markets, a part of DNB Bank ASA, with business registration number 984 851 006 and registered business address Dronning Eufemias gate 30, 0191 Oslo, Norway, is acting as Manager. Advokatfirmaet Wiersholm AS, with business registration number 981 371 593 and registered business address Dokkveien 1, 0250 Oslo, is acting as Norwegian legal counsel to the Manager.

Ducera Partners LLC (and its affiliate Ducera Securities LLC, as appropriate) is serving as financial advisor to the Company in connection with the Listing.

Advokatfirmaet Schjødt AS, with business registration number 996 918 122 and registered address Tordenskiolds gate 12, 0160 Oslo, Norway, is acting as legal counsel to the Company.

Carey Olsen Bermuda Limited, with company registration number 52901 and registered address at Rosebank Centre, 5th Floor, 11 Bermudiana Road, Pembroke HM08, Bermuda, is acting as special legal counsel to the Company, advising on certain legal matters with respect to Bermuda law.

17.3. Documents on display

Copies of the following documents will be available for inspection, subject to reasonable notice of request, at the Company's registered office at Par-La-Ville Place, 14 Par-La-Ville Road, Hamilton, HM 08 Bermuda during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus:

- the Memorandum of Association and the Bye-laws of the Company.
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus; and
- this Prospectus.

The documents are also available at the Company's website www.paratus-energy.com/.

18. DEFINITIONS AND GLOSSARY

In the Prospectus, the following defined terms have the following meanings:

Table 35 – Definitions and glossary	
2021 Financial Statements	The restated financial statements for the financial year ended 31 December 2021
2022 Financial Statements	The consolidated financial statements for the financial year ended 31 December 2022
2022-2023 Financial Statements	The annual financial statements for the financial year ended 2023 which contains comparable figures for 2022
2025 Noteholders	Holders of the 2025 Notes
2025 Notes	The Company's pre-existing 12.0% senior secured notes due 2025
2026 Notes Indenture	The Group's amended and restated 2026 notes indenture dated and effective as of 20 January 2022
Listing	The admission to trading of the Shares on Euronext Oslo Børs to take place on or about 13 November 2024
Amended and Restated Appointment Letter	The amended and restated appointment letter, which amends and restates the engagement letter dated 28 April 2023, between Mei Mei Chow and the Company
APMs	Alternative performance indicators
Appropriate Channels for Distribution	Distribution channels permitted by MiFID II
Archer	Archer Ltd.
Archer Private Placement	The private placement of 24,393,100 new common shares in Archer at a subscription price of NOK 22.465 per share.
Annual Financial Statements	Audited annual consolidated financial statements as of and for the years ended 31 December 2023, 2022 and 2021
Austrian ISA	The investment and shareholders' agreement, originally dated 11 May 2012, as amended pursuant to a supplement agreement dated 24 July 2014, and as further amended and restated pursuant to an amendment and restatement deed dated 16 August 2018 and 12 October 2018
BBC	Bare boat charter
Base Refinancing Fee	Mei Mei Chow's consideration equal to a cash sum equal to 25bps (0.25%) of any amount of gross debt achieved in a Seagems refinancing
Bermuda Companies Act	The Companies Act 1981 of Bermuda, as amended
BMA	The Bermuda Monetary Authority
Board of Directors	The board of directors of the Company
Board Members	Members of the Board of Directors
Bond Issue	The private placement of USD 500 million of new five-year senior secured bonds with an interest rate of 9.5% per annum and maturity date 27 June 2029
Bond Terms	The terms and conditions for the Bonds, dated 24 June 2024, entered into between the Company as issuer and Nordic Trustee AS as bond trustee.
Bonds	The USD 500 million senior secured bonds issued by the Company
Brazilian ISA	The investment and shareholders' agreement, originally dated 11 May 2012, as amended and restated pursuant to an amendment and restatement deed dated 16 October 2018
BRL	Brazilian real, the official currency of Brazil
Bye-laws	The bye-laws of the Company as they read as of the date of this Prospectus
C Shares	The ordinary nonvoting shares in the Company authorized issued by the Board of Directors on 25 May 2023 to Hemen Investments Ltd., Lodbrok Capital LLP, and Melqart Asset Management (UK) Ltd as consideration for the termination of the MID. The C Shares were redesignated to as Class A Shares on 15 May 2024.
CEO	The Company's chief executive officer
CFC	Controlled foreign corporation
CIT Act	The Corporate Income Tax Act 2023 of Bermuda
COCG	The Code of Conduct Group for Business Taxation of the European Union
Collateral Agent	Deutsche Bank Trust Company Americas as trustee, principal paying agent, transfer agent, registrar and collateral agent in relation to the Senior Secured Notes due 2026
Company or Paratus	Paratus Energy Services Ltd., an exempted company limited by shares incorporated under the laws of Bermuda with registration number 53451 and registered address Par-La-Ville Place, 14 Par-La-Ville Road, Hamilton, HM 08 Bermuda
Declaration	The declaration in the prescribed form under the ESA

DNB	DNB Bank ASA
E&P	Exploration and production
ECL	Expected credit loss
EEA	The European Economic Area covering the members of the European Union, Norway, Iceland and Liechtenstein
ESA	The Economic Substance Act 2018 and the Economic Substance Regulations 2018 of Bermuda
EU	The European Union
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a Regulated Market, as amended, and as implemented in Norway
Euronext Growth Oslo	A multilateral trading facility operated by Oslo Børs ASA as one of several Euronext Growth Markets under Euronext
Euronext Growth Rule Book	The Euronext Rule Book I and the Euronext Rule Book II for Euronext Growth Oslo, collectively
Financial Statements	The Annual Financial Statements and Interim Financial Statements
Fintech	Fintech Investment Limited
FIT	Fontis International Talent Ltd.
Fontis	Fontis Holdings Ltd., previously known as SeaMex Holdings Ltd., and its subsidiaries
Fontis MSA	The MSA between Seadrill and Fontis
Fontis Additional Refinancing Fee	Mei Mei Chow's consideration equal to a cash sum of USD 200,000, payable in the event that a Fontis refinancing achieves more than USD 200,000,000 in gross debt
Forecast	The Company's financial guidance for 2024
Former Forecast	The Company's previous financial guidance published on 4 June 2024 in connection with the Bond Issue
Front Ocean	Front Ocean Management AS
GDP	Gross domestic product
GDPR	The General Data Protection Regulation (EU) 2016/679
Group	The Company together with its consolidated subsidiaries
Group Transferee	The right for a shareholder to transfer all (and not part only) of its shares to another company within its own group of companies under the Brazilian ISA
Guarantors	Paratus Seabras UK Limited, Paratus Seabras SP UK Limited and Seabras Servicos de Petroleo SA
H1 2023	The first six months of 2023
H1 2024	The first six months of 2024
Hemen	Hemen Holding Ltd, a company indirectly controlled by trusts established by Mr. John Fredriksen for the benefit of his immediate family
ICC	International Chamber of Commerce
Incentive Scheme	The Company's incentive scheme established in April 2023
Interim Financial Statements	The unaudited interim condensed consolidated financial statements as of 30 June 2024 and 31 December 2023 and for each of the six-month period ended 30 June 2024 and 2023
ISIN	International Securities Identification Number
Joint Global Coordinators	DNB Markets, a part of DNB Bank ASA and Arctic Securities AS as joint global coordinators and joint bookrunners in the Private Placement
KPMG	KPMG AS
Lessee	The large state-owned petroleum company as lessee under the Rig Charter Agreements
Lessor	The 5 rig-operating subsidiaries of Fontis, each the lessor under the respective Rig Charter Agreement
Listing	The listing of the Shares on the Oslo Stock Exchange
Long Term Incentive Plan	The long-term incentive plan approved by the Board of Directors on 10 September 2024
Management	The members of the senior management of the Company
Management Agreement	The management agreement between the Company and Paratus Management
Manager	DNB Markets, a part of DNB Bank ASA
MAR	The Market Abuse Regulation (EU) No. 596/2014
Memorandum of Association	The Company's memorandum of association
MID	The management incentive deed
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended

MiFID II Product Governance Requirements	Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, together with local implementing measures
Mmboepd	Million barrels of oil equivalent per day
Monthly Fees	Mei Mei Chow's monthly fee, which as of 1 April 2023, is USD 14,500 gross per month
MSA	Management service agreement
Negative Target Market	Investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile
New Notes	The USD 219 million of new notes due August 2024 issued to certain Noteholders
NOCs	National oil companies
NOK	Norwegian Kroner, the lawful currency of Norway
Non-Norwegian Shareholders	Shareholders who are not resident in Norway for tax purposes
Norwegian Code of Practice	Norwegian Code of Practice for Corporate Governance, dated 14 October 2021
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes
Norwegian FSA	Financial Supervisory Authority of Norway (Nw.: Finanstilsynet)
Norwegian Personal Shareholders	Norwegian Shareholders other than Norwegian Corporate Shareholders
Norwegian Securities Trading Act	Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended
Norwegian Shareholders	Shareholders who are resident in Norway for tax purposes
Noteholders	NSNCo secured noteholders
Notes Security	The security package under the 2026 Notes Indenture
NSNCo	Seadrill New Finance Limited
OPEC	Organization of Petroleum Exporting Countries
Option Agreement	The option agreement dated 10 November 2022 by and between Mr. Jensen and the Company
Oslo Børs or Oslo Stock Exchange	Oslo Børs ASA
Paratus Management	Paratus Management Norway AS
Paratus MSA	The MSA between Seadrill and the Company
Pesos	The official currency of Mexico
Petrobras Charter Contract	The contract between Seagems and Petrobras for the chartering of a PLSV by Petrobras
Petrobras Service Contract	The contract between Seagems and Petrobras for operation services for a PLSV, pipeline laying and subsea interconnection services, and support services for oil exploration and production with ROV for ultra-deep waters by Seagems.
PIK	Paid-in kind
PLSV Charter Agreement	Charter agreements between Petrobras and SAPURA NAVEGACAO MARÍTIMA S.A., Sapura Diamante GmbH, Sapura Topázio GmbH, Sapura Ônix GmbH, Sapura Jade GmbH and Sapura Rubi GmbH
PLSVs	Pipe-laying support vessels
Positive Target Market	The end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II
Previously Issued 2021 Financial Statements	The consolidated financial statements as of and for the year ended 31 December 2021, excluding the adjustments described in the 2022 Financial Statements
Prospectus	This prospectus dated 12 November 2024
PwC	PricewaterhouseCoopers LLP
R&M	Repair and maintenance
QIBs	Qualified institutional buyers
Registrar Agreement	The registrar agreement between the ESO Registrar and the Company
Regulation S	Regulation S of the U.S. Securities Act
Restricted Subsidiaries	All subsidiaries of the Company other than subsidiaries of Fontis Holdings Limited
Rig Leasing Agreement	Lease agreements between the 5 rig-operating subsidiaries of Fontis and a large state-owned petroleum company
ROVs	Remote operation vessels
RSA	The restructuring support agreement dated 2 July 2021
Rule 144A	Rule 144A(d)(4) of the U.S. Securities Act
Saudi Aramco	Saudi Arabian Oil Company, the national oil company of Saudi Arabia
Seagems	Seagems joint venture, comprising of Seabras Sapura Holding GmbH and Seabras Sapura Participacoes SA

Seagems Additional Refinancing Fee	Mei Mei Chow's consideration equal to a cash sum of USD 200,000, payable in the event that a Seagems refinancing achieves more than USD 600,000,000 in gross debt
Seabras Servicios	Seabras Servicios de Petroleo SA
Seadrill	Seadrill Limited
Seadrill SB UK	Seadrill Seabras UK Limited
SEB Offshore	Sapura Offshore SDN. BHD
Senior Secured Notes	The senior secured notes due 2026 issued by the Company in an aggregate principal amount of USD 620,148,899 and PIK notes
Service Agreement	The service agreement between the Company and Front Ocean
Share Split	The share split resolved by the Company on 21 May 2024
Share(s)	The Company's 169,550,049 shares, each with a par value of USD 0.00002
SS	Seagems Solutions S.A. (formerly, Sapura Navegacao Maritima S.A.)
SSH	Seabras Sapura Holding GmbH
SSP	Seabras Sapura Participacoes S.A.
Target Market Assessment	The Negative Target Market together with the Positive Target Market
Trading Update	The Company's trading update for the first quarter 2024
Tranche 1	Tranche 1 of the Archer Private Placement
Tranche 2	Tranche 2 of the Archer Private Placement
U.S. dollar, US\$, USD, or \$	United States dollar, the official currency of the United States of America
U.S. Exchange Act	The U.S. Securities Exchange Act of 1934
U.S. Securities Act	The U.S. Securities Act of 1933
UDW	Ultra-deepwater
US GAAP	United States of America Generally Accepted Accounting Principles
UTP	Uncertain tax positions
ESO	Euronext Securities Oslo, the Norwegian Central Securities Depository (Nw.: <i>Verdipapirsentralen ASA</i>)
ESO Registrar	DNB Bank ASA, Registrar's Department

APPENDIX A:

MEMORANDUM OF ASSOCIATION AND BYE LAWS



BERMUDA
THE COMPANIES ACT 1981
MEMORANDUM OF ASSOCIATION OF
COMPANY LIMITED BY SHARES
(Section 7(1) and (2))

MEMORANDUM OF ASSOCIATION
OF

Seadrill New Finance Limited
(hereinafter referred to as "the Company")

1. The liability of the members of the Company is limited to the amount (if any) for the time being unpaid on the shares respectively held by them.
2. We, the undersigned, namely,

NAME	ADDRESS	BERMUDIAN STATUS (Yes/No)	NATIONALITY	NUMBER OF SHARES SUBSCRIBED
Dawn C. Griffiths	Clarendon House 2 Church Street Hamilton HM 11 Bermuda	Yes	British	One
David W.P. Cooke	"	Yes	British	One
Christopher G. Garrod	"	Yes	British	One

do hereby respectively agree to take such number of shares of the Company as may be allotted to us respectively by the provisional directors of the Company, not exceeding the number of shares for which we have respectively subscribed, and to satisfy such calls as may be made by the directors, provisional directors or promoters of the Company in respect of the shares allotted to us respectively.

3. The Company is to be an **exempted** company as defined by the Companies Act 1981 (the "Act").
4. The Company, with the consent of the Minister of Finance, has power to hold land situate in Bermuda not exceeding ____ in all, including the following parcels:- N/A
5. The authorised share capital of the Company is US\$1,000.00 divided into shares of US\$1.00 each.
6. The objects for which the Company is formed and incorporated are unrestricted.
7. The following are provisions regarding the powers of the Company –

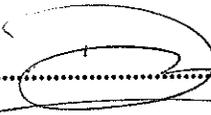
Subject to paragraph 6, the Company may do all such things as are incidental or conducive to the attainment of its objects and shall have the capacity, rights, powers and privileges of a natural person, and –

- (i) pursuant to Section 42 of the Act, the Company shall have the power to issue preference shares which are, at the option of the holder, liable to be redeemed;
- (ii) pursuant to Section 42A of the Act, the Company shall have the power to purchase its own shares for cancellation; and
- (iii) pursuant to Section 42B of the Act, the Company shall have the power to acquire its own shares to be held as treasury shares.

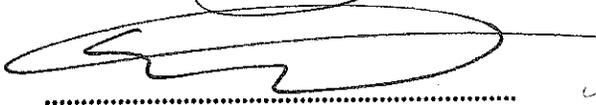
Signed by each subscriber in the presence of at least one witness attesting the signature thereof


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.....


.....

.....

.....

(Subscribers)

(Witnesses)

SUBSCRIBED this 14th day of March, 2018.

THIRD AMENDED AND RESTATED BYE-LAWS

OF

PARATUS ENERGY SERVICES LTD.

Adopted on 26 June 2024

CAREY OLSEN

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INTERPRETATION

1. DEFINITIONS

1.1 In these Bye-laws, the following words and expressions shall, where not inconsistent with the context, have the following meanings:

"**Alternate Director**" means an alternate director appointed in accordance with these Bye-laws.

"**Auditor**" includes an individual, company or partnership for the time being appointed as auditor of the Company.

"**Bermuda**" means the Islands of Bermuda.

"**Board**" means the board of directors appointed or elected pursuant to these Bye-laws and acting by resolution in accordance with the Companies Act and these Bye-laws or the Directors present at a meeting of Directors at which there is a quorum.

"**Branch Register**" means a branch of the Register of Members for the shares which is maintained by a Registrar pursuant to the terms of an agreement with the Company and pursuant to the Companies Act.

"**Business Day**" means any day that is not a Saturday, Sunday or other day on which commercial banks in Bermuda are authorised or required by law to close.

"**Bye-laws**" means these bye-laws in their current form or as from time to time amended.

"**Common Shares**" means the common shares of par value US\$0.00002 each in the Company having the rights and restrictions contained in these Bye-laws.

"**Companies Act**" means the Companies Act 1981 as amended from time to time.

"**Company**" means the company for which these Bye-laws are approved and confirmed.

"**CSD**" means a central securities depository where the Company's shares are registered, including without limitation the VPS.

"**Director**" means a director of the Company for the time being and shall include an Alternate Director.

"**Indemnified Party**" has the meaning ascribed thereto in Bye-Law 48.1.

"**Listing Exchange**" means any stock exchange, multilateral trading facility or quotation system upon which the shares are listed or admitted to trading from time to time.

"**Member**" means the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires.

"**Notice**" means written notice as provided in these Bye-laws unless specifically stated otherwise.

Paratus Energy Services Ltd.

"**Officer**" means any person appointed by the Board to hold an office in the Company.

"**Register of Directors and Officers**" means the register of directors and officers of the Company maintained in accordance with the Companies Act.

"**Register of Members**" means the register of members of the Company maintained in accordance with the Companies Act and, except in Bye-laws 6.1, 6.2 and 6.3, includes any Branch Register.

"**Registered Office**" means the registered office of the Company maintained in accordance with the Companies Act.

"**Registrar**" means such person or body corporate who may from time to time be appointed by the Board as registrar of the Company with responsibility to maintain a Branch Register.

"**Resident Representative**" means any person appointed to act as resident representative and includes any deputy or assistant resident representative.

"**Secretary**" means any person appointed to act as secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary.

"**share**" means share in the capital of the Company and includes a fraction of a share.

"**Treasury Share**" means a share of the Company that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled.

"**VPS**" means Euronext Securities Oslo, the computerized central share registry maintained in Oslo, Norway for bodies corporate whose shares are listed for trading on the Oslo Stock Exchange, and includes any successor registry.

1.2 In these Bye-laws, where not inconsistent with the context:

- (a) words denoting the plural number include the singular number and vice versa;
- (b) words denoting the masculine gender include the feminine and neuter genders;
- (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative; and
- (d) unless otherwise provided herein, words or expressions defined in the Companies Act shall bear the same meaning in these Bye-laws.

1.3 In these Bye-laws a reference to writing shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

1.4 Headings used in these Bye-laws are for convenience only and are not to be used or relied upon in the construction hereof.

SHARES

2. POWER TO ISSUE SHARES

- 2.1 Subject to these Bye-laws and to any resolution of the Members to the contrary, the Board shall have the power to issue any unissued shares (whether forming part of the original share capital or any increased capital) on such terms and conditions as it may determine and any shares or class of shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Company may by resolution of the Members prescribe or, if no such resolution is in effect or insofar as the resolution does not make specific provision, as the Board may from time to time determine.
- 2.2 Subject to the Companies Act, any preference shares may be issued or converted into shares that (at a determinable date or at the option of the Company or the holder) are liable to be redeemed on such terms and in such manner as may be determined by the Board (before the issue or conversion).

3. POWER OF THE COMPANY TO PURCHASE ITS SHARES

- 3.1 The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Companies Act on such terms as the Board shall think fit. Subject to these Bye-laws, any Treasury Shares held by the Company will be at the disposal of the Board which may elect to hold the shares as Treasury Shares or dispose of or transfer the shares for cash or other consideration.
- 3.2 The Board may exercise all the powers of the Company to purchase or acquire all or any part of its own shares in accordance with the Companies Act.

4. RIGHTS ATTACHING TO SHARES

- 4.1 Subject to any resolution of the Members to the contrary (and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares), the share capital shall be divided into Common Shares of a single class the holders of which shall, subject to these Bye-laws:
- (a) be entitled to one vote per share;
 - (b) be entitled to such dividends as the Board may from time to time declare;
 - (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
 - (d) generally be entitled to enjoy all of the rights attaching to shares.
- 4.2 All the rights attaching to a Treasury Share shall be suspended and shall not be exercised by the Company while it holds such Treasury Share and, except where required by the Companies Act, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital, or shares, of the Company.

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5. SHARE CERTIFICATES

- 5.1 Subject to the Companies Act, no share certificates shall be issued by the Company unless the Board has either for all or for some holders of such shares (who may be determined in such manner as the Board thinks fit) determined that the holder of such shares may be entitled to share certificates.
- 5.2 Every Member shall be entitled to a share certificate under the common seal of the Company (or a facsimile thereof) or bearing the signature (or a facsimile thereof) of a Director or the Secretary or a person expressly authorised to sign. The Board may by resolution determine, either generally or in any particular case, that any signatures on any such certificates need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any persons. Where share certificates are issued they shall specify the number and, where appropriate, the class of shares held by such Member and whether the same are fully paid up and, if not, specifying the amount paid on such shares.
- 5.3 The Company shall be under no obligation to complete and deliver a share certificate unless specifically requested by the person to whom the shares have been allotted. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all.
- 5.4 If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.
- 5.5 Notwithstanding any provisions of these Bye-laws:
- (a) the Board shall, subject always to the Companies Act and any other applicable laws and regulations and the facilities and requirements of any relevant system concerned, have power to implement any arrangements it may, in its absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated shares, and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer of shares in uncertificated form; and
 - (b) unless otherwise determined by the Board and as permitted by the Companies Act and any other applicable laws and regulations, no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument.

REGISTRATION OF SHARES

6. REGISTER OF MEMBERS

- 6.1 The Board shall cause to be kept in one or more books a Register of Members and shall enter therein the particulars required by the Companies Act.

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6.2 Subject to the provisions of the Companies Act, the Board may resolve that the Company may keep one or more Branch Registers in any place in or outside of Bermuda, and the Board may make, amend and revoke any such regulations as it may think fit respecting the keeping of such Branch Registers.

6.3 The Register of Members and Branch Register shall be open to inspection in the manner prescribed by the Companies Act. The Register of Members and Branch Register may, after notice has been given in accordance with the Companies Act, be closed for any time or times not exceeding in the whole thirty days in each year.

7. REGISTERED HOLDER ABSOLUTE OWNER

7.1 The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

8. TRANSFER OF REGISTERED SHARES

8.1 Subject to the Companies Act and to such of the restrictions contained in these Bye-laws as may be applicable, any shareholder may transfer all or any of his shares.

8.2 Except where the Company's shares are listed or admitted to trading on a Listing Exchange, shares shall be transferred by an instrument of transfer in the usual common form or in any other form which the Board may approve. The instrument of transfer of a share shall be signed by or on behalf of the transferor and, where any share is not fully paid, the transferee.

8.3 Subject to any directions of the Board from time to time in force, the Secretary may exercise the powers and discretions of the Board under Bye-law 8.2.

8.4 Where the Company's shares are listed or admitted to trading on a Listing Exchange shares may be transferred in accordance with the rules and regulations of the Listing Exchange. Where applicable, all transfers of uncertificated shares shall be made in accordance with and be subject to the facilities and requirements of the transfer of title to shares in that class by means of any relevant system concerned and, subject thereto, in accordance with any arrangements made by the Board pursuant to Bye-law 5.5. The Board may also make such additional regulations as it considers appropriate from time to time in connection with the transfer of the Company's publicly traded shares and other securities.

8.5 Where the shares are not listed or admitted to trading on a Listing Exchange and are traded over-the-counter, shares may be transferred in accordance with the Companies Act and where appropriate, with the permission of the Bermuda Monetary Authority. The Board shall decline to register the transfer of any shares unless the permission of the Bermuda Monetary Authority has been obtained.

8.6 The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

8.7 If the Board declines to register a transfer it shall, within three months after the date on which the instrument of transfer was lodged, send to the transferee notice of such refusal.

8.8 No fee shall be charged by the Company for registering any transfer, probate, letters of administration,

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certificate of death or marriage, power of attorney, distringas or stop notice, order of court or other instrument relating to or affecting the title to any share, or otherwise making an entry in the Register of Members relating to any share.

- 8.9 Notwithstanding anything contained in these Bye-laws the Directors shall not decline to register any transfer of shares, nor may they suspend registration thereof where such transfer is executed by any bank or other person to whom such shares have been charged by way of security, or by any nominee or agent of such bank or person, and whether the transfer is effected for the purpose of perfecting any mortgage or charge of such shares or pursuant to the sale of such shares under such mortgage or charge, and a certificate signed by any officer of such bank or by such person that such common shares were so mortgaged or charged and the transfer was so executed shall be conclusive evidence of such facts.
- 8.10 No fee shall be charged by the Company for registering any transfer, probate, letters of administration, certificate of death or marriage, power of attorney, distringas or stop notice, order of court or other instrument relating to or affecting the title to any share, or otherwise making an entry in the Register of Members and/or the VPS relating to any share.

9. TRANSMISSION OF REGISTERED SHARES

- 9.1 In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the Companies Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.
- 9.2 Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in such form as the Board may accept. All the limitations, restrictions and provisions of these Bye-Laws relating to the transfer of registered shares shall be applicable to any such transfer.
- 9.3 On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member.
- 9.4 Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to such share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

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- 9.5 Subject to any directions of the Board from time to time in force, the Secretary may exercise the powers and discretions of the Board under Bye-laws 9.1 – 9.4 (inclusive).

ALTERATION OF SHARE CAPITAL

10. POWER TO ALTER CAPITAL

- 10.1 The Company may, if authorised by resolution of the Members, and in any manner permitted by the Companies Act:
- (a) increase its share capital by new shares of such amount as it thinks expedient;
 - (b) change the currency denomination of its share capital;
 - (c) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.
- 10.2 The Board may, in any manner permitted by the Companies Act:
- (a) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (c) subdivide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum;
 - (d) make provision for the issue and allotment of shares which do not carry any voting rights.
- 10.3 The Company may, if authorised by resolution of the Members, reduce its share capital in any manner permitted by the Companies Act.
- 10.4 Where, on any alteration or reduction of share capital, fractions of shares or some other difficulty would arise, the Board may deal with or resolve the same in such manner as it thinks fit and, in particular, may arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Members who would have been entitled to the fractions, and, for this purpose, the Board may authorize some person to transfer the shares representing fractions to the purchase thereof, who shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings related to the sale.

11. VARIATION OF RIGHTS ATTACHING TO SHARES

- 11.1 If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not

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the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum (where the Company has more than one Member) shall be two persons at least holding or representing by proxy one-third of the issued shares of the class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

DIVIDENDS AND CAPITALISATION

12. DIVIDENDS AND OTHER PAYMENTS

- 12.1 The Board may, subject to these Bye-laws and in accordance with the Companies Act, declare a dividend to be paid to the Members, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets.
- 12.2 The Board may fix any date as the record date for determining the Members entitled to receive any dividend.
- 12.3 The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.
- 12.4 The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company.
- 12.5 The Board may deduct from the dividends or distributions payable to any Member all moneys due from such Member to the Company on account of calls or otherwise.
- 12.6 No dividend, distribution or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

13. POWER TO SET ASIDE PROFITS

- 13.1 The Board may, before declaring a dividend or distribution out of contributed surplus, set aside out of the surplus or profits of the Company, such amount as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or for any other purpose.

14. METHOD OF PAYMENT

- 14.1 Any dividend, interest, or other moneys payable in cash in respect of the shares may be paid by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the Member may in writing direct, or by transfer to such account as the Member may in writing direct. For payment in respect of shares which are registered in a CSD, payment shall be made pursuant to the procedures for such CSD.

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14.2 In the case of joint holders of shares, any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the joint holders may in writing direct, or by transfer to such account as the joint holders may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend or other payment paid in respect of such shares.

15. CAPITALISATION

15.1 The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

15.2 The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying such amounts in paying up in full, partly or nil paid shares of those Members who would have been entitled to such amounts if they were distributed by way of dividend or distribution.

MEETINGS OF MEMBERS

16. ANNUAL GENERAL MEETINGS

Subject to any rights to dispense with the annual general meeting pursuant to the Companies Act, the annual general meeting shall be held in each year (other than the year of incorporation) at such place, date and hour as shall be fixed by the president or the chairman of the Company (if any) or any two Directors or any Director and the Secretary or the Board.

17. SPECIAL GENERAL MEETINGS

The Board may convene a special general meeting, such meeting to be held at such place, date and hour as fixed by them, whenever in their judgment such a meeting is necessary.

18. REQUISITIONED GENERAL MEETINGS

The Board shall, on the requisition of Members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up share capital of the Company as at the date of the deposit carries the right to vote at general meetings, forthwith proceed to convene a special general meeting and the provisions of the Companies Act shall apply.

19. NOTICE

19.1 At least five days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the place, date and hour at which the meeting is to be held, that the election of Directors will take place thereat, and as far as practicable, the other business to be conducted at the meeting.

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- 19.2 At least five days' notice of a special general meeting shall be given to each Member entitled to attend and vote thereat, stating the place, date and hour and the general nature of the business to be considered at the meeting.
- 19.3 The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting.
- 19.4 A general meeting shall, notwithstanding that it is called on shorter notice than that specified in these Bye-laws, be deemed to have been properly called if it is so agreed by (i) all the Members entitled to attend and vote thereat in the case of an annual general meeting; and (ii) by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving a right to attend and vote thereat in the case of a special general meeting.
- 19.5 The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

20. GIVING NOTICE AND ACCESS

- 20.1 It shall be a term of issue of each share in the Company that each Member shall provide the Secretary or the Registrar of the Branch Register with an email or other address for electronic communications by and with the Company.
- 20.2 A notice may be given by the Company to a Member:
- (a) by delivering it to such Member in person, in which case the notice shall be deemed to have been served upon such delivery; or
 - (b) by sending it by post to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served seven days after the date on which it is deposited, with postage prepaid, in the mail; or
 - (c) by sending it by courier to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served two days after the date on which it is deposited, with courier fees paid, with the courier service; or
 - (d) by transmitting it by electronic means (including through the facilities of a CSD where the Company's shares are registered, facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such Member to the Company for such purpose, in which case the notice shall be deemed to have been served at the time that it would in the ordinary course be transmitted; or
 - (e) in accordance with Bye-law 20.3.
- 20.3 Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.

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- 20.4 Where a Member indicates his consent (in a form and manner satisfactory to the Board), to receive information or documents by accessing them on a website rather than by other means, or receipt in this manner is otherwise permitted by the Companies Act, the Board may deliver such information or documents by notifying the Member of their availability and including therein the address of the website, the place on the website where the information or document may be found, and instructions as to how the information or document may be accessed on the website.
- 20.5 In the case of information or documents delivered in accordance with Bye-law 20.4, service shall be deemed to have occurred when (i) the Member is notified in accordance with that Bye-law; and (ii) the information or document is published on the website.

21. POSTPONEMENT OR CANCELLATION OF GENERAL MEETING

- 21.1 The Secretary may postpone or cancel any general meeting called in accordance with these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement or cancellation is given to the Members before the time for such meeting. Fresh notice of the date, time and place for the postponed or, if applicable, the new meeting shall be given to each Member in accordance with these Bye-laws.

22. ELECTRONIC PARTICIPATION IN MEETINGS

Members may participate in any general meeting by such telephonic, electronic or other communication facilities or means (including, without limiting the generality of the foregoing, by telephone, or by video conferencing) as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

23. QUORUM AT GENERAL MEETINGS

- 23.1 At any general meeting two or more persons present in person and representing in person or by proxy and entitled to vote (whatever the number of shares held by them) in the Company throughout the meeting shall form a quorum for the transaction of business, provided that if the Company shall at any time have only one Member, one Member present in person or by proxy shall form a quorum for the transaction of business at any general meeting held during such time.
- 23.2 If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed cancelled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time and place or to such other day, time or place as the Secretary may determine. Unless the meeting is adjourned to a specific date, time and place announced at the meeting being adjourned, fresh notice of the resumption of the meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Bye-laws.

24. CHAIRMAN TO PRESIDE AT GENERAL MEETINGS

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the chairman of the Company, if there be one, and if not the president of the Company, if there be one, or a person

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appointed by the board of directors, shall act as chairman at all general meetings at which such person is present. In their absence a chairman shall be appointed or elected by those present at the meeting and entitled to vote.

25. VOTING ON RESOLUTIONS

- 25.1 Subject to the Companies Act and these Bye-laws, any question proposed for the consideration of the Members at any general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with these Bye-laws and in the case of an equality of votes the resolution shall fail.
- 25.2 No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member.
- 25.3 At any general meeting a resolution put to the vote of the meeting shall, in the first instance, be voted upon by a show of hands and, subject to any rights or restrictions for the time being lawfully attached to any class of shares and subject to these Bye-laws, every Member present in person and every person holding a valid proxy at such meeting shall be entitled to one vote and shall cast such vote by raising his hand.
- 25.4 In the event that a Member participates in a general meeting by telephone, electronic or other communication facilities or means, the chairman of the meeting shall direct the manner in which such Member may cast his vote on a show of hands.
- 25.5 At any general meeting if an amendment is proposed to any resolution under consideration and the chairman of the meeting rules on whether or not the proposed amendment is out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.
- 25.6 At any general meeting a declaration by the chairman of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to these Bye-laws, be conclusive evidence of that fact.

26. POWER TO DEMAND A VOTE ON A POLL

- 26.1 Notwithstanding the foregoing, a poll may be demanded by any of the following persons:
- (a) the chairman of such meeting; or
 - (b) at least three Members present in person or represented by proxy; or
 - (c) any Member or Members present in person or represented by proxy and holding between them not less than one-tenth of the total voting rights of all the Members having the right to vote at such meeting; or
 - (d) any Member or Members present in person or represented by proxy holding shares in the Company conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total amount paid up on all such shares conferring such right.

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- 26.2 Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein, or in the case of a general meeting at which one or more Members are present by telephone, electronic or other communication facilities or means, in such manner as the chairman of the meeting may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of hands. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 26.3 A poll demanded for the purpose of electing a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and in such manner during such meeting as the chairman (or acting chairman) of the meeting may direct. Any business other than that upon which a poll has been demanded may be conducted pending the taking of the poll.
- 26.4 Where a vote is taken by poll, each person physically present and entitled to vote shall be furnished with a ballot paper on which such person shall record his vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. Each person present by telephone, electronic or other communication facilities or means shall cast his vote in such manner as the chairman shall direct. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be examined and counted by a committee of not less than two Members or proxy holders appointed by the chairman for the purpose and the result of the poll shall be declared by the chairman.

27. VOTING BY JOINT HOLDERS OF SHARES

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

28. INSTRUMENT OF PROXY

- 28.1 An instrument appointing a proxy shall be in writing in such form as the chairman of the meeting shall accept.
- 28.2 The instrument appointing a proxy must be received by the Company at the Registered Office or at such other place or in such manner as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at which the person named in the instrument appointing a proxy proposes to vote, and an instrument appointing a proxy which is not received in the manner so prescribed shall be invalid.
- 28.3 A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf in respect of different shares.

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- 28.4 The decision of the chairman of any general meeting as to the validity of any appointment of a proxy shall be final.
- 28.5 Any Member may irrevocably appoint a proxy and in such case:
- (a) such proxy shall be irrevocable in accordance with the terms of the instrument of appointment;
 - (b) the Company shall be given notice of the appointment, such notice to include the name, address, telephone number and electronic mail address of the proxy holder and the Company shall give to the holder of such proxy notice of all meetings of Members of the Company;
 - (c) the holder of such proxy shall be the only person entitled to vote the relevant shares at any meeting at which such holder is present; and
 - (d) the Company shall be obliged to recognise the holder of such proxy until such time as the holder shall notify the Company in writing that such proxy is no longer in force.
- 28.6 The appointment of a proxy, whether an irrevocable proxy or a proxy relating to a particular meeting, shall be deemed, unless the contrary is stated, to confer authority to vote on any amendment of a resolution and on any other resolution put to a meeting for which it is valid in such manner as the proxy thinks fit.

29. REPRESENTATION OF CORPORATE MEMBER

- 29.1 A corporation which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.
- 29.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

30. ADJOURNMENT OF GENERAL MEETING

- 30.1 The chairman of a general meeting may, with the consent of the Members at any general meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Bye-laws.

31. WRITTEN RESOLUTIONS

- 31.1 Subject to these Bye-laws and the Companies Act, anything which may be done by resolution of the Company in a general meeting or by resolution of a meeting of any class of the Members may, without

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a meeting, be done by written resolution in accordance with this Bye-law.

- 31.2 Notice of a written resolution shall be given, and a copy of the resolution shall be circulated to all Members who would be entitled to attend a meeting and vote thereon. The accidental omission to give notice to, or the non-receipt of a notice by, any Member does not invalidate the passing of a resolution.
- 31.3 A written resolution is passed when it is signed by (or in the case of a Member that is a corporation, on behalf of) the Members who at the date that the notice is given represent such majority of votes as would be required if the resolution was voted on at a meeting of Members at which all Members entitled to attend and vote thereat were present and voting.
- 31.4 A resolution in writing may be signed in any number of counterparts.
- 31.5 A resolution in writing made in accordance with this Bye-law is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Members, as the case may be, and any reference in any Bye-law to a meeting at which a resolution is passed or to Members voting in favour of a resolution shall be construed accordingly.
- 31.6 A resolution in writing made in accordance with this Bye-law shall constitute minutes for the purposes of the Companies Act.
- 31.7 This Bye-law shall not apply to:
- (a) a resolution passed to remove an Auditor from office before the expiration of his term of office; or
 - (b) a resolution passed for the purpose of removing a Director before the expiration of his term of office.
- 31.8 For the purposes of this Bye-law, the effective date of the resolution is the date when the resolution is signed by (or in the case of a Member that is a corporation, on behalf of) the last Member whose signature results in the necessary voting majority being achieved and any reference in any Bye-law to the date of passing of a resolution is, in relation to a resolution made in accordance with this Bye-law, a reference to such date.

32. DIRECTORS' ATTENDANCE AT GENERAL MEETINGS

- 32.1 The Directors shall be entitled to receive notice of, attend, and be heard at any general meeting.

DIRECTORS AND OFFICERS

33. ELECTION OF DIRECTORS

- 33.1 The Board of Directors shall be elected or appointed in the first place at the statutory meeting of the Company and thereafter, except in the case of a casual vacancy, at the annual general meeting or at any special general meeting called for that purpose.

Paratus Energy Services Ltd.

33.2 Each Director shall be entitled to receive such fees for his services as a Director, if any, as the Members may determine and in the absence of a determination to the contrary in general meeting, such fees shall be deemed to accrue from day to day. Each Director shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director, including (but without limitation) his reasonable travelling, hotel and incidental expenses in attending and returning from meetings of the Board or any committee of the Board or general meetings.

33.3 At any general meeting, the Members may authorise the Board to fill any vacancy in their number left unfilled at a general meeting.

34. NUMBER OF DIRECTORS

34.1 The number of Directors shall be at least three (3) or such number in excess thereof as the Members may from time to time determine.

35. TERM OF OFFICE OF DIRECTORS

Directors shall hold office for such term as the Members may determine or, in the absence of such determination, until the next annual general meeting or until their successors are elected or appointed or their office is otherwise vacated.

36. ALTERNATE DIRECTORS

36.1 At any general meeting, the Members may elect a person or persons to act as a Director in the alternative to any one or more Directors or may authorise the Board to appoint such Alternate Directors.

36.2 Any person elected or appointed pursuant to this Bye-law shall have all the rights and powers of the Director or Directors for whom such person is elected or appointed in the alternative, and shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director) provided that such person shall not be counted more than once in determining whether or not a quorum is present.

36.3 An Alternate Director shall be entitled to receive notice of all Board meetings and to attend and vote at any such meeting at which a Director for whom such Alternate Director was appointed in the alternative is not personally present and generally to perform at such meeting all the functions of such Director for whom such Alternate Director was appointed.

36.4 An Alternate Director's office shall terminate:

- (a) on the occurrence in relation to the Alternate Director of any event which, if it occurred in relation to the Director for whom he was elected to act, would result in the termination of that Director; or
- (b) if the Director for whom he was elected in the alternative ceases for any reason to be a Director, provided that the alternate removed in these circumstances may be re-appointed by the Board as an alternate to the person appointed to fill the vacancy.

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36.5 Every person acting as an Alternate Director shall (except as regards powers to appoint an alternate and remuneration) be subject in all respects to the provisions of these Bye-Laws relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for any Director for whom he is alternate. An Alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent mutatis mutandis as if he were a Director.

37. REMOVAL OF DIRECTORS

37.1 Subject to any provision to the contrary in these Bye-laws, the Members entitled to vote for the election of Directors may, at any special general meeting convened and held in accordance with these Bye-laws, remove a Director provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director no fewer than 14 days before the meeting and at such meeting the Director shall be entitled to be heard on the motion for such Director's removal.

37.2 If a Director is removed from the Board under this Bye-law, the Members may fill the vacancy at the meeting at which such Director is removed. In the absence of such election or appointment, the Board may fill the vacancy.

38. VACANCY IN THE OFFICE OF DIRECTOR

38.1 The office of Director shall be vacated if the Director:

- (a) is removed from office pursuant to these Bye-laws or is prohibited from being a Director by law;
- (b) is or becomes bankrupt or insolvent;
- (c) is or becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health and the Board resolves that his office is vacated, or dies; or
- (d) resigns his office by notice to the Company.

38.2 The Board shall have the power to appoint any person as a Director to fill a vacancy on the Board occurring as a result of the death, disability, disqualification or resignation of any Director and to appoint an Alternate Director to any Director so appointed.

39. DIRECTORS TO MANAGE BUSINESS

39.1 The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Companies Act or by these Bye-laws, required to be exercised by the Company in general meeting.

40. POWERS OF THE BOARD OF DIRECTORS

40.1 The Board may:

- (a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;

Paratus Energy Services Ltd.

- (b) exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;
- (c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;
- (d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;
- (e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;
- (f) procure that the Company pays all expenses incurred in promoting and incorporating the Company;
- (g) designate one or more committees, such committee or committees to have such name or names as may be determined from time to time by resolution adopted by the Board, and each such committee of one or more persons may consist partly or entirely of non-directors, which to the extent provided in said resolution or resolutions shall have and may exercise the powers of the Board as may be delegated to such committee in the management of the business and affairs of the Company; provided further that the meetings and proceedings of any such committee shall be governed by the provisions of these Bye-laws regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by directions imposed by the Board. A majority of all the members of any such committee may determine its action and fix the time and place of its meetings, unless the Board shall otherwise provide. The Board shall have power to change the members of any such committee at any time, to fill vacancies and to discharge any such committee, either with or without cause, at any time;
- (h) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board may see fit;
- (i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;

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- (j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and
- (k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company.

41. REGISTER OF DIRECTORS AND OFFICERS

The Board shall establish and maintain a Register of the Directors and Officers of the Company as required by the Companies Act. The Register of the Directors and Officers shall be open to inspection subject to such conditions as the Registrar of Companies may impose and on payment of such fee as may be prescribed.

42. APPOINTMENT OF OFFICERS

The Board may appoint such officers (who may or may not be Directors) as the Board may determine.

43. APPOINTMENT OF SECRETARY AND RESIDENT REPRESENTATIVE

The Secretary and Resident Representative (if applicable), shall be appointed by the Board at such remuneration (if any) and upon such terms as it deems fit and any Secretary and Resident Representative (where applicable) so appointed may be removed by the Board.

44. DUTIES OF OFFICERS

- 44.1 The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

45. DUTIES OF THE SECRETARY

The duties of the Secretary shall be those prescribed by the Companies Act together with such other duties as shall from time to time be prescribed by the Board.

46. REMUNERATION OF OFFICERS

The Officers shall receive such remuneration as the Board may determine.

47. CONFLICTS OF INTEREST

- 47.1 Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to remuneration as if such Director were not a Director. Nothing herein contained shall authorise a Director or Director's firm, partner or company to act as Auditor to the Company.
- 47.2 A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by the Companies Act.
- 47.3 Following a declaration being made pursuant to this Bye-law, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted

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in the quorum for such meeting and shall not be liable to account to the Company for any profit realised thereby.

- 47.4 Subject to the Companies Act and any further disclosure required thereby, a general notice to the Directors by a Director or officer declaring that he is a director or officer of or has an interest in any person and is to be regarded as interested in any transaction or arrangement made with that person shall be sufficient declaration of interest in relation to any transaction or arrangement so made.

48. INDEMNIFICATION AND EXCULPATION OF DIRECTORS AND OFFICERS

- 48.1 The Directors, Resident Representative, Secretary and other Officers (such term to include any person appointed to any committee by the Board) acting in relation to any of the affairs of the Company or any subsidiary thereof and the liquidator or trustees (if any) acting in relation to any of the affairs of the Company or any subsidiary thereof and every one of them (whether for the time being or formerly), and their heirs, executors and administrators (each of which an "Indemnified Party"), shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no Indemnified Party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any monies or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any monies of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to any of the indemnified parties.
- 48.2 Each Member agrees to waive any claim or right of action such Member might have, whether individually or by or in the right of the Company, against any Director or Officer on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his duties with or for the Company or any subsidiary thereof, PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to such Director or Officer.
- 48.3 The Company may purchase and maintain insurance for the benefit of any Director or Officer against any liability incurred by him under the Companies Act in his capacity as a Director or Officer or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any subsidiary thereof.
- 48.4 The Company may advance monies to an Indemnified Party for the costs, charges and expenses incurred by such Indemnified Party in defending any civil or criminal proceedings against him, on condition that the Indemnified Party shall repay such portion of the advance attributable to any claim

of fraud or dishonesty if such claim is proved against him.

MEETINGS OF THE BOARD OF DIRECTORS

49. BOARD MEETINGS

The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the chairman of the meeting shall be entitled to a second or casting vote.

50. NOTICE OF BOARD MEETINGS

A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Board. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director orally (including in person or by telephone) or otherwise communicated or sent to such Director by post, electronic means or other mode of representing words in a visible form at such Director's last known address or in accordance with any other instructions given by such Director to the Company for this purpose.

51. ELECTRONIC PARTICIPATION IN MEETINGS

Directors may participate in any meeting by such telephonic, electronic or other communication facilities or means (including, without limiting the generality of the foregoing, by telephone, or by video conferencing) as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

52. QUORUM AT BOARD MEETINGS

The quorum necessary for the transaction of business at a meeting of the Board shall be two Directors, provided that if there is only one Director for the time being in office the quorum shall be one.

53. BOARD TO CONTINUE IN THE EVENT OF VACANCY

The Board may act notwithstanding any vacancy in its number but, if and so long as its number is reduced below the number fixed by these Bye-laws as the quorum necessary for the transaction of business at meetings of the Board, the continuing Directors or Director may act for the purpose of (i) summoning a general meeting; or (ii) preserving the assets of the Company.

54. CHAIRMAN TO PRESIDE

Unless otherwise agreed by a majority of the Directors attending, the chairman, if there be one, and if not, the president, if there be one, shall act as chairman at all meetings of the Board at which such person is present. In their absence a chairman shall be appointed or elected by the Directors present at the meeting.

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55. WRITTEN RESOLUTIONS

A resolution executed by (all the Directors, which may be in counterparts, shall be as valid as if it had been passed at a meeting of the Board duly called and constituted, such resolution to be effective when the resolution is executed by the last Director. For the purpose of this Bye-law only, "Director" shall not include an Alternate Director.

56. VALIDITY OF PRIOR ACTS

56.1 All acts done in good faith by the Board or by any committee or by any person acting as a Director or member of a committee or any person authorized by the Board or any committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated their office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director, member of such committee or person so authorized.

56.2 No regulation or alteration to these Bye-laws made by the Company in a general meeting shall invalidate any prior act of the Board or by any committee or by any person acting as a Director or member of a committee or any person duly authorised by the Board or any committee which would have been valid if that regulation or alteration had not been made.

CORPORATE RECORDS

57. MINUTES

57.1 The Board shall cause minutes to be duly entered in books provided for the purpose:

- (a) of all elections and appointments of Officers;
- (b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and
- (c) of all resolutions and proceedings of general meetings of the Members, meetings of the Board, and meetings of committees appointed by the Board.

58. PLACE WHERE CORPORATE RECORDS KEPT

Minutes prepared in accordance with the Companies Act and these Bye-laws shall be kept at the Registered Office.

59. FORM AND USE OF SEAL

59.1 The Company may adopt a seal in such form as the Board may determine. The Board may adopt one or more duplicate seals for use in or outside Bermuda.

59.2 A seal may, but need not, be affixed to any deed, instrument, share certificate or document, and if the seal is to be affixed thereto, it shall be attested by the signature of (i) any Director, or (ii) any Officer,

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or (iii) the Secretary, or (iv) any person authorised by the Board for that purpose.

59.3 A Resident Representative may, but need not, affix the seal of the Company to certify the authenticity of any copies of documents.

ACCOUNTS

60. RECORDS OF ACCOUNT

60.1 The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:

- (a) all amounts of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;
- (b) all sales and purchases of goods by the Company; and
- (c) all assets and liabilities of the Company.

60.2 Such records of account shall be kept at the Registered Office, or subject to the Companies Act, at such other place as the Board thinks fit and shall be available for inspection by the Directors during normal business hours.

61. FINANCIAL YEAR END

The financial year end of the Company may be determined by resolution of the Board and failing such resolution shall be 31 December in each year.

62. ANNUAL AUDIT

Subject to any rights to waive laying of accounts or appointment of an Auditor pursuant to the Companies Act, the accounts of the Company shall be audited at least once in every year.

63. APPOINTMENT OF AUDITOR

63.1 Subject to the Companies Act, the Members shall appoint an auditor to the Company to hold office for such term as the Members deem fit or until a successor is appointed.

63.2 The Auditor may be a Member but no Director, Officer or employee of the Company shall, during his continuance in office, be eligible to act as an Auditor of the Company.

64. REMUNERATION OF AUDITOR

64.1 The remuneration of an Auditor appointed by the Members shall be fixed by the Company in general meeting or in such manner as the Members may determine.

64.2 The remuneration of an Auditor appointed by the Board to fill a casual vacancy in accordance with these Bye-laws shall be fixed by the Board.

Paratus Energy Services Ltd.

65. DUTIES OF AUDITOR

65.1 The financial statements provided for by these Bye-laws shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards.

65.2 The generally accepted auditing standards referred to in this Bye-law may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be provided for in the Companies Act. If so, the financial statements and the report of the Auditor shall identify the generally accepted auditing standards used.

66. ACCESS TO RECORD

The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto, and the Auditor may call on the Directors or Officers of the Company for any information in their possession relating to the books or affairs of the Company.

67. FINANCIAL STATEMENTS

67.1 Subject to the following Bye-law, the financial statements and/or the auditor's report as required by the Companies Act shall:

- (a) be laid before the Members at the annual general meeting; or
- (b) be received, accepted, adopted, approved or otherwise acknowledged by the Members by written resolution passed in accordance with these Bye-laws; or
- (c) in circumstances where the Company has elected to dispense with the holding of an annual general meeting, be made available to the Members in accordance with the Companies Act in such manner as the Board shall determine.

67.2 If all Members and Directors shall agree, either in writing or at a meeting, that in respect of a particular interval no financial statements and/or auditor's report thereon need be made available to the Members, and/or that no auditor shall be appointed then there shall be no obligation on the Company to do so.

68. DISTRIBUTION OF AUDITOR'S REPORT

The report of the Auditor shall be submitted to the Members in a general meeting.

69. VACANCY IN THE OFFICE OF AUDITOR

The Board may fill any casual vacancy in the office of the Auditor.

VOLUNTARY WINDING UP AND DISSOLUTION

70. WINDING UP

If the Company shall be wound up the liquidator may, with the sanction of a resolution of the Members, divide amongst the Members in specie or in kind the whole or any part of the assets of the

Paratus Energy Services Ltd.

Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

CHANGES TO CONSTITUTION

71. CHANGES TO BYE-LAWS

No Bye-law may be rescinded, altered or amended and no new Bye-law may be made save in accordance with the Companies Act and until the same has been approved by a resolution of the Board and by a resolution of the Members.

72. CHANGES TO MEMORANDUM OF ASSOCIATION

No alteration or amendment to the Memorandum of Association may be made save in accordance with the Companies Act and until same has been approved by a resolution of the Board and by a resolution of the Members.

MISCELLANEOUS

73. DISCONTINUANCE

The Board may exercise all the powers of the Company to discontinue the Company to a jurisdiction outside Bermuda pursuant to the Companies Act.

74. BENEFICIAL OWNERSHIP REQUIREMENTS

74.1 Subject to Bye-law 74.2, the Company shall establish a beneficial ownership register and shall enter therein the information required by the Companies Act (the "**statutorily required information**") and shall keep the statutorily required information up-to-date, correct and complete as required by the Companies Act; and

74.2 Bye-law 74.1 shall not apply when the Company's shares are admitted to listing on an appointed stock exchange, including the Oslo Stock Exchange and Euronext Expand Oslo, or multi-lateral trading facility such as Euronext Growth Oslo or if the Company is otherwise exempt under the Companies Act from the requirement to maintain a register of beneficial ownership.

APPENDIX B:

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2023 and 2022

PARATUS ENERGY SERVICES LTD.

**CONSOLIDATED
FINANCIAL STATEMENTS**

**For the year ended
December 31, 2023 and 2022**

Paratus Energy Services Ltd.

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To the Board of Directors of Paratus Energy Services Ltd.

Independent Auditor's Report

Opinion

We have audited the consolidated financial statements of Paratus Energy Services Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, the consolidated statements of operations, the consolidated statements of other comprehensive income (loss), the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years then ended, and notes, including material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial

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Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Tromsø
Alta	Finnsnes	Molde	Trondheim
Arendal	Hamar	Sandefjord	Tynset
Bergen	Haugesund	Stavanger	Ullsteinvik
Bodø	Knarvik	Stord	Ålesund
Drammen	Kristiansand	Stråume	



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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Oslo, Norway June 3, 2024
KPMG AS

John Thomas Sørhaug
State Authorized Public Accountant-Norway

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENTS OF OPERATIONS
for the years ended December 31, 2023 and December 31, 2022

(In \$ millions, except per share data)

	Note	December 31, 2023	December 31, 2022
Operating revenues			
Contract revenues	6,10	167	148
Total operating revenues		167	148
Operating expenses			
Rig operating expenses	*	(94)	(89)
Depreciation	9	(15)	(15)
Selling, general and administrative expenses	*	(10)	(17)
Settlement of Management Incentive Deed	** 8	(13)	
Expected credit gains/(losses)	4	(1)	21
Total operating expenses		(133)	(100)
Operating income		34	48
Financial and other items			
Interest income	*	2	3
Interest expense	*	(85)	(91)
Share in results from associated companies	19	66	47
Gain/(loss) on extinguishment of financial instruments	17	4	(12)
Other financial items		(20)	(10)
Total financial and other items		(33)	(63)
Income/(Loss) before income taxes		1	(15)
Income tax (expense)	7	(24)	(21)
Net (loss)		(23)	(36)
LOSS PER SHARE:			

Basic		(\$0.15)	(\$0.25)
Diluted		(\$0.15)	(\$0.25)

* Includes transactions with related parties. Refer to Note 18 – Related party transactions.

** This is a one-off transaction in 2023 which relates to cancellation of Management Incentive Deed in return for equity. Refer to Note 8 – Share capital.

*** Loss per share is calculated using the share number following subdivision in May 2024. Refer to Note 21 – Subsequent events.

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 years ended December 31, 2023 and December 31, 2022

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
Net loss	(23)	(36)
Other comprehensive income/(loss), net of tax:		
Share in results from associated companies	(3)	—
Change in fair value of debt component of Archer convertible bond	—	3
Archer convertible bond reclassification	(6)	—
Total other comprehensive income/(loss) for the year	(32)	(33)

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

Paratus Energy Services Ltd.
CONSOLIDATED BALANCE SHEETS
as at December 31, 2023 and December 31, 2022

<i>(In \$ millions)</i>	Note	December 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash, cash equivalents and restricted cash		115	94
Accounts receivables, net	6	169	114
Amount due from related party current	18	3	56
Favorable contracts	10	31	38
Other current assets	11	34	46
Total current assets		352	348
Non-current assets			
Investment in associated companies	19	355	311
Drilling units and equipment	9	258	250
Deferred tax assets	7	—	5
Amount due from related party non-current	18	—	19
Favorable contracts	10	38	68
Other non-current assets	12	—	1
Total non-current assets		651	654
Total assets		1,003	1,002
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable		19	10
Short-term amounts due to related parties	18	—	2
Other current liabilities	14	29	32
Total current liabilities		48	44
Non-current liabilities			
Long-term debt	13	655	650
Other non-current liabilities	15	85	74
Deferred non-current tax liability		—	—
Total non-current liabilities		740	724
Commitments and contingencies (see Note 21)			
Equity			
Common shares	16	—	—
Additional paid in capital	16	1,291	1,278
Accumulated other comprehensive loss		(3)	6
Accumulated deficit		(1,073)	(1,050)
Total equity		215	234
Total liabilities and equity		1,003	1,002

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

Approved on behalf of the Board of Directors by:

Robert Jensen

Robert Jensen (Jun 3, 2024 20:20 GMT+2)

Robert Jensen, Director

Date: June 3, 2024

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the year ended December 31, 2023 and December 31, 2022

(In \$ millions)

	Note	December 31, 2023	December 31, 2022
Cash Flows from Operating Activities			
Net income/(loss)		(23)	(36)
<i>Adjustments to reconcile net income to net cash provided by</i>			
Depreciation	9	15	15
Amortization of deferred loan charges		15	8
Amortization of favorable contracts	10	37	58
Share of results from associated companies	19	(66)	(47)
Loss/(gain) on realization of marketable securities		5	7
Unrealized (gain)/loss related to derivative financial instruments		—	1
Unrealized foreign exchange (gain) / loss		15	(3)
Deferred and other income taxes		2	—
Change in allowance for credit losses	4	1	(25)
(Gain)/loss on extinguishment of financial instruments		(4)	12
Share-based compensation		—	—
Settlement of Management Incentive Deed	8	13	—
<i>Other movements in operating activities</i>			
Payment-in-kind-interest and non-cash interest expense		69	62
Distributions received from associated companies		—	—
Payments for long term maintenance	9	(11)	(10)
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable		(56)	225
Trade accounts payable		9	3
Related party balances		(2)	(2)
Other assets		3	(23)
Other liabilities		(3)	(14)
Net cash from operating activities		19	231
Cash Flows from Investing Activities			
Additions to drilling units and equipment	9	(12)	—
Cash and restricted cash obtained through acquisition of subsidiary		—	—
Investment in associates		(16)	—
Payments received from loans granted to related parties	19	114	—
Loans granted to related parties		—	—
Net cash provided by investing activities		86	—
Cash Flows from Financing Activities			
Loan costs paid		—	(3)
Repayments of external debt		(49)	(179)
Interest paid on external debt		(35)	(17)
Repayments of debt to related party		—	(8)
Net cash used in financing activities		(84)	(207)
Net increase in cash and cash equivalents, including restricted	*	21	24
Cash and cash equivalents, including restricted cash, at beginning of		94	70
Cash and cash equivalents, including restricted cash, at the end	*	115	94

*Of which restricted cash as at December 31, 2023 is \$23 million (December 31, 2022: \$22 million).

Supplementary disclosure of cash flow information

Interest paid	35	17
Net taxes paid	16	22
Reorganization items, net including loan costs paid	—	6

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

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the year ended December 31, 2023 and December 31, 2022

<i>(In \$ millions)</i>	Share Capital *	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total equity
Balance as at January 1, 2022	—	1,192	3	(1,014)	181
Net loss	—	—	—	(36)	(36)
Issuance of common shares in connection with debt modification	—	86	—	—	86
Other comprehensive income	—	—	3	—	3
Balance as at December 31, 2022	—	1,278	6	(1,050)	234
Net loss	—	—	—	(23)	(23)
Issuance of C-shares in connection with termination of MID	—	13	—	—	13
Other comprehensive income	—	—	(9)	—	(9)
Balance as at December 31, 2023	—	1,291	(3)	(1,072)	215

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

*Refer to Note 8 – Share capital. Includes Class A and Class C shares in 2023 (2022: Class A and Class B shares).

Paratus Energy Services Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – General information

Company details

Paratus Energy Services Ltd. (previously “**Seadrill New Finance Limited**” or “**NSNCo**”) is a company incorporated under the laws of Bermuda and in accordance with the Bermuda Companies Act 1981.

References to “**PES**”, the “**Company**”, “**we**,” “**us**” or “**our**” in this Annual Report relate to Paratus Energy Services Ltd., together with its consolidated subsidiaries.

Business

Paratus Energy Services Ltd. is the principal holding company of a group that holds investments in Fontis (100%), Seabras Sapura (50%), and Archer (24.2%). These investments are described below:

- **Fontis** (previously “**Seamex**”) is a drilling contractor that owns and operates five jack-up drilling units located in Mexico under primarily long-term contracts with Pemex-Exploración y Producción (“**Pemex**”). Fontis currently owns five jack-up rigs: *West Intrepid*, *West Defender*, *West Courageous*, *West Oberon*, and *West Titania*.
- **Seabras Sapura (“Seabras”)** is a group of related companies that own and operate six multipurpose pipe-laying service vessels (“PLSV”) which are under long-term contract in Brazil. PES has a 50% ownership stake in these companies with the remaining 50% interest being ultimately owned by Sapura Energy Berhad.
- **Archer** is a global oilfield service company that specializes in drilling and well services. PES owns 24.2% of the outstanding common shares of Archer.

Basis of presentation

These Consolidated Financial Statements are presented in accordance with generally accepted accounting principles in the United States of America (“**US GAAP**”). The amounts are presented in United States dollar (“**US dollar**”, “**\$**” or “**US\$**”).

Basis of consolidation

Investments in companies that we directly or indirectly hold more than 50% of the voting control are consolidated in the Consolidated Financial Statements. Intercompany transactions and internal sales have been eliminated on consolidation.

Chapter 11 Emergence

On July 2, 2021, Seadrill Limited (“**Seadrill**”), who at that point held a 100% equity interest in Seadrill New Finance Limited (“**NSNCo**”), now Paratus Energy Services Ltd., and holders of senior secured notes issued by the Company (“**NSNCo Noteholders**”) agreed to key commercial terms for a comprehensive restructuring of the Company and entered into a restructuring support agreement (“**RSA**”).

Paratus Energy Services Ltd. (“the Issuer”) announced on January 12, 2022 that it had successfully received approval from the U.S. Bankruptcy Court for the Southern District of Texas (the “Court”) for its “one-day” Chapter 11 restructuring under the plan, which it emerged from on January 20, 2022.

In accordance with the plan, post emergence the board of directors of the Issuer consisted of between three and five members, up to four of which shall be appointed by the Issuer’s noteholders, with the remaining director to be appointed by Seadrill Limited.

The plan provided the Issuer with financial and strategic flexibility and stability. Benefiting from both the new ownership structure and the continuity provided by the Seadrill group, the Issuer’s post emergence and current activities are to

focus on maximizing value for all stakeholders from its portfolio of investments including the Seabras JV and the Fontis group.

The key terms of the plan, which are included for historical context, included:

1. the release by the holders of the Issuer's pre-existing 12.0% Senior Secured Notes due 2025 (the "Noteholders" and the "Notes", respectively) of all existing guarantees and security and claims (if any) with respect to Seadrill and its subsidiaries (excluding the Issuer and certain of its subsidiaries);
2. the Noteholders, receiving 65% of pro forma equity in the Issuer, with Seadrill Investment Holding Company (a subsidiary of Seadrill) retaining the remaining 35% of pro forma equity in the Issuer, effecting a separation of the Issuer and its subsidiaries (including the Seabras assets and the Fontis group) from the consolidated Seadrill group;
3. the issuance of new notes pro rata to Noteholders on amended terms including:
 - a. total amount of reinstated new notes: \$620,148,899;
 - b. maturity date: July 15, 2026;
 - c. interest: either (a) 9.0% per annum, consisting of (i) 3.00% cash interest plus (ii) 6.00% payment in kind ("PIK") interest, or (b) 10.0% PIK per annum, in each case payable quarterly;
 - d. call protection: redemption price:
 - i. prior to July 15, 2022: 105%;
 - ii. on or after July 15, 2022: 102%; and
 - iii. on July 15, 2023 and thereafter: 100%;
4. the Noteholders will have a first priority right to fund any additional liquidity needs of the Issuer or its affiliates; and
5. Seadrill or its subsidiaries will continue to provide certain management services to the Issuer's group.

The Notes were the only liabilities modified as part of the plan. The Company determined that the modification was not a troubled debt restructuring or an extinguishment of the Notes. Accordingly, the fair value of the equity issued to Noteholders and the fees related to modifying the Notes are treated as a discount from their notional amounts and recognized as an adjustment to interest expense using the effective interest rate through maturity.

On February 24, 2023, Seadrill sold its entire remaining 35% shareholding in PES and its management incentive fee, documented under the management incentive deed ("MID"), whereby Seadrill would be entitled to receive a 5% fee on any proceeds arising out of a liquidity event above certain level. In connection with the sale of PES shares, on March 14, 2023, Seadrill issued each of the Company and Fontis with a termination notice in respect of the master service agreements under which Seadrill provides management services. The terminations were effective late 2023.

Note 2 – Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods in these Consolidated Financial Statements, unless otherwise noted.

Critical Accounting Estimates

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

Critical accounting estimates that are significant for the year ended December 31, 2023 and 2022 are as follows:

Carrying value of rig assets

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

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

Useful lives and residual value

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

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

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

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

Impairment considerations (Drilling units)

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

For the year ended December 31, 2023 and 2022, no indicators of impairment were identified against our drilling units.

Current expected credit losses

We are required to record allowances for the expected future credit losses to be incurred on in-scope receivable balances. We have used a probability-of-default model to estimate expected credit losses for all classes of in-scope

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

Uncertain tax positions

We provide for income taxes based on the tax laws and rates in effect in the countries in which our operations are conducted and income is earned. The income tax rates and methods of computing taxable income vary substantially between jurisdictions. Our income tax expense is expected to fluctuate from year to year because our operations are conducted in different tax jurisdictions and the amount of pre-tax income fluctuations.

The determination and evaluation of our annual group income tax provision involves the interpretation of tax laws in the various jurisdictions in which we operate and requires significant judgment and the use of estimates and assumptions regarding significant future events, such as amounts, timing and the character of income, deductions and tax credits. There are certain transactions for which the ultimate tax determination is unclear due to uncertainty in the ordinary course of business. We recognize tax liabilities based on our assessment of whether our tax positions are more likely than not sustainable, based solely on the technical merits and considerations of the relevant taxing authorities widely understood administrative practices and precedence. Changes in tax laws, regulations, agreements, treaties, foreign currency exchange restrictions or our levels of operations or profitability in each jurisdiction may impact our tax liability in any given year.

While our annual income tax provision is based on the information available to us at the time, a number of years may elapse before the ultimate tax liabilities in certain tax jurisdictions are determined. Current income tax expense reflects an estimate of our income tax liability for the current year, withholding taxes, changes in prior year tax estimates as tax returns are filed or from tax audit adjustments. Our deferred tax expense or benefit represents the change in the balance of deferred tax assets or liabilities as reflected on the balance sheet. To determine the amount of deferred tax assets and liabilities, as well as valuation allowances, we must make estimates and certain assumptions regarding future taxable income, including where our drilling units are expected to be deployed. A change in such estimates and assumptions, along with any changes in tax laws, could require us to adjust the amount of deferred taxes. In addition, our uncertain tax positions are estimated and presented within other current liabilities, other liabilities, and as reductions to our deferred tax assets within our Consolidated Balance Sheets. Refer to Note 7 - "Taxation" to our Consolidated Financial Statements included herein for further information.

Class C shares

From time to time, we issue equity securities in connection with transactions which require us to estimate the fair value of our equity securities as they are not traded actively in a public market. When we estimate fair value of equity securities we consider all available information and primarily use a discounted cash flow model which requires us to determine key assumptions, such as the discount rates and the underlying cash flows of our investments which is subject to uncertainty. In order to determine fair value of Class C shares issued in 2023 we prepared valuation of the company using the free discounted cash flow ("DCF"). The most sensitive judgements are described in Note 8.

Foreign currencies

The majority of our revenues and expenses are denominated in U.S. dollars and therefore the majority of our subsidiaries use U.S. dollars as their functional currency. Our reporting currency is also U.S. dollars. Transactions in foreign currencies are translated into U.S. dollars at the rates of exchange in effect at the date of the transaction. Foreign currency denominated monetary assets and liabilities are remeasured using rates of exchange at the balance sheet date. Gains and losses on foreign currency transactions are included in the Consolidated Statements of Operations.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. Refer to Note 18 - "Related Party Transactions".

Revenue from contracts with customers

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

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

We determine the total transaction price for each individual contract by estimating both fixed and variable consideration expected to be earned over the term of the contract. The amount estimated for variable consideration may be constrained and is only included in the transaction price to the extent that it is probable that a significant reversal of previously recognized revenue will not occur throughout the term of the contract. When determining if variable consideration should be constrained, we consider whether there are factors outside of our control that could result in a significant reversal of revenue as well as the likelihood and magnitude of a potential reversal of revenue. We re-assess these estimates each reporting period as required. Our contracts provide for escalations in the dayrate to be included to reflect market conditions. Such escalations are only recognized as revenue when we receive written approval from the customer. Refer to Note 6 – "Revenue from Contracts with Customers".

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

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

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

Rig Operating Expenses

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

Mobilization and demobilization expenses

We incur costs to prepare a drilling unit for a new customer contract and to move the rig to the contract location. We recognize the expense for such mobilization costs over the expected contract term.

We incur costs to transfer a drilling unit to a safe harbor or different geographic area at the end or during the contract. We expense such demobilization costs as incurred. We also expense any costs incurred to relocate drilling units that are not under contract.

Repairs, maintenance and periodic surveys

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

Income taxes

PES is a Bermudan company that has a number of subsidiaries and affiliates in various jurisdictions. Currently, the Company and its Bermudan subsidiary are not required to pay taxes in Bermuda on ordinary income or capital gains as they qualify as exempt companies. The Company has received written assurance from the Minister of Finance in Bermuda that it will be exempt from taxation until March 2035. Certain subsidiaries operate in other jurisdictions where taxes are imposed. Consequently, income taxes have been recorded in these jurisdictions when appropriate. Our income tax expense is based on our income and statutory tax rates in the various jurisdictions in which we operate. We provide for income taxes based on the tax laws and rates in effect in the countries in which operations are conducted and income is earned.

The determination and evaluation of our annual group income tax provision involves interpretation of tax laws in various jurisdictions in which we operate and requires significant judgment and use of estimates and assumptions regarding significant future events, such as amounts, timing and character of income, deductions and tax credits. There are certain transactions for which the ultimate tax determination is unclear due to uncertainty in the ordinary course of business. We recognize tax liabilities based on our assessment of whether our tax positions are more likely than not sustainable, based solely on the technical merits and considerations of the relevant taxing authority's widely understood administrative practices and precedence.

Changes in tax laws, regulations, agreements, treaties, foreign currency exchange restrictions or our levels of operations or profitability in each jurisdiction may impact our tax liability in any given year. While our annual tax provision is based on the information available to us at the time, a number of years may elapse before the ultimate tax liabilities in certain tax jurisdictions are determined. Current income tax expense reflects an estimate of our income tax liability for the current year, withholding taxes, changes in prior year tax estimates as tax returns are filed, or from tax audit adjustments.

Income tax expense consists of taxes currently payable and changes in deferred tax assets and liabilities calculated according to local tax rules.

We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit by relevant tax authorities, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit/cost as the largest amount that is more than 50% likely of being realized upon settlement. While we believe we have appropriate support for the positions taken on our tax returns, we regularly assess the potential outcomes of examinations by tax authorities in determining the adequacy of our provision for income taxes.

Deferred tax assets and liabilities are based on temporary differences that arise between carrying values used for financial reporting purposes and amounts used for taxation purposes of assets and liabilities and the future tax benefits of tax loss carry forwards.

Our deferred tax expense or benefit represents the change in the balance of deferred tax assets or liabilities as reflected on the Consolidated Balance Sheets. Valuation allowances are determined to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. To determine the amount of deferred tax assets and liabilities, as well as at the valuation allowances, we must make estimates and certain assumptions regarding future taxable income, including where our drilling units are expected to be deployed, as well as other assumptions related to our future tax position. A change in such estimates and assumptions, along with any changes in tax laws, could require us to adjust the deferred tax assets, liabilities, or valuation allowances. The amount of deferred tax provided is based upon the expected manner of settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. The impact of tax law changes is recognized in periods when the change is enacted.

Current and non-current classification

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

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

Cash, cash equivalents and restricted cash

Cash and cash equivalents consist of cash bank deposits and highly liquid financial instruments with original maturities of three months or less.

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

Receivables

Receivables, including accounts receivable, are recorded in the balance sheet at their nominal amount net of expected credit losses and write-offs. Interest income on receivables is recognized as earned. Refer to Note 6 – “Revenue from contracts with customers”.

Allowance for credit losses

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

The CECL model contemplates a broader range of information to estimate expected credit losses over the contractual lifetime of an asset. It also requires to consider the risk of loss even if it is remote. We estimate expected credit losses based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts of events which may affect the collectability. We estimate the CECL allowance using a “probability-of-default” model, calculated by multiplying the exposure at default by the probability of default by the loss given default by a risk overlay multiplier over the life of the financial instrument (as defined by ASU 326).

Equity investments

Equity investments are accounted for using the equity method if we have the ability to significantly influence, but not control, the investee. Significant influence is presumed to exist if our ownership interest in the voting stock of the investee is between 20% and 50%. We also consider other factors such as representation on the investee's board of directors and the nature of commercial arrangements. We classify our equity investees as "Investments in Associated Companies". We recognize our share of earnings or losses from our equity method investments in the Consolidated Statements of Operations as "Share in results from associated companies". Refer to Note 19 – "Investment in associated companies".

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

All other equity investments including investments that do not give us the ability to exercise significant influence and investments in equity instruments other than common stock, are accounted for at fair value, if readily determinable. We classify our other equity investments as "marketable securities" with gains or losses on remeasurement to fair value recognized as "loss on marketable securities". If we cannot readily ascertain the fair value, we record the investment at cost less impairment. We perform a qualitative impairment analysis for our equity investments recorded at cost at each reporting period to evaluate whether an event or change in circumstances has occurred that indicates that the investment is impaired. We record an impairment loss to the extent that the carrying amount of the investment exceeds its estimated fair value.

Drilling units

Rigs, vessels, and related equipment are recorded at historical cost less accumulated depreciation. The cost of these assets, less estimated residual value (currently assumed to be \$nil) is depreciated on a straight-line basis over their estimated remaining economic useful lives. The estimated economic useful life of our jack-up rigs, when new, is 30 years. The direct and incremental costs of significant capital projects, such as rig upgrades and reactivation projects, are capitalized, and depreciated over the remaining life of the asset.

Drilling units acquired in a business combination are measured at fair value at the date of acquisition. Cost of property and equipment sold or retired, with the related accumulated depreciation and impairment is removed from the Consolidated Balance Sheet, and resulting gains or losses are included in the Consolidated Statement of Operations.

We re-assess the remaining useful lives of our drilling units when events occur which may impact our assessment of their remaining useful lives. These include changes in the operating condition or functional capability of our rigs, technological advances, changes in market and economic conditions as well as changes in laws or regulations affecting the drilling industry.

Lease as a lessee

When we enter into a new contract, or modify an existing contract, we identify whether that contract has a finance or operating lease component. We do not have, nor expect to have any leases classified as finance leases. We determine the lease commencement date by reference to the date the leased asset is available for use and transfer of control has occurred to the lessee. At the lease commencement date, we measure and recognize a lease liability and a right of use ("**ROU**") asset in the financial statements. The lease liability is measured at the present value of the lease payments not yet paid, discounted using the estimated incremental borrowing rate at lease commencement. The ROU asset is measured at the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date, minus any lease incentives received, plus any initial direct costs incurred by us.

After the commencement date, we adjust the carrying amount of the lease liability by the amount of payments made in the period as well as the unwinding of the discount over the lease term using the effective interest method. After commencement date, we amortize the ROU asset by the amount required to keep total lease expense including interest constant (straight-line over the lease term).

Absent of an impairment of the ROU asset, the single lease cost is calculated so that the remaining cost of the lease is allocated over the remaining lease term on straight-line basis. PES assesses a ROU asset for impairment and recognizes any impairment loss in accordance with the accounting policy on impairment of long-lived assets.

We applied the following significant assumptions and judgments in accounting for our leases.

- We apply judgment in determining whether a contract contains a lease, or a lease component as defined by Topic 842.
- We have elected to combine leases and non-lease components. As a result, we do not allocate our consideration between leases and non-lease components.
- The discount rate applied to our operating leases is our incremental borrowing rate. We estimated our incremental borrowing rate based on the rate for our traded debt.

Impairment of long-lived assets

We review the carrying value of our long-lived assets for impairment whenever certain triggering events or changes in circumstances indicate that the carrying amount of an asset may no longer be appropriate. We assess recoverability of the carrying value of the asset by estimating the undiscounted future net cash flows expected to result from the asset, including eventual disposition. If the undiscounted future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value.

Derivative Financial Instruments and Hedging Activities

We record derivative financial instruments at fair value. None of our derivative financial instruments have been designated as hedging instruments. Therefore, changes in their fair value are recognized in the Consolidated Statement of Operations each period.

We classify the gain or loss on derivative financial instruments as a separate line item within financial items in the Consolidated Statement of Operations. We classify the asset or liability for derivative financial instruments as an "other current asset" or "other current liability" in our Consolidated Balance Sheets. We offset assets and liabilities for derivatives that are subject to legally enforceable master netting agreements.

Deferred charges

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

Stock options and other share-based compensation

The company issues stock options and other share-based compensation to certain employees. For equity awards, such as stock options and warrants, total compensation cost is based on the grant date fair value. The fair value of stock option awards is estimated using a Black-Scholes-Merton option-pricing model. The company recognizes stock-based compensation expense for stock-options over the service period required to earn the award, which is the time period from the grant date to the vesting date of the award, at which point employee becomes eligible to maintain it. The company amortizes these awards on a straight-line basis. The Company has made a policy election to estimate the number of stock-based compensation awards that will ultimately vest to determine the amount of compensation expense recognized each reporting period.

Compensation expense for performance based awards granted is recognized as the fair value of the award in the reporting period in which certain performance criteria is achieved. Refer to Note 16.

Note 3 – Recently Issued Accounting Standards

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

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

We do not currently expect any of these updates to affect our Consolidated Financial Statements and related disclosures. The amendments in this update should be applied prospectively and for all non-SEC registered entities will be effective in two years.

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

The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Board is issuing this update to improve the disclosures about a public entity’s reportable segments and address requests from investors for additional, more detailed information about a reportable segment’s expenses. As a result of this update, reporting entities will need to consider adding other measures used by the CODM to assess performance to its segment note. The amendments will not have material impact on PES Consolidated Financial Statements.

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

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

Note 4 – Current Expected Credit Losses

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

The following table summarizes the balance sheet movement in the allowance for credit losses for the years ended December 31, 2023 and 2022:

<i>(In \$ millions)</i>	Allowance for credit losses – trade receivables	Allowance for credit losses – related party ST	Allowance for credit losses – related party LT	Total Allowance for credit losses
As at January 1, 2022	60	—	6	66
Additional credit loss for customer credit notes	10	—	—	10
Write-off ⁽¹⁾	(34)	—	—	(34)
Net credit loss reversal	(31)	—	(4)	(35)
As at December 31, 2022	5	—	2	7
Write-off	(2)	—	—	(2)
Net credit loss addition/(reversal)	3	—	(2)	1
As at December 31, 2023	6	—	—	6

Changes in allowances for external trade receivables are included in operating expenses.

(1) The specific allowance on billed receivables related to a credit note granted to the customers as part of negotiations. This was netting off against the gross receivables in April 2022.

In accordance with the adopted accounting policy, contract escalations are only recognized when written approval from the customer is received. Unrecognized unbilled escalations from November 2021 (date of Fontis acquisition) to December 2023 amounted to \$46 million (December 31, 2022: \$19 million).

Note 5 – Segment information

Operating segments

Our performance is reviewed by the Board, which represents the Chief Operating Decision Maker. In the year ended December 31, 2023 and December 31, 2022, we had one customer with external contract revenues.

Geographic segment data

For the year ended December 31, 2023 and December 31, 2022, all of our revenues were generated in one geographic location, Mexico. During the same periods all of our operating drilling units were located in one geographic location, Mexico.

Note 6 – Revenue from contracts with customer

We have accounts receivables from the customer net of ECL allowance, of \$169 million in the year ended December 31, 2023 (December 31, 2022: \$114 million).

Accounts receivable are held at their nominal amount less an allowance for expected credit losses. In calculating the expected credit losses we assumed that the accounts receivable are forborne, mature within the next one to two years, and have a B1 credit rating. Refer to Note 4 – Current expected credit losses for further information.

Note 7 – Taxation

Income taxes consist of the following:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
<u>Current tax expense:</u>		
Foreign	19	20
<u>Deferred tax expense:</u>		
Foreign	5	1
Total tax expense	24	21
Effective tax rate	2400%	140%

The Company, including its subsidiaries, is taxable in several jurisdictions based on its rig operations. A loss in one jurisdiction may not be offset against taxable income in another jurisdiction. Thus, the Company may pay tax within some jurisdictions even though it might have an overall loss at the consolidated level.

Income taxes for the year ended December 31, 2023 and 2022 differed from the amount computed by applying the statutory income tax rate in Bermuda of 0% as follows:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
Effect of taxable income in various countries	24	21
Total	24	21

Effect of taxable income mainly arises from withholding taxes and uncertain tax provisions in Mexico.

Deferred Income Taxes

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

The net deferred tax asset consists of the following:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
Property, plant and equipment	(10)	(5)
Provisions	9	8
Net operating losses carried forward	31	19
Gross deferred tax asset	30	22
Valuation allowance related to net operating losses carried forward and other	(30)	(17)
Net deferred tax asset	0	5

Future taxable income justifies the inclusion of tax loss carry-forwards in the calculation of net deferred taxes. As at December 31, 2023, deferred tax assets related to net operating loss (“NOL”) carry-forwards was \$31 million (December 31, 2022: \$19 million) which can be used to offset against future taxable income. NOL carry-forwards which were generated in various jurisdictions, include \$2 million that will not expire and \$29 million that will expire between 2024 and 2033 if not utilized. Valuation allowances related to net operating losses carried forward as at December 31, 2023 was \$30 million (December 31, 2022: \$17 million).

Uncertain tax positions

The uncertain tax provision is included in “Other non-current liabilities” on the Consolidated Balance Sheets. The changes to the Company’s liabilities related to uncertain tax positions were as follows:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
Balance at the beginning of the year	73	61
Increase as a result of positions taken in the current year	5	6
Decrease as a result of 2016 settlement	(9)	—
Increase as a result of positions taken in previous years*	16	6
Uncertain tax position	85	73

*Increase includes additional interest and penalties as well as currency revaluation in the period as the provision is carried in Mexican pesos. The foreign currency translation impact is included as an increase resulting from positions taken in previous years which in 2023 is \$11 million (2022: \$4 million).

The Mexican tax authorities (SAT) are conducting wide ranging audits covering several years through 2019 and have questioned the deductibility of certain costs including the sufficiency of documentation to support the deductions taken for subsidiaries of Fontis.

The issues are complex, time consuming to resolve, subject to interpretation and therefore uncertainty. As a result, the Company has engaged external advisers to assist in discussions with SAT and in developing estimates for the provisions recorded in the consolidated financial statements. In 2023 as a result of audit work completed by SAT, 2016 tax audit was resolved, for approximately \$9 million. For the tax years that are currently open or have not yet been audited, the Company’s estimate is based on the best of our knowledge available at the time of making the estimate, work performed by the tax advisors and upon the results from the concluded tax audit as it has been assumed similar facts and circumstances apply to all periods. Actual amounts may differ from those provided for given the uncertainty. Of the liability above, \$41 million represents interest and penalties as of December 31, 2023 (December 31, 2022: \$34 million).

Note 8 – Share capital

The Company had 1,000 common shares outstanding as of December 31, 2021, all of which were owned by Seadrill. In connection with emergence from bankruptcy on January 20, 2022, the Company’s share capital was modified, and 185,700 Class A ordinary shares were issued to the holders of the Notes and 100,000 Class B ordinary shares were issued to Seadrill. The ordinary shares have similar rights and par value of \$0.01. All Class B ordinary shares were terminated in 2023 and replaced with class A ordinary shares.

In 2022, as part of the agreement reached in bankruptcy the Company entered into a management incentive deed (“MID”) with Seadrill, which entitled Seadrill to receive a 5% fee on any proceeds arising out of a liquidity event above certain level. MID arrangement was put in place, to incentivize Seadrill to perform well under the management agreements. On February 24, 2023, Seadrill disposed its remaining 35% ownership in the Company to the existing shareholders.

On May 25, 2023, the Company issued 22,332 C shares to existing shareholders as consideration for the termination of the MID. C shares do not hold voting rights and have a par value of \$0.01. No cash proceeds were received from the issuance of shares. On the date of issue, the fair value of C shares was estimated as \$13 million using the DCF model and Level 3 inputs and amount was recognized as an expense in 2023. Significant unobservable inputs used in the valuation are presented below:

Unobservable input	May 25, 2023
Weighted average cost of capital	15.5%
Private company discount ^(a)	35%

(a) Represents additional discount on the share price given absence of voting rights and lack of marketability

As of December 31, 2023 the company had total of 285,700 Class A shares and 22,332 Class C shares outstanding (December 31, 2022: Class A shares – 285,700; Class C shares – nil).

Note 9 – Drilling units and equipment

The gross carrying value and accumulated depreciation included in drilling units in the Consolidated Balance Sheet are as follows:

<i>(In \$ millions)</i>	Gross carrying value	Accumulated depreciation	Net carrying value
As at January 1, 2022	257	(2)	255
Additions	10	—	10
Depreciation	—	(15)	(15)
As at December 31, 2022	267	(17)	250
Additions	23	—	23
Depreciation	—	(15)	(15)
As at December 31, 2023	290	(32)	258

Note 10 – Favorable contracts

The gross carrying value and accumulated amortization included in favorable contracts in the Consolidated Balance Sheet are as follows:

<i>(In \$ millions)</i>	Gross carrying value	Accumulated amortization	Net carrying value
As at January 1, 2022	171	(7)	164
Amortization	—	(58)	(58)
As at December 31, 2022	171	(65)	106
Amortization	—	(37)	(37)
As at December 31, 2023	171	(102)	69

This is presented on the Consolidated Balance Sheet as follows:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
Current assets	31	38
Non-current assets	38	68
Total other current assets	69	106

The amortization is recognized in the Consolidated Statements of Operations an adjustment to revenue of favorable contracts. The average remaining amortization period for the favorable contracts is 28 months.

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

<i>(In \$ millions)</i>	Period ended December 31			
	2024	2025	2026	Total
Amortization of favorable contracts	31	29	9	69

Note 11 – Other current assets

Other current assets consist of the following:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
VAT	21	25
Taxes receivable	11	11
Marketable securities	—	8
Prepaid expenses	2	2
Total other current assets	34	46

Note 12 – Other non-current assets

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

Note 13 – Debt

As of December 31, 2023 and December 31, 2022 we had the following debt amounts outstanding:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
Notes:		
\$620m Senior Secured Notes plus PIK interest	716	681
\$219m New Fontis Notes	—	46
Total external credit facilities	716	727
Deduct net discount and fees	(61)	(77)
Carrying value	655	650

This was presented in our consolidated balance sheet as follows:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
Debt due within twelve months	—	—
Long-term debt	655	650
Total debt principal	655	650

The outstanding external debt as at December 31, 2023 is repayable as follows:

<i>(In \$ millions)</i>	\$620m Senior Secured Notes
2024	—
2025 and thereafter	655
Total debt principal	655

The key terms relating to our debt in the year ended December 31, 2023 and December 31, 2022 are explained below.

\$620m Senior Secured Notes

Secured Notes due July 15, 2026 were issued on January 20, 2022 pursuant to Amended Secured Notes Indenture as the result of NSNCo's emergence from Chapter 11 bankruptcy and the Plan of Reorganization. Refer to Note 1 – General information for further on the terms of the notes. Secured Notes are in an aggregate principal amount of \$620 million and Paid-in kind (“PIK”) Notes. As at December 31, 2023, the outstanding notional balance of \$716 million comprises Senior Secured Notes principal of \$620 million and \$96 million accrued PIK interest. The Senior Secured Notes are presented net of an amortized discount and have a carrying amount of \$655 million at December 31, 2023.

The Company amended the facility with a series of supplemental indentures in 2023. A supplemental indenture signed in May 2023 waived failure to comply in full with Reporting Covenant and Compliance Covenant for the fiscal year ending December 31, 2022. The company is in compliance with Reporting and Covenant requirements as at December 31, 2023.

\$219 million New Fontis Notes

During 2022, Fontis made voluntary debt repayments of \$177 million. The payments were comprised of principal and capitalized interest payments of \$152 million and \$25 million in July 2022 and August 2022 respectively.

During 2023, interest payments of \$3 million were made on the \$219m New Fontis Notes. The Notes were fully repaid in July 2023. We recognized a loss as the result of the call premium paid on the early redemption of \$3 million and recorded as Gain/(loss) on extinguishment of financial instruments in our Consolidated Statement of Comprehensive Income.

Note 14 – Other current liabilities

Other current liabilities comprised the following:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
VAT	11	12
Taxes payable	8	7
Employee withheld taxes and social security	4	5
Other current liabilities	6	8
Total other current liabilities	29	32

Note 15 – Other non-current liabilities

Other non-current liabilities consist of the following:

<i>(In \$ millions)</i>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Uncertain tax position	85	73
Other non-current liabilities	—	1
Total other non-current liabilities	85	74

Note 16 – Stock Options and Other Share-Based Compensation

In April 2023, the Company approved establishment of incentive plans to provide selected participants with a financial incentive, which recognizes long-term corporate, organization and individual performance and accomplishments. Directors and management of the Company and/or its subsidiaries can be awarded from time to time. Establishment and implementation of the incentive plan is determined by the Board of Directors for the Company. No broad incentive plan was established or implemented as at December 31, 2023.

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

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

	<u>2023</u>
Expected term in years ^(a)	4
Volatility ^(b)	50%
Risk-free interest rate based on zero coupon U.S. treasury note	3.58%
Weighted average fair value per option/warrant granted	<u>\$127</u>

(a) Expected term is based on post-vesting cancellation data.

(b) Volatility is assumed based on the general profile of the company, change in volatility does not have a material impact.

A summary of option activity during 2023 is presented below:

	<u>2023</u>	<u>Weighted-Average Exercise Price</u>	<u>Average Remaining Contractual Term (Years)</u>
Outstanding at January 1, 2023	—	—	—
Granted	1,250	\$1,930	4
Exercised	—	—	—
Outstanding at December 31, 2023	<u>1,250</u>	<u>\$1,930</u>	<u>4</u>
Exercisable at December 31, 2023	<u>150</u>	<u>\$1,000</u>	<u>4</u>

Compensation expense recognized for stock options in 2023 of \$62 thousand was recorded in the line item selling, general and administrative expenses in our consolidated statement of income. The fair value of stock options expected to vest and be released is expensed on a straight-line basis over the vesting period. No expense was recognized in the period in relation to performance-based awards.

Note 17 – Risk management and financial instruments

We are exposed to various market risks, including interest rate, foreign currency exchange and concentration of credit risks. We may enter into a variety of derivative instruments and contracts to maintain the desired level of exposure arising from these risks.

Foreign exchange risk management

The Company and all of its subsidiaries use the US dollar as their functional currency because the majority of their revenues and expenses are denominated in US dollars. Our reporting currency is US dollars. In certain circumstances we incur expenses in other currencies and there is thus a risk that currency fluctuations could have an adverse effect on the value of our cash flows.

Our foreign currency risk arises from:

- the measurement of monetary assets and liabilities denominated in foreign currencies converted to US Dollars, with the resulting loss recorded in the “Other financial items” line on the Consolidated Statements of Operations; and
- the impact of fluctuations in exchange rates on the reported amounts of our revenues and expenses which are denominated in foreign currencies.

Although we complete some transactions in the local currency of the operating entities, this does not amount to a sufficient foreign exchange exposure to warrant a foreign exchange hedging instrument. We do not use foreign currency forward contracts or other derivative instruments related to foreign currency exchange risk.

Credit risk

We have financial assets which expose us to credit risk arising from possible default by a counterparty. In the normal course of business, we do not demand collateral from our counterparties.

Concentration of Credit Risk

There is a concentration of credit risk with respect to revenue as we generate all of our revenue from one customer. Ongoing credit evaluations of this customer are performed, and it was determined that we do not require collateral in our business agreements. Reserves for potential credit risk is considered as part of our expected credit loss provision. For details on how we estimate expected credit losses, refer to Note 4 – “Current expected credit losses”.

We do not have significant concentration of credit risk towards our banks, and we have policies that limit the amount of credit exposure to individual institutions.

Fair values of financial instruments

The carrying value and estimated fair value of the Company’s financial instruments were as follows:

<i>(In \$ millions)</i>	December 31, 2023		December 31, 2022	
	Fair value	Carrying value	Fair value	Carrying value
Assets				
Marketable securities (Level 1)	—	—	8	8
Related party loans receivables – Seabras loans receivables (Level 2)	3	3	56	56
Related party loans receivables – Archer convertible debt (Level 3)	—	—	19	19
Liabilities				
\$620m of Senior Secured Notes (Level 1) (*)	699	655	644	650
\$219m New Fontis Notes (Level 3) (*)	—	—	47	47

(*) These instruments are at a fixed interest rate.

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

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

Level 1

The carrying value of cash and cash equivalents and restricted cash, which are highly liquid, is a reasonable estimate of fair value and categorized at level 1 of the fair value hierarchy. Quoted market prices are used to estimate the fair value of marketable securities, which are valued at fair value on a recurring basis.

The fair value of the senior secured notes were derived using market traded value. We have categorized this at level 1 on the fair value measurement hierarchy. Refer to Note 13 – Debt for further information.

Level 2

We estimate the fair value of the related party loans receivable from Seabras to be equal to the carrying value after adjusting for expected credit losses. The debt is not freely tradable and cannot be recalled by us at prices other than specified in the loan note agreements. The loans were entered into at market rates. The loans are categorized as level 2 on the fair value hierarchy. Other trading balances with related parties are not shown in the table above and are covered in Note 18 – Related party transactions. The fair value of other trading balances with related parties are also assumed to be equal to their carrying value after adjusting for expected credit losses on the receivables.

Level 3

- a) On August 31, 2021, we entered into a Note Purchase Agreement ("NPA") with some of the Noteholders. The NPA has a maturity of August 31, 2024 and consists of a \$190 million term new loan facility and a \$26.9 million upfront fee, bearing interest at a margin of 12% per annum.

The NPA is not freely tradable and cannot be purchased by the Company at prices other than the outstanding balance plus accrued interest. The fair value of the debt facility was derived using the DCF model. A cost of debt of 10.3% was used to estimate the present value of the future cash flows. We have categorized this at level 3 on the fair value measurement hierarchy. The balance was repaid in 2023 with no amounts outstanding at December 31, 2023. Refer to Note 13 – Debt for further information.

- b) The Archer convertible debt instrument was bifurcated into two elements. The fair value of the embedded derivative option is calculated using a modified version of the Black-Scholes formula for a currency translated option. Assumptions include Archer's share price in NOK, NOK/USD FX volatility and dividend yield. The fair value of the debt component is derived using the discounted cash flow model including assumptions relating to cost of debt and credit risk associated with the instrument. We have categorized this at level 3 of the fair value hierarchy. The debt was converted in 2023 and there was no balance outstanding at December 31, 2023. Refer to Note 19 – Investment in associated companies for further information.

Note 18 – Related party transactions

We have entered into certain agreements with affiliates of Seadrill to provide certain management and administrative services, as well as technical and commercial management services.

Both Seadrill and Fintech, the former joint venture ("JV") Partners, have also provided financing arrangements as described within this note below.

Related party expenses include:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
Management and administrative fees from Seadrill Management Ltd. ^(a)	(10)	(14)
Total related party expenses	(10)	(14)

(Payables)/receivables with related parties consist of the following:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
Short-term other payables ^(a)	—	(2)
Short-term amounts due to related parties	—	(2)
Seabras loan receivable ^(b)	3	56
Short-term amounts due from related parties	3	56
Seabras loan receivable ^(b)	—	—
Convertible bond ^(c)	—	19
Long-term amounts due from related parties	—	19

(a) Management and administrative service agreements and short-term other payables- Short-term other payables are primarily comprised of payables to Seadrill Limited for related party management and crewing fees. Fontis received management, administrative, and operational support services from Seadrill Limited. The expenses incurred for these services are reported within either "Vessel and rig operating expenses" or "Selling, general and administrative expenses" on the Consolidated Statement of Operations, depending on the nature of the service provided. Amounts disclosed above relate to the twelve-month period and include the time after Seadrill stopped provision of services on termination of TSA and MSA agreements.

(b) Seabras loan receivable - this includes a series of loan facilities that we extended to Seabras between May 2014 and December 2016. The \$3 million balance shown in the table above includes only \$3 million of loan principal. Nil accrued interest and allowance for expected credit loss. The loans are repayable on demand, subject to restrictions on Seabras's external debt facilities. In 2023 PES received \$56 million to settle the loan receivable from Seabras. The payment includes \$38 million for loan principal and \$18 million for accumulated interest.

(c) *Convertible bond* - Convertible bond is represented by the Archer Limited ("Archer") convertible loan issued in 2020. The convertible loan has a principal balance of \$13 million and bears interest of 5.5%. The loan matures in April 2024 and includes an equity conversion option. On April 20, 2023, PES received 208,000,000 new common shares of Archer in connection with the conversion of the convertible loan. On the date of conversion, the fair value of the convertible debt instrument was \$22 million, of which the split between debt and embedded derivative option was \$16 million and \$6 million respectively. The value of shares received on conversion date was estimated as \$20 million and was based on quoted market prices. We recognized gain on conversion of the loan in the amount of \$7.1 million in Gain/(loss) on extinguishment of financial instruments in 2023 in our Consolidated Statement of Comprehensive Income. Prior to conversion gains and losses on the conversion option included within the convertible bond reported in our consolidated statement of operations included the following:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
Archer convertible debt instrument	2	1
Gain/(loss) on derivative financial instruments	2	1

Note 19 – Investment in associated companies

Our investment in associated companies as at December 31, 2023 and December 31, 2022 was comprised of:

<i>Ownership percentage</i>	December 31, 2023	December 31, 2022
Seabras	50.0 %	50.0%
Archer	24.2%	15.7%

Seabras is a group of related companies that own and operate six pipe-laying service vessels in Brazil. We have a 50% ownership stake in each of these companies. The remaining 50% interest is owned by Sapura Energy Berhad ("**Sapura Energy**").

On April 20, 2023, the Company exchanged the Archer Convertible debt prior to maturity in exchange for new common shares issued. The debt and conversion option resulted in a gain of \$7.1 million in our consolidated statement of income. This gain includes the difference between the fair value of the new shares received and the net carrying value of the convertible debt extinguished, including the impact of the related fair value movements in the period. The gain includes \$6 million realized gain as a result of the reclassification of related changes in fair value from AOCI into income.

As the result of conversion of the convertible loan described above and additional share subscription to 161 million shares for \$16 million in March 2023 PES's holding in Archer increased to 392,305,324 shares, representing 24.2% of the total number of share and voting rights in Archer. There were no additional costs associated with acquisition of additional shareholding.

Prior to the conversion date, the investment in Archer was recognized as Marketable Securities included in "Other Current Assets" in the Consolidated Balance Sheets. From April 2023, the investment in Archer is accounted for as an equity method investee. Archer is a publicly quoted global oilfield service company that specializes in drilling and well services.

Our equity method investments were measured at fair value at the time we obtained significant influence which resulted in a different basis from the underlying carrying values of the investees' net assets at the date of emergence. The basis differences comprise of (i) basis differences on vessels and equipment which are depreciated over the remaining useful life of the associated asset and (ii) contract basis differences which are amortized over the remaining term of the contract. The unwinding of the basis differences is recognized as a "Share in results from associated companies" in the Consolidated Statement of Operations.

Share in results from associated companies

Our share in results of our associated companies (net of tax) were as follows:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
Seabras	67	47
Archer	(1)	—
Total share in results from associated companies (net of tax)	66	47

Summary of Consolidated Statements of Operations for our equity method investees

The results of the associated companies and our share in those results (net of tax) were as follows:

<i>(In \$ millions)</i>	<u>Period ended December 31, 2023</u>	
	Seabras	Archer *
Operating revenues	433	695
Net operating income	207	48
Net income / (loss)	148	(7)
PES ownership percentage	50 %	24 %
Share of net income	74	(2)
Amortization of basis differences	(7)	1
Share in results from associates (net of tax)	67	(1)

<i>(In \$ millions)</i>	<u>Period ended December 31, 2022</u>	
	Seabras	
Operating revenues	407	
Net operating income	190	
Net income	122	
PES ownership percentage	50%	
Share of net income	61	
Amortization of basis differences	(14)	
Share in results from Seabras (net of tax)	47	

*Archer results are shown for the period from April 20, 2023 to December 31, 2023.

Book value of our investments in associated companies

At the year end, the book values of our investments in our associated companies were as follows:

<i>(In \$ millions)</i>	December 31, 2023	December 31, 2022
Seabras Sapura	255	196
Seabras Sapura Holding GmbH - shareholder loans held as equity	58	115
Archer	42	—
Total	355	311

Quoted market prices are not available for all of our investments.

Summarized Consolidated Balance sheets for our equity method investees

The summarized balance sheets of our equity method investees and our share of recorded equity in those companies was as follows:

	December 31, 2023		December 31, 2022	
	Seabras	Archer	Seabras	Archer
<i>(In \$ millions)</i>				
Current assets	192	355	175	—
Non-current assets	1,305	551	1,364	—
Current liabilities	(309)	(278)	(486)	—
Non-current liabilities	(126)	(432)	(134)	—
Net Assets	1,062	196	919	—
PES ownership percentage	50%	24 %	50 %	—
PES share of book equity	531	47	460	—
Shareholder loans held as equity	58	—	115	—
Basis difference allocated to PPE	(282)	(5)	(295)	—
Basis difference allocated to contracts	6	—	31	—
Total adjustments	(218)	(5)	(149)	—
Book value of PES investment	313	42	311	—

Note 20 – Commitments and contingencies

From time to time we are a party, as plaintiff or defendant, to lawsuits in various jurisdictions for construction damages, off-hire and other claims and commercial disputes arising from the construction or operation of our drilling units, in the ordinary course of business or in connection with our acquisition or disposal activities. We believe that the resolution of such claims will not have a material impact individually or in the aggregate on our operations or financial condition. Our best estimate of the outcome of the various disputes has been reflected in our Consolidated Financial Statements as at December 31, 2023.

Note 21 – Subsequent Events

On May 21, 2024, the Company, with the approval of its shareholders, has undertaken and completed a subdivision of 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 subdivided into 500 A shares of US\$0.00002 each.

Following this subdivision, Paratus had total Class A common shares of 154,015,990 at par value of US \$0.00002 each.

The loss per share per share has been retroactively restated for this change in the Consolidated Statement of Operations. No other share or per share information has been restated.

APPENDIX C:
AUDITED CONSOLIDATED FINANCIAL STATEMENTS (RESTATED) AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2021

PARATUS ENERGY SERVICES LTD.

**CONSOLIDATED
FINANCIAL STATEMENTS**

**For the year ended
December 31, 2021**

Paratus Energy Services Ltd.

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Report of Independent Auditors

To the Board of Directors of Paratus Energy Services Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Paratus Energy Services Ltd. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statements of operations, of other comprehensive income, of changes in equity and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

As discussed in Note 1 to the consolidated financial statements, the Company has restated its 2021 financial statements as of January 1, 2021 and December 31, 2021 and for the year ended December 31, 2021 to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Responsibilities

This report has been prepared for use in the listing and offering prospectus prepared pursuant to the EU Regulation 2017/1129 (Prospectus Regulation) in connection with the listing of Paratus Energy Services Ltd. on Oslo Stock Exchange as required by item 18.3.1 of Annex 1 to the Commission Delegated Regulation (EU) 2019/980 and is given for the purpose of complying with that item and for no other purpose.

It is our responsibility to form an opinion on the Company's consolidated financial statements for the year ended December 31, 2021 and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 1.3 of Annex 1 to the Commission Delegated Regulation (EU) 2019/980 to any person as and to the extent there provided, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of item 1.3 of Annex 1 to the Commission Delegated Regulation (EU) 2019/980, consenting to its inclusion in the Prospectus.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Watford, United Kingdom
September 24, 2024

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31, 2021

<i>(In \$ millions)</i>	Note	As restated** December 31, 2021
Operating revenues		
Contract revenues		29
Total operating revenues		29
Operating expenses		
Vessel and rig operating expenses	*	(15)
Depreciation	9	(2)
Selling, general and administrative expenses	*	(2)
Total operating expenses		(19)
Operating income		10
Financial and other items		
Interest income	*	18
Interest expense	*	(77)
Share in results from associated companies	19	17
Gain on derivative financial instruments	*	3
Unrealized gain on marketable securities	*	2
Other financial items		35
Total financial and other items		(2)
Income before income taxes		8
Income tax benefit	7	4
Net income		12

* Includes transactions with related parties. Refer to Note 18 – Related party transactions

** Refer to Note 1- General information

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

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended December 31, 2021

<i>(In \$ millions)</i>	As restated* December 31, 2021
Net income	12
Other comprehensive income, net of tax:	
Share in results from associated companies	6
Change in fair value of debt component of Archer convertible bond	3
Total other comprehensive income for the period	21

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

** Refer to Note 1 - General information*

Paratus Energy Services Ltd.
CONSOLIDATED BALANCE SHEET
as at December 31, 2021

<i>(In \$ millions)</i>	Note	As restated* December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents		49
Restricted cash		21
Accounts receivables, net	6	318
Favorable contracts	9	43
Other current assets	10	28
Total current assets		459
Non-current assets		
Investment in associated companies	19	264
Drilling units and equipment	8	255
Deferred tax assets	7	5
Amount due from related party non-current	18	69
Favorable contracts	9	121
Other non-current assets	11	1
Total non-current assets		715
Total assets		1,174
LIABILITIES AND EQUITY		
Current liabilities		
Debt due within twelve months	12	581
Trade accounts payable		7
Short-term amounts due to related parties	18	12
Other current liabilities	13	96
Total current liabilities		696
Non-current liabilities		
Long-term debt	12	233
Other non-current liabilities	14	64
Total non-current liabilities		297
Commitments and contingencies (see Note 21)		
Equity		
Common shares of par value \$1.00 per share: 1,000 shares authorized and issued at December 31, 2021 (December 31, 2020: 1,000)	16	—
Additional paid in capital	16	1,192
Accumulated other comprehensive loss		3
Accumulated deficit		(1,014)
Total equity		181
Total liabilities and equity		1,174

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

* Refer to Note 1 - General information

Approved on behalf of the Board of Directors by:

Robert Jensen
Robert Jensen (Sep 24, 2024 21:20 GMT+2)

Robert Jensen, Director
Date: September 24, 2024

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended December 31, 2021

(In \$ millions)

December 31,
2021

Cash Flows from Operating Activities	
Net income	12
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>	
Depreciation	2
Amortization of favorable contracts	7
Share of results from associated companies	(17)
Gain on realization of marketable securities	(2)
Unrealized gain related to derivative financial instruments	(3)
Deferred income tax	(3)
Change in allowance for credit losses	(64)
<i>Other cash movements in operating activities</i>	
Payment-in-kind-interest	23
Distributions received from associated companies	6
<i>Changes in operating assets and liabilities</i>	
Trade accounts receivable	(1)
Trade accounts payable	4
Related party payables	(4)
Other assets	(5)
Other liabilities	27
Net cash used in operating activities	(18)
Cash Flows from Investing Activities	
Additions to drilling units and equipment	(1)
Cash and restricted cash obtained through acquisition of subsidiary	62
Payments received from loans granted to related parties	10
Loans granted to related parties	(48)
Net cash provided by investing activities	23
Net increase in cash and cash equivalents, including restricted cash	5
Cash and cash equivalents, including restricted cash, at beginning of the period	65
Cash and cash equivalents, including restricted cash, at the end of period	70

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

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2021

(In \$ millions)

	Share Capital	Additional paid-in capital	As restated* Accumulated other comprehensive loss	As restated* Accumulated deficit	Total equity
Balance as at January 1, 2021 as restated*	—	1,192	(6)	(1,026)	160
Net income	—	—	—	12	12
Other comprehensive income	—	—	9	—	9
Balance as at December 31, 2021	—	1,192	3	(1,014)	181

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

* Refer to Note 1 - General information

Paratus Energy Services Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – General information

Company details

Paratus Energy Services Ltd. (previously “**Seadrill New Finance Limited**” or “**NSNCo**”) is a company incorporated under the laws of Bermuda and in accordance with the Bermuda Companies Act 1981.

References to “**PES**”, the “**Company**”, “**we**”, “**us**” or “**our**” in this Annual Report relate to Paratus Energy Services Ltd., together with its consolidated subsidiaries.

Business

Paratus Energy Services Ltd. is the principal holding company of a group that holds investments in Seamex (100%), Seabras Sapura (50%), and Archer (15.7%). These investments are described below:

- **Seamex** is a drilling contractor that owns and operates five jack-up drilling units located in Mexico under long-term contracts with Pemex-Exploración y Producción (“**Pemex**”). Seamex currently owns five jack-up rigs: *Intrepid*, *Defender*, *Courageous*, *Oberon*, and *Titania FE*.
- **Seabras Sapura** is a group of related companies that own and operate six pipe-laying service vessels which are under long-term contract in Brazil. PES has a 50% ownership stake in these companies with the remaining 50% interest being owned by Sapura Energy Berhad.
- **Archer** is a global oilfield service company that specializes in drilling and well services. PES owns 15.7% of the outstanding common shares of Archer and convertible loan note that has a conversion right into equity of Archer.

Basis of presentation

These Consolidated Financial Statement are presented in accordance with generally accepted accounting principles in the United States of America (“**US GAAP**”). The amounts are presented in United States dollar (“**US dollar**”, “**\$**” or “**US\$**”).

Restatement of previously issued consolidated financial statements

The Company has restated its consolidated financial statement as of January 1, 2021 and December 31, 2021 and for the year ended December 31, 2021 and the amounts in the accompanying notes for the matters outlined below.

Liability for uncertain tax positions

The Mexican tax authorities (SAT) are conducting wide ranging audits covering several years through 2018 and have questioned the deductibility of certain costs including the sufficiency of documentation to support the deductions taken for subsidiaries of SeaMex.

The issues are complex, time consuming to resolve, subject to interpretation and therefore uncertain. As a result, the Company has engaged external advisers to assist in discussions with SAT and in developing estimates for the provisions recorded in the consolidated financial statements. During discussions with SAT and as result of tax audits, which for 2016 was resolved subsequent to December 31, 2021, the Company became aware of errors in the assumptions used to develop the liability of uncertain tax positions in previous periods. Specifically, that the record keeping was insufficient to support the positions taken on filed tax returns. The Company determined that the matter represented an error because the adequacy of the records to support previous assessment was insufficient. As this was not new information and could reasonably have been known in prior periods, this resulted in the adjustment.

Additionally, because periods were impacted prior to PES’s acquisition of SeaMex, the increase in the provision for uncertain tax positions as of November 2, 2021 (acquisition date) resulting from the restatement, impacted the purchase price allocation. Due to the error, the original purchase price allocation has been re-evaluated with a resulting increase in the liability for uncertain tax positions also resulting in a corresponding increase in drilling units and equipment at the acquisition date and an increase in depreciation expense and income tax expense, including interest and penalties for the period after the acquisition date to December 31, 2021. As a result of the restatement other non-current liabilities and drilling units and equipment have increased by \$40 million.

Foreign currency error in accounting for investment in Seabras Sapura

The Brazilian entity of Seabras Sapura uses the Brazilian real as its functional currency. Historically the Company has accounted for the difference between its investment and its 50% share of the net assets of the Brazilian entity of Seabras Sapura in U.S. dollars instead of using the Brazilian real and then translating to U.S. dollars at appropriate exchange rates as required by U.S. GAAP.

The effect of this error is that the accumulated deficit and the accumulated other comprehensive loss is overstated as of December 31, 2020, other comprehensive income is understated for the year ended December 31, 2021 and the investment in the Brazilian units of Seabras Sapura is understated at December 31, 2021 because the basis differences that historically have been fixed in U.S. dollars do not take into account the depreciation of the Brazilian real compared to the US dollar since the basis differences were established. As a result of the restatement investment in associated companies increased by \$25 million, accumulated other comprehensive loss decreased by \$21 million and accumulated deficit decreased by \$4 million. Other comprehensive income increased by \$4 million compared to amounts previously reported. The impact on the 2021 consolidated statement of operations was immaterial.

Classification of amortization of favorable contract assets

In 2021, the Company classified the amortization of favorable contract assets acquired with the acquisition of SeaMex as amortization expense. The Company has determined that it should have accounted for such amortization as an adjustment to revenues.

Accordingly, the Company has restated the classification of the related amortization expense to an adjustment to revenues for the period from the acquisition of SeaMex to December 31, 2021. As a result of the reclassification contract revenues decreased by \$7 million and amortization of favorable contracts decreased by the same amount.

The tables below include the effects of the corrections and adjustments to amounts previously reported.

The restatement impacts for the consolidated statement of operations in 2021 were:

<i>(In \$ millions, except per share data)</i>	December 31, 2021 as previously reported	Adjustments	December 31, 2021 as restated
Operating revenues			
Contract revenues	36	(7)	29
Total operating revenues	36	(7)	29
Operating expenses			
Vessel and rig operating expenses	*	(15)	(15)
Depreciation	(2)	—	(2)
Amortization of favorable contracts	(7)	7	—
Selling, general and administrative expenses	*	(2)	(2)
Expected credit gains/(losses)	—	—	—
Total operating expenses	(26)	7	(19)
Operating income	10	—	10
Financial and other items			
Interest income	*	18	18
Interest expense	*	(77)	(77)
Share in results from associated companies	17	—	17
Loss on debt extinguishment	—	—	—
Other financial items	40	—	40
Total financial and other items	(2)	—	(2)
(Loss)/income before income taxes	8	—	8
Income tax (expense)/benefit	4	—	4
Net (loss)/income	12	—	12

The restatement impacts on the consolidated statement of comprehensive income(loss) for 2021 were:

<i>(In \$ millions)</i>	December 31, 2021 as previously reported	Adjustments	December 31, 2021 as restated
Net (loss)/income	12	—	12
Other comprehensive income/(loss), net of tax:			
Share in results from associated companies	2	4	6
Change in fair value of debt component of Archer convertible	3	—	3
Total comprehensive (loss)/Income for the year	17	4	21

The restatement impact on the consolidated balance sheet were as follows at December 31, 2021:

<i>(In \$ millions)</i>	December 31, 2021 as previously reported	Adjustments	December 31, 2021 as restated
ASSETS			
Current assets			
Cash and cash equivalents	49	—	49
Restricted cash	21	—	21
Accounts receivables, net	318	—	318
Amount due from related party current	—	—	—
Favorable contracts	43	—	43
Other current assets	28	—	28
Total current assets	459	—	459
Non-current assets			
Investment in associated companies	239	25	264
Drilling units and equipment	215	40	255
Deferred tax assets	5	—	5
Amount due from related party non-current	69	—	69
Favorable contracts	121	—	121
Other non-current assets	1	—	1
Total non-current assets	650	65	715
Total assets	1,109	65	1,174
LIABILITIES AND EQUITY			
Current liabilities			
Debt due within twelve months	581	—	581
Trade accounts payable	7	—	7
Short-term amounts due to related parties	12	—	12
Other current liabilities	96	—	96
Total current liabilities	696	—	696
Non-current liabilities			
Long-term debt	233	—	233
Other non-current liabilities	24	40	64
Total non-current liabilities	257	40	297
Commitments and contingencies (see Note 21)			
Equity			
Additional paid in capital	1,192	—	1,192
Accumulated other comprehensive loss	(18)	21	3
Accumulated deficit	(1,018)	4	(1,014)
Total equity	156	25	181
Total liabilities and equity	1,109	65	1,174

The restatement impact on the consolidated statement of changes in equity were as follows at December 31, 2021:

<i>(In \$ millions)</i>	Share Capital	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total equity
Balance as at January 1, 2021 as previously reported	—	1,192	(23)	(1,030)	139
Effects of correction of prior period error	—	—	17	4	21
Balance as of January 1, 2021 as restated	—	1,192	(6)	(1,026)	160
Net income	—	—	—	12	12
Other comprehensive income	—	—	5	—	5
Effects of correction of error identified	—	—	4	—	4
Balance as at December 31, 2021 as restated	—	1,192	3	(1,014)	181

The restatement did not impact the consolidated statement of cash flows for the period ended December 31, 2021.

Basis of consolidation

Investments in companies that we directly or indirectly hold more than 50% of the voting control are consolidated in the Consolidated Financial Statements. Intercompany transactions and internal sales have been eliminated on consolidation.

Comprehensive restructuring

i. Introduction

The Restructuring Support Agreement ("RSA") was implemented through a series of transactions. The first element of the RSA was implemented during the period on November 2, 2021, and resulted in PES acquiring a 100% interest in SeaMex. The second part of the RSA was a debt restructuring that required the use of a pre-packaged chapter 11 process which concluded on January 20, 2022, following the end of the reporting period.

On July 2, 2021, Seadrill Limited ("**Seadrill**"), who at that point held a 100% equity interest in Seadrill New Finance Limited ("**NSNCo**"), now Paratus Energy Services Ltd., and holders of senior secured notes issued by the Company ("**NSNCo Noteholders**") agreed to key commercial terms for a comprehensive restructuring of the Company and entered into a restructuring support agreement.

ii. Purchase of Seamex through credit bid

During 2020 and 2021, SeaMex Limited built up a significant accounts receivable balance as a result of delayed payments from its sole customer, Pemex. This led to the Company defaulting on certain obligations under its debt agreements and ultimately culminated in SeaMex Limited being placed under joint provisional liquidation in Bermuda on June 18, 2021.

Prior to filing for joint provisional liquidation SeaMex Limited was a joint venture between PES and an investment fund controlled by Fintech Investment Limited ("**Fintech**"), each having a 50% ownership stake in SeaMex. The agreement governing the joint venture was terminated upon filing for joint provisional liquidation and the former owners lost control over the joint venture at this point.

The joint provisional liquidation provided SeaMex Limited with a stay of proceedings whilst it pursued a comprehensive restructuring. SeaMex Limited had two major debt obligations that it needed to restructure: an external credit facility; and a series of related party loans primarily from PES.

On August 31, 2021, SeaMex issued \$219 million of new notes due August 2024 ("**New SeaMex Notes**") to certain NSNCo Noteholders. SeaMex used the net proceeds raised from this issuance to repay the previous debt facility.

On November 2, 2021, SeaMex Limited (in liquidation) sold its interest in the business and assets of the SeaMex group to PES, in exchange for waiver of certain related party loans. To effect the sale, SeaMex Limited first transferred its shares in the operating subsidiaries of the SeaMex Group to a newly incorporated holding company and sold its interest in this company to PES in return for the release of debt.

Following this transaction, PES had a 100% equity interest in SeaMex. Please refer to Note 20 - "Business Combination" for further details.

iii. Pre-packaged chapter 11 process (subsequent event)

On January 20, 2022, PES completed a debt restructuring which was achieved using a nine-day pre-packaged chapter 11 process. The debt restructuring had the following major impacts:

1. Holders of the senior secured notes issued by PES released Seadrill from all guarantees and securities previously provided by Seadrill in respect of the notes;
2. Seadrill sold 65% of its equity interest in PES to the holders of senior secured notes. Seadrill's equity interest thereby decreasing to 35%; and
3. Reinstatement in full of the notes on amended terms. Please refer to note 22 for further details on the terms of the amended terms.

Note 2 – Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods in these Consolidated Financial Statements, unless otherwise noted.

Critical Accounting Estimates

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

Critical accounting estimates that are significant for the year ended December 31, 2021 are as follows:

Carrying value of rig assets

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

Our estimates, assumptions and judgments reflect both historical experience and expectations regarding future operations, utilization and performance. At December 31, 2021, the carrying amount of our drilling units was \$255 million, representing 36% of our non-current assets.

Business Combination Valuation

When another company is acquired in a business combination, the acquisition method requires us to make certain estimates related to the fair value recognition of identifiable assets acquired and liabilities assumed, such as the fair value of rigs, favorable contract assets and long-term debt. As described in Note 1 - "General Information", on November 2, 2021, NSNCo consolidated SeaMex in a business combination. Critical accounting estimates associated with the acquisition included: Off-contract revenue estimates, off-contract operating expense assumptions, contract probabilities and the weighted average cost of capital ("**WACC**") rate used to discount free cash flow projections. Refer to Note 20 - "Business Combination" to our Consolidated Financial Statements included herein for further information.

Useful lives and residual value

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

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

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

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

Current expected credit losses

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

Uncertain tax positions

We provide for income taxes based on the tax laws and rates in effect in the countries in which our operations are conducted and income is earned. The income tax rates and methods of computing taxable income vary substantially between jurisdictions. Our income tax expense is expected to fluctuate from year to year because our operations are conducted in different tax jurisdictions and the amount of pre-tax income fluctuations.

The determination and evaluation of our annual group income tax provision involves the interpretation of tax laws in the various jurisdictions in which we operate and requires significant judgment and the use of estimates and assumptions regarding significant future events, such as amounts, timing and the character of income, deductions and tax credits. There are certain transactions for which the ultimate tax determination is unclear due to uncertainty in the ordinary course of business. We recognize tax liabilities based on our assessment of whether our tax positions are more likely than not sustainable, based solely on the technical merits and considerations of the relevant taxing authorities widely understood administrative practices and precedence. Changes in tax laws, regulations, agreements, treaties, foreign currency exchange restrictions or our levels of operations or profitability in each jurisdiction may impact our tax liability in any given year.

While our annual income tax provision is based on the information available to us at the time, a number of years may elapse before the ultimate tax liabilities in certain tax jurisdictions are determined. Current income tax expense reflects an estimate of our income tax liability for the current year, withholding taxes, changes in prior year tax estimates as tax returns are filed or from tax audit adjustments. Our deferred tax expense or benefit represents the change in the balance of deferred tax assets or liabilities as reflected on the balance sheet. To determine the amount of deferred tax assets and liabilities, as well as valuation allowances, we must make estimates and certain assumptions regarding future taxable income, including where our drilling units are expected to be deployed. A change in such estimates and assumptions, along with any changes in tax laws, could require us to adjust the amount of deferred taxes. In addition, our uncertain tax positions are estimated and presented within other current liabilities, other liabilities, and as reductions to our deferred tax assets within our

Consolidated Balance Sheets. Refer to Note 7 - "Taxation" to our Consolidated Financial Statements included herein for further information.

Foreign currencies

The majority of our revenues and expenses are denominated in U.S. dollars and therefore the majority of our subsidiaries use U.S. dollars as their functional currency. Our reporting currency is also U.S. dollars. Transactions in foreign currencies are translated into U.S. dollars at the rates of exchange in effect at the date of the transaction. Foreign currency denominated monetary assets and liabilities are remeasured using rates of exchange at the balance sheet date. Gains and losses on foreign currency transactions are included in the Consolidated Statements of Operations.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. Refer to Note 18 - "Related Party Transactions".

Business Combinations

We account for business combinations in accordance with ASC 805 - Business Combinations. As described in Note 1 - "General Information", on November 2, 2021, NSNCo consolidated SeaMex in a business combination. Management determined that the Transaction qualified as a business combination under ASC 805 because (i) SeaMex as the acquiree met the definition of a business and (ii) NSNCo as the acquirer obtained control of SeaMex. As a result, the acquisition method was applied, and the identifiable assets acquired and liabilities assumed were recognized at fair value on the acquisition date.

i. Accounts receivable, net

SeaMex's CECL model estimates the allowance using a "probability-of-default" model. Refer to Allowance for Credit Losses section below.

ii. Drilling units and equipment

The fair value of drilling units and equipment are estimated through the DCF approach. The DCF approach derives values of rigs from the cash flows associated with the remaining useful life of the rig. The DCF approach involves expectations about future cash flows generated by our assets and reflect management's assumptions and judgments regarding future industry conditions and their effect on future utilization levels, dayrates and costs. Forecasted revenues used in the DCF model are derived from a "general pool" whereby the rigs receive a global dayrate assumption and a contract probability factor. All future cash flows are discounted using a WACC. Key assumptions used in the DCF include contracted dayrate and utilization forecasts. The use of different estimates and assumptions could result in significantly different carrying values of our assets and could materially affect our results of operations.

iii. Contracts

Management values the favorable intangible drilling contracts by comparing the signed contract rates against the expected rates achievable for the rig type in the market, both adjusted for economic utilization and taxes. The gain or loss on the signed contract compared to the market rates are then discounted using an adjusted WACC. Amortization of favorable and unfavorable contracts is classified as an adjustment to revenues in the periods presented. The Company considers all facts and circumstances when evaluating the impact of renewal or cancellation options on the contract term.

iv. Convenience date

Where a business combination does not occur on a natural period end reporting date, the Company assesses the use of a convenience date based on materiality.

Revenue from contracts with customers

The activities that primarily drive the revenue earned from our drilling contracts include (i) providing a drilling rig and the crew and supplies necessary to operate the rig, (ii) mobilizing and demobilizing the rig to and from the drill site and

(iii) performing rig preparation activities and/or modifications required for the contract. Consideration received for performing these activities may consist of dayrate drilling revenue, mobilization and demobilization revenue, contract preparation revenue and reimbursement revenue. We account for these integrated services as a single performance obligation that is (i) satisfied over time and (ii) comprised of a series of distinct time increments.

We recognize consideration for activities that correspond to a distinct time increment within the contract term in the period when the services are performed. We recognize consideration for activities that are (i) not distinct within the context of our contracts and (ii) do not correspond to a distinct time increment, ratably over the estimated contract term.

We determine the total transaction price for each individual contract by estimating both fixed and variable consideration expected to be earned over the term of the contract. The amount estimated for variable consideration may be constrained and is only included in the transaction price to the extent that it is probable that a significant reversal of previously recognized revenue will not occur throughout the term of the contract. When determining if variable consideration should be constrained, we consider whether there are factors outside of our control that could result in a significant reversal of revenue as well as the likelihood and magnitude of a potential reversal of revenue. We re-assess these estimates each reporting period as required. Our contracts provide for escalations in the dayrate to be included to reflect market conditions. Such escalations are only recognized as revenue when we receive written approval from the customer. Refer to Note 6 – “Revenue from Contracts with Customers”.

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

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

Favorable drilling contracts – Management values the favorable intangible drilling contracts by comparing the signed contract rates against the expected rates achievable for the rig type in the market, both adjusted for economic utilization and taxes over expected contract terms. Differences are discounted using an appropriate discount rate. Amortization of favorable drilling contracts is recognized in the Consolidated Statement of Operations and recorded as an adjustment to revenue, at fair value following the application of Fresh Start accounting.

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

Vessel and Rig Operating Expenses

Vessel and rig operating expenses are costs associated with operating a drilling unit that is either in operation or stacked, and include the remuneration of offshore crews and related costs, supplies, insurance costs, expenses for repairs and maintenance as well as costs related to onshore personnel and are expensed as incurred.

Mobilization and demobilization expenses

We incur costs to prepare a drilling unit for a new customer contract and to move the rig to the contract location. We recognize the expense for such mobilization costs over the expected contract term.

We incur costs to transfer a drilling unit to a safe harbor or different geographic area at the end or during the contract. We expense such demobilization costs as incurred. We also expense any costs incurred to relocate drilling units that are not under contract.

Repairs, maintenance and periodic surveys

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

Income taxes

PES is a Bermudan company that has a number of subsidiaries and affiliates in various jurisdictions. Currently, the Company and its Bermudan subsidiary are not required to pay taxes in Bermuda on ordinary income or capital gains as they qualify as exempt companies. The Company has received written assurance from the Minister of Finance in Bermuda that it will be exempt from taxation until March 2035. Certain subsidiaries operate in other jurisdictions where taxes are imposed. Consequently, income taxes have been recorded in these jurisdictions when appropriate. Our income tax expense is based on our income and statutory tax rates in the various jurisdictions in which we operate. We provide for income taxes based on the tax laws and rates in effect in the countries in which operations are conducted and income is earned.

The determination and evaluation of our annual group income tax provision involves interpretation of tax laws in various jurisdictions in which we operate and requires significant judgment and use of estimates and assumptions regarding significant future events, such as amounts, timing and character of income, deductions and tax credits. There are certain transactions for which the ultimate tax determination is unclear due to uncertainty in the ordinary course of business. We recognize tax liabilities based on our assessment of whether our tax positions are more likely than not sustainable, based solely on the technical merits and considerations of the relevant taxing authority's widely understood administrative practices and precedence.

Changes in tax laws, regulations, agreements, treaties, foreign currency exchange restrictions or our levels of operations or profitability in each jurisdiction may impact our tax liability in any given year. While our annual tax provision is based on the information available to us at the time, a number of years may elapse before the ultimate tax liabilities in certain tax jurisdictions are determined. Current income tax expense reflects an estimate of our income tax liability for the current year, withholding taxes, changes in prior year tax estimates as tax returns are filed, or from tax audit adjustments.

Income tax expense consists of taxes currently payable and changes in deferred tax assets and liabilities calculated according to local tax rules.

We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit by relevant tax authorities, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. While we believe we have appropriate support for the positions taken on our tax returns, we regularly assess the potential outcomes of examinations by tax authorities in determining the adequacy of our provision for income taxes.

Deferred tax assets and liabilities are based on temporary differences that arise between carrying values used for financial reporting purposes and amounts used for taxation purposes of assets and liabilities and the future tax benefits of tax loss carry forwards.

Our deferred tax expense or benefit represents the change in the balance of deferred tax assets or liabilities as reflected on the Consolidated Balance Sheets. Valuation allowances are determined to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. To determine the amount of deferred tax assets and liabilities, as well as at the valuation allowances, we must make estimates and certain assumptions regarding future taxable income, including where our drilling units are expected to be deployed, as well as other assumptions related to our future tax position. A change in such estimates and assumptions, along with any changes in tax laws, could require us to adjust the deferred tax assets, liabilities, or valuation allowances. The amount of deferred tax provided is based upon the expected manner of settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. The impact of tax law changes is recognized in periods when the change is enacted.

Current and non-current classification

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

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

Cash and cash equivalents

Cash and cash equivalents consist of cash, bank deposits and highly liquid financial instruments with original maturities of three months or less.

Restricted cash

Restricted cash represents cash collateral supporting performance guarantees issued to Pemex.

Receivables

Receivables, including accounts receivable, are recorded in the Consolidated Balance Sheets at their nominal amount less an allowance for doubtful accounts or expected credit loss. We establish reserves for doubtful accounts on a case-by-case basis when it is unlikely that required payments of specific amounts will occur. In establishing these reserves, we consider the financial condition of the customer as well as specific circumstances related to the receivable such as customer disputes. Receivable amounts determined as being unrecoverable are written off. Interest income on receivables is recognized as earned. Refer to Note 6 – “Revenue from contracts with customers”.

Allowance for credit losses

The CECL model requires recognition of expected credit losses over the life of a financial asset upon its initial recognition. Periods prior to adoption are presented under the previous guidance with an allowance against a receivable balance recognized only if it was probable that we would not recover the full amount due to us. We determined doubtful accounts on a case-by-case basis and considered the financial condition of the customer as well as specific circumstances related to the receivable such as customer disputes.

The CECL model contemplates a broader range of information to estimate expected credit losses over the contractual lifetime of an asset. It also requires to consider the risk of loss even if it is remote. We estimate expected credit losses based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts of events which may affect the collectability. We estimate the CECL allowance using a “probability-of-default” model, calculated by multiplying the exposure at default by the probability of default by the loss given default by a risk overlay multiplier over the life of the financial instrument (as defined by ASU 2016-13).

Equity investments

Equity investments are accounted for using the equity method if we have the ability to significantly influence, but not control, the investee. Significant influence is presumed to exist if our ownership interest in the voting stock of the investee is between 20% and 50%. We also consider other factors such as representation on the investee’s board of directors and the nature of commercial arrangements. We classify our equity investees as “Investments in Associated Companies”. We recognize our share of earnings or losses from our equity method investments in the Consolidated Statements of Operations as “Share in results from associated companies”. Refer to Note 19 – “Investment in associated companies”.

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

All other equity investments including investments that do not give us the ability to exercise significant influence and investments in equity instruments other than common stock, are accounted for at fair value, if readily determinable. We classify our other equity investments as “marketable securities” with gains or losses on remeasurement to fair value recognized as “loss on marketable securities”. If we cannot readily ascertain the fair value, we record the investment at cost less impairment. We perform a qualitative impairment analysis for our equity investments recorded at cost at each reporting period to evaluate whether an event or change in circumstances has occurred that indicates that the investment is impaired. We record an impairment loss to the extent that the carrying amount of the investment exceeds its estimated fair value.

Drilling units

Rigs, vessels and related equipment are recorded at historical cost less accumulated depreciation. The cost of these assets, less estimated residual value (currently assumed to be \$nil) is depreciated on a straight-line basis over their estimated remaining economic useful lives. The estimated residual value is taken to be offset by any decommissioning costs that may be incurred. The estimated economic useful life of our jack-up rigs, when new, is 30 years. The direct and incremental costs of significant capital projects, such as rig upgrades and reactivation projects, are capitalized and depreciated over the remaining life of the asset.

Drilling units acquired in a business combination are measured at fair value at the date of acquisition. Cost of property and equipment sold or retired, with the related accumulated depreciation and impairment is removed from the Consolidated Balance Sheet, and resulting gains or losses are included in the Consolidated Statement of Operations.

We re-assess the remaining useful lives of our drilling units when events occur which may impact our assessment of their remaining useful lives. These include changes in the operating condition or functional capability of our rigs, technological advances, changes in market and economic conditions as well as changes in laws or regulations affecting the drilling industry.

Lease as a lessee

When we enter into a new contract, or modify an existing contract, we identify whether that contract has a finance or operating lease component. We do not have, nor expect to have any leases classified as finance leases. We determine the lease commencement date by reference to the date the leased asset is available for use and transfer of control has occurred to the lessee. At the lease commencement date, we measure and recognize a lease liability and a right of use (“ROU”) asset in the financial statements. The lease liability is measured at the present value of the lease payments not yet paid, discounted using the estimated incremental borrowing rate at lease commencement. The ROU asset is measured at the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date, minus any lease incentives received, plus any initial direct costs incurred by us.

After the commencement date, we adjust the carrying amount of the lease liability by the amount of payments made in the period as well as the unwinding of the discount over the lease term using the effective interest method. After commencement date, we amortize the ROU asset by the amount required to keep total lease expense including interest constant (straight-line over the lease term).

Absent of an impairment of the ROU asset, the single lease cost is calculated so that the remaining cost of the lease is allocated over the remaining lease term on straight-line basis. PES assesses a ROU asset for impairment and recognizes any impairment loss in accordance with the accounting policy on impairment of long-lived assets.

We applied the following significant assumptions and judgments in accounting for our leases.

- We apply judgment in determining whether a contract contains a lease or a lease component as defined by Topic 842.
- We have elected to combine leases and non-lease components. As a result, we do not allocate our consideration between leases and non-lease components.
- The discount rate applied to our operating leases is our incremental borrowing rate. We estimated our incremental borrowing rate based on the rate for our traded debt.

Impairment of long-lived assets

We review the carrying value of our long-lived assets for impairment whenever certain triggering events or changes in circumstances indicate that the carrying amount of an asset may no longer be appropriate. We assess recoverability of the carrying value of the asset by estimating the undiscounted future net cash flows expected to result from the asset, including eventual disposition. If the undiscounted future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value.

Derivative Financial Instruments and Hedging Activities

We record derivative financial instruments at fair value. None of our derivative financial instruments have been designated as hedging instruments. Therefore, changes in their fair value are recognized in the Consolidated Statement of Operations each period.

We classify the gain or loss on derivative financial instruments as a separate line item within financial items in the Consolidated Statement of Operations. We classify the asset or liability for derivative financial instruments as an "other current asset" or "other current liability" in our Consolidated Balance Sheets. We offset assets and liabilities for derivatives that are subject to legally enforceable master netting agreements.

Deferred charges

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

Debt

We have financed a significant proportion of the cost of acquiring our fleet of drilling units through the issue of debt instruments. At the inception of a term debt arrangement, or whenever we make the initial drawdown on a revolving debt arrangement, we will incur a liability for the principal to be repaid. Refer to Note 12 - "Debt".

Note 3 – Recent Accounting Standards

1) Recently adopted accounting standards

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

a) ASU 2019-12 Income Taxes (Topic 740): Simplifying the accounting for income taxes

In December 2019, the FASB issued ASU 2019-12. The amendments in this Update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. We adopted ASU 2019-12 effective January 1, 2021. The adoption of this guidance did not have a material impact on our consolidated financial statements.

b) ASU 2021-08 Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers

We early adopted ASU 2021-08 effective July 1, 2021. Requires contract assets and liabilities (i.e., deferred revenue) acquired in a business combination to be recognized and measured on the acquisition date in accordance with ASC 606. This did not have a material impact on our financial statements.

c) ASU 2016-13 - Financial Instruments - Measurement of Credit Losses (Also 2018-19, 2019-04 and 2019-11)

In June 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-13 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments and subsequent amendments, including ASU 2018-19, ASU 2019-04 and ASU 2019-11: Codification Improvements to Topic 326 "Financial Instruments-Credit Losses". Topic 326 replaces the incurred loss impairment methodology (that recognizes losses when a probable threshold is met) with a requirement to recognize lifetime expected credit losses (measured over the contractual life of the instrument) immediately, based on information about past events, current conditions and forecasts of future economic conditions. Under the CECL measurement financial assets are reflected at the net amount expected to be collected from the financial asset,

CECL measurement is applicable to financial assets measured at amortized cost as well as off-balance sheet credit exposures not accounted for as insurance (including financial guarantees).

PES adopted the requirements of Topic 326 in FY 2020. Reporting periods beginning after January 1, 2020 are presented under Topic 326 while comparative periods continue to be reported in accordance with previously applicable GAAP and have not been restated. The allowance for credit losses is presented as a deduction from the asset's amortized cost (or liability for off-balance sheet exposures) and the net balance shown on the Consolidated Balance Sheet with associated credit loss expense in the Consolidated Statement of Operations.

Our external customers are mostly international or national oil companies with high credit standing. We have historically had a very low incidence of credit losses from these customers. Therefore, adoption of the new guidance has not had a material impact on receivables due from our customers.

d) ASU 2020-06 – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging

Simplifies the guidance in U.S. GAAP on the issuer's accounting for convertible debt instruments. Under current guidance, applying the separation models in ASC 470-20 to convertible instruments with a beneficial conversion feature or a cash conversion feature involves the recognition of a debt discount, which is amortized to interest expense. The elimination of these models will reduce reported interest expense and increase reported net income for entities that have issued a convertible instrument that was within the scope of those models before the adoption of ASU 2020-06. PES does not have any instruments with beneficial conversion or cash conversion feature. Accordingly, adoption of this standard had no impact on the financial statements.

e) ASU 2021-05 – Lessors – Certain Leases with Variable Lease Payments

Requires a lessor to classify a lease with variable lease payments that do not depend on an index or rate (hereafter referred to as "variable payments") as an operating lease on the commencement date of the lease if specified criteria are met. PES does not have any sales-type or direct financing leases.

f) ASU 2022-03 – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions

Clarifies that a "contractual sale restriction prohibiting the sale of an equity security is a characteristic of the reporting entity holding the equity security" and is not included in the equity security's unit of account. Accordingly, an entity should not consider the contractual sale restriction when measuring the equity security's fair value (i.e., the entity should not apply a discount related to the contractual sale restriction). In addition, the ASU prohibits an entity from recognizing a contractual sale restriction as a separate unit of account. PES does not apply any discounts related to contractual sale restrictions.

g) ASU 2020-04, 2021-01, 2022-06 – Reference Rate Reform (Topic 848)

Regulators and market participants in various jurisdictions have undertaken efforts, generally referred to as reference rate reform, to eliminate certain reference rates and introduce new reference rates that are based on a larger and more liquid population of observable transactions. As a result of the reference rate reform initiative, certain widely used reference rates such as LIBOR are expected to be discontinued. This Topic and associated updates provide optional expedients for applying the guidance for contract modifications or other situations affected by reference rate reform. This is not relevant as PES's contracts are linked to the new reference rates and management has not identified any contracts that are affected by the reference rate reform.

h) Other accounting standard updates

We additionally adopted the following accounting standard updates in the year which did not have any material impact on our Consolidated Financial Statements and related disclosures:

- ASU 2020-01 - Clarifying the interactions between Topic 321, Topic 323 and Topic 815
- ASU 2020-08 - Codification Improvements to Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs
- ASU 2020-9 - Debt (Topic 470): Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762
- ASU 2020-10 - Codification Improvements
- ASU 2020-11 - Financial Services—Insurance (Topic 944): Effective Date and Early Application

- ASU 2022-04 – Liabilities – Supplier Finance Programs
- ASU 2021-04 Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options
- ASU 2021-10 Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance

2) Recently issued accounting standards

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

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

We do not currently expect any of these updates to affect our Consolidated Financial Statements and related disclosures. The amendments in this update should be applied prospectively and for all non-SEC registered entities will be effective in two years.

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

The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Board is issuing this update to improve the disclosures about a public entity's reportable segments and address requests from investors for additional, more detailed information about a reportable segment's expenses. As a result of this update, reporting entities will need to consider adding other measures used by the CODM to assess performance to its segment note. The amendments will not have material impact on PES Consolidated Financial Statements.

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

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

3) Other accounting standard updates issued by the FASB

As of the financial statements issuance date, the FASB have issued several further updates not included above. We do not currently expect any of these updates to affect our Consolidated Financial Statements and related disclosures either on transition or in future periods.

Note 4 – Current Expected Credit Losses

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

The following table summarizes the movement in the allowance for credit losses for the year ended December 31, 2021:

<i>(In \$ millions)</i>	Allowance for credit losses – trade receivables	Allowance for credit losses – related party ST	Allowance for credit losses – related party LT	Total Allowance for credit losses
As at January 1, 2021	—	21	135	156
Write-off ^{(1) (2)}	—	(21)	(65)	(86)
Net credit loss reversal	—	—	(64)	(64)
Acquisition of SeaMex ⁽³⁾	59	—	—	59
As at December 31, 2021	59	—	6	65

Changes in allowances for external trade receivables are included in operating expenses.

⁽¹⁾ In April, 2021 we signed a settlement agreement with Aquadrill (formerly Seadrill Partners) which waived all claims on pre-petition positions held, as such \$21 million of loans was written-off.

⁽²⁾ Write-off of \$65 million ECL on sellers credit on acquisition of SeaMex.

⁽³⁾ Consolidation of SeaMex's ECL allowance on receivables due from the customers.

Note 5 – Segment information

Operating segments

Our performance is reviewed by the Board, which represents the Chief Operating Decision Maker, as one single business segment, drilling units. In the year ended December 31, 2021, we had one customer with external contract revenues.

Geographic segment data

For the year ended December 31, 2021, all of our revenues were generated in one geographic location, Mexico. During the same periods all of our operating drilling units were located in one geographic location, Mexico.

Note 6 – Revenue from contracts with customers

We have accounts receivables from the customers, net of ECL allowance, of \$318 million in the year ended December 31, 2021.

Accounts receivable are held at their nominal amount less an allowance for expected credit losses. In calculating the expected credit losses we assumed that the accounts receivable are forborne, mature within the next one to two years, and have a Ba3 credit rating. Refer to Note 4 – Current expected credit losses for further information.

Note 7 – Taxation

Income taxes consist of the following:

<i>(In \$ millions)</i>	December 31, 2021
Current tax expense:	
Foreign	(1)
Deferred tax expense:	
Foreign	(3)
Total tax expense/(benefit)	(4)
Effective tax rate	50.0 %

The Company, including its subsidiaries, is taxable in several jurisdictions based on its rig operations. A loss in one jurisdiction may not be offset against taxable income in another jurisdiction. Thus, the Company may pay tax within some jurisdictions even though it might have an overall loss at the consolidated level.

Income taxes for the year ended December 31, 2021 differed from the amount computed by applying the statutory income tax rate in Bermuda of 0% as follows:

<i>(In \$ millions)</i>	December 31, 2021
Effect of taxable income in various countries	(4)
Total	(4)

Deferred Income Taxes

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

The net deferred tax asset consists of the following:

<i>(In \$ millions)</i>	December 31, 2021
Property, plant and equipment	(1)
Provisions	6
Net operating losses carried forward	10
Gross deferred tax asset	15
Valuation allowance related to net operating losses carried forward	(10)
Net deferred tax asset	5

Future taxable income justifies the inclusion of tax loss carry-forwards in the calculation of net deferred taxes. As at December 31, 2021, deferred tax assets related to net operating loss ("NOL") carry-forwards was \$10 million which can be used to offset against future taxable income. NOL carry-forwards which were generated in various jurisdictions, include \$2 million that will not expire and \$8 million that will expire between 2024 and 2031 if not utilized.

Uncertain tax positions

As of December 31, 2021, the Company had uncertain tax positions of \$61 million. Included in the uncertain tax position is accrued interest and penalties totaling \$20 million as of December 31, 2021. The uncertain tax provision is included in "Other non-current liabilities" on the Consolidated Balance Sheets. The changes to the Company's liabilities related to uncertain tax positions were as follows:

<i>(In \$ millions)</i>	December 31, 2021 as restated
Balance at the beginning of the year	—
Acquisition of SeaMex (note 20)	59
Increase as a result of positions taken in the current year	2
Increase as a result of positions taken in prior periods	1
Decrease as a result of a lapse of the applicable statute of limitation	(1)
Uncertain tax position	61

As disclosed in Note 1, the Mexican tax authorities (SAT) are conducting wide ranging audits covering several years through 2018 and have questioned the deductibility of certain costs including the sufficiency of documentation to support the deductions taken for subsidiaries of SeaMex.

The issues are complex, time consuming to resolve, subject to interpretation and therefore uncertainty. As a result, the Company has engaged external advisers to assist in discussions with SAT and in developing estimates for the provisions recorded in the consolidated financial statements. During discussions with SAT and as result of tax audits, which for one year was resolved subsequent to December 31, 2022, for approximately \$9 million. The Company became aware of errors in the assumptions used by previous service provider to develop the liability of uncertain tax positions in previous periods.

Specifically, that the record keeping was insufficient by the previous service provider to support the positions taken on filed tax returns. The Company determined that the matter represented an error because the adequacy of the records was not new information and could reasonably had been known in prior periods had an investigation been undertaken.

Note 8 – Drilling units and equipment

The gross carrying value and accumulated depreciation included in drilling units in the Consolidated Balance Sheet are as follows:

<i>(In \$ millions)</i>	Gross carrying value as restated	Accumulated depreciation	Net carrying value
As at January 1, 2021	—	—	—
Acquisition of SeaMex (note 20)	256	—	256
Additions	1	—	1
Depreciation	—	(2)	(2)
As at December 31, 2021	257	(2)	255

Note 9 – Favorable contracts

The gross carrying value and accumulated amortization included in favorable contracts in the Consolidated Balance Sheet are as follows:

<i>(In \$ millions)</i>	Gross carrying value	Accumulated amortization	Net carrying value
As at January 1, 2021	—	—	—
Acquisition of SeaMex (note 20)	171	—	171
Amortization	—	(7)	(7)
As at December 31, 2021	171	(7)	164

This is presented on the Consolidated Balance Sheet as follows:

<i>(In \$ millions)</i>	December 31, 2021
Current assets	43
Non-current assets	121
Total other current assets	164

The amortization is recognized in the Consolidated Statement of Operations an adjustment to revenue of favorable contracts. The average remaining amortization period for the favorable contracts is 48 months.

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

<i>(In \$ millions)</i>	Period ended December 31					Total
	2022	2023	2024	2025	2026	
Amortization of favorable contracts	43	43	41	28	9	164

Note 10 – Other current assets

Other current assets consist of the following:

<i>(In \$ millions)</i>	December 31, 2021
Prepaid expenses	4
Marketable securities	10
Taxes receivable	11
Right of use asset	1
VAT	2
Total other current assets	28

Note 11 – Other non-current assets

Other non-current assets consist of the following:

<i>(In \$ millions)</i>	December 31, 2021
Right of use asset	1
Total non-current assets	1

Note 12 – Debt

As of December 31, 2021 we had the following debt amounts outstanding:

<i>(In \$ millions)</i>	December 31, 2021
Notes:	
\$880m Senior Secured Notes	581
\$219m New SeaMex Notes	221
Total external credit facilities	802
Add: debt premium and fees	12
Carrying value	814

This was presented in our consolidated balance sheet as follows:

<i>(In \$ millions)</i>	December 31, 2021
Debt due within twelve months	581
Long-term debt	233
Total debt principal	814

The outstanding external debt as at December 31, 2021 is repayable as follows:

<i>(In \$ millions)</i>	\$880m Senior Secured Notes	\$219m New SeaMex Notes	Total
2022	581	—	581
2024	—	221	—
Total debt principal	581	221	581

The key terms relating to our debt in the year ended December 31, 2021 are explained below.

\$880m Senior Secured Notes

The outstanding balance of \$581 million relates to the Senior Secured notes of \$633 million offset by the notes held within the PES group of \$52 million. We have classified this balance as current on our Consolidated Balance Sheet, as the facility was refinanced in January 2022. Please refer to Note 20 - "Business Combination" for further details on this restructuring.

\$219 million New SeaMex Notes

The SeaMex notes, consolidated into the group from November 2, 2021, are comprised of \$192 million refinanced credit facilities, a \$27 million capitalized upfront fee and capitalized interest of \$2 million. The notes have a maturity of August 31, 2024, bearing a fixed interest of 12% per annum, on a "pay-if-you-can" basis, depending on agreed liquidity available. No amortization payments are due until maturity.

The new notes were recognized at fair value, which was at a premium to the principal value as a result of the 12.0% interest being above the estimated market yield applicable to SeaMex. The debt premium is amortized over the term of the facility.

The debt is secured on a senior basis by substantially all assets of SeaMex and its subsidiaries.

Note 13 – Other current liabilities

Other current liabilities comprised the following:

<i>(In \$ millions)</i>	December 31, 2021
Taxes payable	19
VAT	26
Employee withheld taxes and social security	2
Withheld business taxes	7
Lease liability	1
Accrued interest expense	35
Other current liabilities	6
Total other current liabilities	96

Note 14 – Other non-current liabilities

Other non-current liabilities consist of the following:

<i>(In \$ millions)</i>	December 31, 2021 as restated
Uncertain tax position	61
Lease liability	1
Other non-current liabilities	2
Total other non-current liabilities	64

Note 15 – Leases

The Company has operating leases relating to premises, the most significant being its offices in Ciudad del Carmen, Mexico. For operating leases where we are the lessee, our future undiscounted cash flows are as follows:

<i>(In \$ millions)</i>	December 31, 2021
2022	1
2023 and thereafter	1
Total	2

The following table gives a reconciliation between the undiscounted cash flows and the related operating lease liability recognized in our Consolidated Balance Sheet as at December 31, 2021:

<i>(In \$ millions)</i>	December 31, 2021
Total undiscounted cash flows	1
Operating lease liability	1
Of which:	
Current	1
Non-current	1

The following table gives supplementary information regarding our lease accounting at December 31, 2021:

<i>(In \$ millions)</i>	December 31, 2021
Other information:	
Cash paid for amounts included in the measurement of lease liabilities	1
Weighted-average remaining lease term in months	24
Weighted-average discount rate	34%

Note 16 – Common shares and additional paid in capital

Common shares consisted of the following:

<i>Number of shares</i>	December 31, 2021
Authorized share capital (*)	1,000
Issued and fully paid share capital (*)	1,000
Outstanding common shares in issue	1,000

(*) All shares are common shares of \$1.00 par value each.

Additional paid-in capital consisted of the following:

<i>(In \$ millions)</i>	December 31, 2021
Additional paid-in capital	1,192

Note 17 – Risk management and financial instruments

We are exposed to various market risks, including interest rate, foreign currency exchange and concentration of credit risks. We may enter into a variety of derivative instruments and contracts to maintain the desired level of exposure arising from these risks.

Foreign exchange risk management

The Company and all of its subsidiaries use the US dollar as their functional currency because the majority of their revenues and expenses are denominated in US dollars. Our reporting currency is US dollars. In certain circumstances we incur expenses in other currencies and there is thus a risk that currency fluctuations could have an adverse effect on the value of our cash flows.

Our foreign currency risk arises from:

- the measurement of monetary assets and liabilities denominated in foreign currencies converted to US Dollars, with the resulting loss recorded as “Impairment of convertible bond from related party”, and presented in the “Other financial items” line on the Consolidated Statement of Operations; and
- the impact of fluctuations in exchange rates on the reported amounts of our revenues and expenses which are denominated in foreign currencies.

Although we complete some transactions in the local currency of the operating entities, Mexican Peso, this does not amount to a sufficient foreign exchange exposure to warrant a foreign exchange hedging instrument. We do not use foreign currency forward contracts or other derivative instruments related to foreign currency exchange risk.

Credit risk

We have financial assets which expose us to credit risk arising from possible default by a counterparty. In the normal course of business, we do not demand collateral from our counterparties.

Concentration of Credit Risk

There is a concentration of credit risk with respect to revenue as we generate all of our revenue from one customer. Ongoing credit evaluations of this customer are performed and it was determined that we do not require collateral in our business agreements. Reserves for potential credit risk is considered as part of our expected credit loss provision. For details on how we estimate expected credit losses, refer to Note 4 – “Current expected credit losses”.

We do not have significant concentration of credit risk towards any single financial institution and we have policies that limit the amount of credit exposure to individual institutions.

Insurance

a) Physical Damage Insurance

SeaMex has purchased hull and machinery insurance to cover physical damage to its drilling units and those of the Company. We are charged for the cost of insuring our drilling units. We retain the risk for the deductibles relating to physical damage insurance on our fleet. The deductible is currently a maximum of \$5 million per occurrence.

b) Protection and Indemnity Insurance

SeaMex purchases protection and indemnity insurance and excess liability insurance for personal injury liability for crew claims, non-crew claims and third-party property damage including oil pollution from the drilling units to cover claims of up to \$500 million per event and in the aggregate. We retain the risk for the deductible of up to \$0.5 million per occurrence relating to protection and indemnity insurance.

Fair values of financial instruments

The carrying value and estimated fair value of the Company’s financial instruments were as follows:

	December 31, 2021	
	Fair value	Carrying value
<i>(In \$ millions)</i>		
Assets		
Marketable securities (Level 1)	10	10
Related party loans receivables – Seabras loans receivables (Level 2)	51	51
Related party loans receivables – Archer convertible debt (Level 3)	18	18
Liabilities		
\$880m of Senior Secured Notes (Level 1) (*)	476	581
\$219m New SeaMex Notes (Level 2) (*)	233	233

(*) These instruments are at a fixed interest rate.

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

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

Level 1

The carrying value of cash and cash equivalents and restricted cash, which are highly liquid, is a reasonable estimate of fair value and categorized at level 1 of the fair value hierarchy. Quoted market prices are used to estimate the fair value of marketable securities, which are valued at fair value on a recurring basis.

The fair value of the senior secured notes were derived using market traded value. We have categorized this at level 1 on the fair value measurement hierarchy. Refer to Note 12 – Debt for further information.

Level 2

On August 31, 2021, we entered into a Note Purchase Agreement (“NPA”) with some of the Noteholders. The NPA has a maturity of August 31, 2024 and consists of a \$190 million term new loan facility and a \$26.9 million upfront fee, bearing interest at a margin of 12% per annum.

The NPA is not freely tradable and cannot be purchased by the Company at prices other than the outstanding balance plus accrued interest. For the year ended December 31, 2021 the fair value of the debt facility was derived using the DCF model. A cost of debt of 10.3% was used to estimate the present value of the future cash flows. We have categorized this at level 2 on the fair value measurement hierarchy.

We estimate the fair value of the related party loans receivable from Seabras Sapura to be equal to the carrying value after adjusting for expected credit losses. The debt is not freely tradable and cannot be recalled by us at prices other than specified in the loan note agreements. The loans were entered into at market rates. The loans are categorized as level 2 on the fair value hierarchy. Other trading balances with related parties are not shown in the table above and are covered in Note 18 – Related party transactions. The fair value of other trading balances with related parties are also assumed to be equal to their carrying value after adjusting for expected credit losses on the receivables.

Level 3

The Archer convertible debt instrument is bifurcated into two elements. The fair value of the embedded derivative option is calculated using a modified version of the Black-Scholes formula for a currency translated option. Assumptions include Archer's share price in NOK, NOK/USD FX volatility and dividend yield. The fair value of the debt component is derived using the discounted cash flow model including assumptions relating to cost of debt and credit risk associated with the instrument. We have categorized this at level 3 of the fair value hierarchy. Refer to Note 18 – Related party transactions for further information.

The gain on derivatives reported in our consolidated statement of operations included the following:

	December 31, 2021
<i>(In \$ millions)</i>	
Archer convertible debt instrument	<u>3</u>
Gain on derivative financial instruments	<u>3</u>

This represents gains and losses on the conversion option included within an \$18 million convertible bond issued to us by Archer. Please see Note 18 – Related party transactions for further details.

Note 18 – Related party transactions

We have entered into certain agreements with affiliates of Seadrill to provide certain management and administrative services, as well as technical and commercial management services.

Both Seadrill and Fintech, the former joint venture ("JV") Partners, have also provided financing arrangements as described within this note below.

Net expense with related parties consists of the following:

<i>(In \$ millions)</i>	December 31, 2021
Management and administrative fees from Seadrill Management Ltd. ^(a)	(2)
Total related party expenses	(2)

(Payables)/receivables with related parties consist of the following:

<i>(In \$ millions)</i>	December 31, 2021
Short-term other payables ^(a)	(4)
\$16 million JV partner loan facility ^(b)	(8)
Short-term amounts due to related parties	(12)
\$250 million Seller's credit ^(b)	—
\$45 million loan facility ^(b)	—
Seabras loan receivable ^(c)	51
Convertible bond ^(d)	18
Long-term amounts due from related parties	69

(a) *Management and administrative service agreements and short-term other payables*- Short-term other payables are primarily comprised of payables to Seadrill Limited for related party management and crewing fees. SeaMex received management, administrative, and operational support services from Seadrill Limited. The expenses incurred for these services are reported within either "Vessel and rig operating expenses" or "Selling, general and administrative expenses" on the Consolidated Statement of Operations, depending on the nature of the service provided.

(b) On November 2, 2021, SeaMex Limited contributed its assets to a newly incorporated subsidiary that was intended to become the new holding company of the SeaMex Group, SeaMex Finance Limited. Subsequently, on November 2, 2021, SeaMex Limited sold its equity interest in SeaMex Finance Limited to Paratus Energy Services Limited ("PES") in return for the extinguishment the outstanding balance of loans. Please see below the movements in the period on SeaMex loans:

<i>(In \$ millions)</i>	\$250m Sellers credit ⁽¹⁾	Seadragon and working capital loans ⁽²⁾	JV partners loans ⁽³⁾	Total
Balance as at January 1, 2021	(379)	(65)	(17)	(461)
Additional working capital loans	—	(48)	—	(48)
Interest accretion	(14)	(3)	(1)	(18)
Balance as at November 1, 2021	(393)	(116)	(18)	(527)
Loan written off through restructuring	290	—	—	290
Deconsolidated on restructuring	103	—	9	112
Balance as at November 2, 2021	—	(116)	(9)	(125)
Repayment of related party loans	—	—	9	9
Loans capitalized	—	116	—	116
Balance as at December 31, 2021	—	—	—	—

(1) *Sellers credit and loan facilities* - \$250 million Seller credit - On November 2, 2021, SeaMex Limited sold its equity interest in SeaMex Finance Limited to PES in return for the extinguishment of the outstanding balance of \$393 million on the "sellers credit loan", which was owed by SeaMex Limited to a subsidiary of SeaMex Holdings Limited. Refer to Note 1 – "General information" for further information.

(2) *\$45 million loan facility* - On November 2, 2021, the loan facility was transferred to PES, for which the balance was subsequently forgiven.

(3) During December 2021, \$9 million of the \$16.0 million loan facility was settled, with the remaining balance fully settled during March 2022.

(c) *Seabras loan receivable* - this includes a series of loan facilities that we extended to Seabras Sapura between May 2014 and December 2016. The \$51 million balance shown in the table above includes (i) \$41 million of loan principal; (ii) \$16 million of accrued interest and (iii) allowance for expected credit loss \$6 million. The loans are repayable on demand, subject to restrictions on Seabras Sapura's external debt facilities.

(d) *Convertible bond* - On March 13, 2020, Archer announced completion of a refinancing, which included agreed renegotiated terms on the convertible loan. The updated terms amended the loan balance to \$13 million that bears interest of 5.5%, matures in April 2024 and an equity conversion option. The renegotiated terms resulted in a \$29 million impairment recognized following a reduction in the loan balance and an increase to the discount rate. The fair value of the convertible debt instrument as at December 31, 2021 was \$18 million, of which the split between debt and embedded derivative option was \$12 million and \$6 million respectively.

Note 19 – Investment in associated companies

Our investment in associated companies as at December 31, 2021 was comprised of:

<i>Ownership percentage</i>	December 31, 2021
Seabras Sapura	50.0 %
SeaMex Ltd. ("SeaMex")	100.0 %

Seabras Sapura

Seabras Sapura is a group of related companies that own and operate six pipe-laying service vessels in Brazil. We have a 50% ownership stake in each of these companies. The remaining 50% interest is owned by Sapura Energy Berhad ("Sapura Energy").

SeaMex

SeaMex own and operate five jack-up drilling units located in Mexico under contract with Pemex. As of December 31, 2021, we have a 100% ownership stake in SeaMex. As at December 31, 2020 we had a 50% ownership stake in SeaMex with the remaining 50% interest owned by an investment fund controlled by Fintech Investment Limited, ("Fintech"). On November 2, 2021 we obtained the remaining 50% equity interest in SeaMex, resulting in the consolidation of SeaMex into PES in a business combination. Refer to Note 20 – Business Combination for further details.

Fresh start accounting

On emergence from bankruptcy in 2018, our equity method investments were measured at fair value which resulted in a different basis from the underlying carrying values of the investees' net assets at the date of emergence. The basis differences comprise of (i) drilling unit basis differences which are depreciated over the remaining useful life of the associated asset and (ii) contract basis differences which are amortized over the remaining term of the contract. The unwinding of the basis difference is recognized as a "Share in results from associated companies" in the Consolidated Statement of Operations.

Share in results from associated companies

Our share in results of our associated companies (net of tax) were as follows:

<i>(In \$ millions)</i>	December 31, 2021
Seabras Sapura	17
Total share in results from associated companies (net of tax)	17

Summary of Consolidated Statement of Operations for our equity method investees

The results of the Seabras Sapura companies and our share in those results (net of tax) were as follows:

<i>(In \$ millions, unless otherwise stated)</i>	Year ended December 31, 2021
Operating revenues	342
Net operating income	95
Net income	62
PES ownership percentage	50 %
Share of net income	31
Amortization of basis differences	(14)
Share in results from Seabras Sapura (net of tax)	17

The results of the SeaMex companies and our share in those results (net of tax) were as follows:

<i>(In \$ millions, unless otherwise stated)</i>	Period ended November 1, 2021
Operating revenues	189
Net operating income	32
Net loss	(58)
PES ownership percentage	50 %
Share of net loss *	—
Amortization of basis differences	—
Share in results from SeaMex (net of tax)	—

* No further equity pick up of SeaMex results after investment value decreased to zero.

Book value of our investments in associated companies

At the year end, the book values of our investments in our associated companies were as follows:

<i>(In \$ millions)</i>	December 31, 2021 as restated
Seabras Sapura as restated	149
Seabras Sapura Holding GmbH - shareholder loans held as equity	115
SeaMex Ltd	—
Total	264

Quoted market prices for all of our investments are not available.

Summarized Consolidated Balance sheets for our equity method investees

The summarized balance sheets of the Seabras Sapura companies and our share of recorded equity in those companies was as follows:

<i>(In \$ millions, unless otherwise stated)</i>	December 31, 2021
Current assets	179
Non-current assets	1,466
Current liabilities	(546)
Non-current liabilities	(308)
Net Assets	791
PES ownership percentage	50 %
PES share of book equity	396
Shareholder loans held as equity ⁽¹⁾	115
Basis difference allocated to vessels	(308)
Basis difference allocated to contracts	61
Total adjustments	(132)
Book value of PES investment	264

(1) In 2021, Seabras Sapura repaid \$6 million of shareholder loans, with the cash proceeds held in escrow against a future redemption of Senior Secured Notes.

Note 20 – Business Combination

On August 31, 2021, SeaMex entered into a restructuring implementation deed with PES and the JPLs and refinanced SeaMex senior secured bank debt by the issuance of new senior secured notes (the “**New SeaMex Notes**”).

On September 2, 2021, the parties entered into a share purchase agreement to sell the assets of SeaMex out of provisional liquidation to a newly incorporated wholly owned subsidiary of PES in return for the extinguishment of \$0.4 billion of the various forms of debt instruments owed to PES, gross of expected credit loss allowances previously recognized totaling \$65 million. On November 2, 2021 the SPA closed and PES obtained the remaining 50% equity interest in SeaMex, resulting in the consolidation of SeaMex into PES in a business combination.

We have used a convenience date for this transaction and concluded that SeaMex is consolidated into the PES group effective November 1, 2021. Prior to this date it was accounted for as an investment in associated companies on the PES Consolidated Balance Sheet.

The following is a summary of SeaMex's identifiable assets acquired and liabilities assumed as at acquisition date:

<i>(In \$ millions)</i>	As at acquisition as restated
Carrying amounts of major classes of assets	
Cash and cash equivalents	41
Restricted cash	21
Accounts receivable, net	316
Intangible drilling contracts	172
Drilling units and equipment as restated	256
Other assets	17
Total assets	823
Carrying amounts of major classes of liabilities	
Amounts due to related parties	133
Long-term debt	234
Other liabilities as restated	128
Total liabilities	495
Net asset acquired	328

Prior to November 2021, 50% of the net income or loss from SeaMex was recognized as a share in results from associated companies in PES's Consolidated Statement of Operations. From November 2021 onwards, 100% of SeaMex's results from operations form part of PES's consolidated results.

The following is a summary of SeaMex's operation results since the acquisition date included in PES's consolidated results for the reporting period:

<i>(In \$ millions)</i>	Period November 2, 2021 until December 31, 2021 as restated
Results from business combination	
Operating revenues	
Contract revenues as restated	36
Total operating revenues	36
Operating expenses	
Vessel and rig operating expenses as restated	(25)
Selling, general and administrative expenses	(2)
Total operating expenses	(27)
Operating profit	9
Financial and non-operating items	
Interest expense	(4)
Others	(1)
Total financial items	(5)
Income before tax	4
Income tax benefit	5
Net income	9

Note 21 – Commitments and contingencies

From time to time we are a party, as plaintiff or defendant, to lawsuits in various jurisdictions for demurrage, damages, off-hire and other claims and commercial disputes arising from the construction or operation of our drilling units, in the ordinary course of business or in connection with our acquisition or disposal activities. We believe that the resolution of such claims will not have a material impact individually or in the aggregate on our operations or financial condition. Our best estimate of the outcome of the various disputes has been reflected in our Consolidated Financial Statements as at December 31, 2021.

Note 22 – Subsequent Events

Chapter 11 emergence

Paratus Energy Services Ltd. (previously "Seadrill New Finance Limited")("the Issuer") announced on January 12, 2022 that it had successfully received approval from the U.S. Bankruptcy Court for the Southern District of Texas (the "Court") for its "one-day" Chapter 11 restructuring under the plan, which it emerged from on January 20, 2022.

In accordance with the plan, post emergence the board of directors of the Issuer shall consist of between three and five members, up to four of which shall be appointed by the Issuer's noteholders, with the remaining director to be appointed by Seadrill Limited.

The plan provides the Issuer with financial and strategic flexibility and stability. Benefiting from both the new ownership structure and the continuity provided by the Seadrill group, the Issuer expects to continue to focus on maximizing value for all stakeholders from its portfolio of investments including the Seabras Sapura JV and the SeaMex group.

The key terms of the plan included:

1. the release by the holders of the Issuer's pre-existing 12.0% Senior Secured Notes due 2025 (the "Noteholders" and the "Notes", respectively) of all existing guarantees and security and claims (if any) with respect to Seadrill and its subsidiaries (excluding the Issuer and certain of its subsidiaries);
2. the Noteholders, receiving 65% of pro forma equity in the Issuer, with Seadrill Investment Holding Company (a subsidiary of Seadrill) retaining the remaining 35% of pro forma equity in the Issuer, effecting a separation of the Issuer and its subsidiaries (including the Seabras Sapura assets and the SeaMex group) from the consolidated Seadrill group;
3. the issuance of new notes pro rata to Noteholders on amended terms including:
 - a. total amount of reinstated new notes: \$620,148,899;
 - b. maturity date: July 15, 2026;
 - c. interest: either (a) 9.0% per annum, consisting of (i) 3.00% cash interest plus (ii) 6.00% payment in kind ("PIK") interest, or (b) 10.0% PIK per annum, in each case payable quarterly;
 - d. call protection: redemption price:
 - i. prior to July 15, 2022: 105%;
 - ii. on or after July 15, 2022: 102%; and
 - iii. on July 15, 2023 and thereafter: 100%;
4. the Noteholders will have a first priority right to fund any additional liquidity needs of the Issuer or its affiliates; and
5. Seadrill or its subsidiaries will continue to provide certain management services to the Issuer's group.

The plan also provided for the satisfaction of all trade, customer, and other non-funded debt claims in full in the ordinary course of business.

West Titania

On March 16, 2022 we received an early termination notice from Pemex regarding the West Titania, which will come off contract in March 2023 rather than October 2024, resulting in a \$72 million decrease in contract backlog. New Titania contract was concluded in January 2024.

Pemex bond exchange

Pemex issued unsecured notes (the "Pemex. notes"), due June 2, 2029 and carrying an 8.75% coupon and, in June, 2022, exchanged a nominal value, of \$196m of these notes, in lieu of cash settlement for an equivalent amount of outstanding SeaMex accounts receivable. The notes were recognized on the SeaMex balance sheet as a marketable security and were subject to a remarketing plan. During 2022, SeaMex sold the Pemex notes for \$186 million.

SeaMex payments under debt facility

During 2022 SeaMex made voluntary debt repayments of \$198 million. The payments were comprised of principal payments of \$152 million and \$25 million in July 2022 and August 2022 respectively, \$19 million of debt premium and \$2 million in accrued interest. During 2023, interest payments of \$3 million were made on the \$219m New SeaMex Notes. The Notes were fully repaid in July 2023.

Change in ownership

On February 24, 2023, the Company's parent, Seadrill, completed the sale of its 35% shareholding in the Company and certain other interests (MID) for a total consideration of \$44 million (the "PES Sale"). In connection with the PES Sale, on March 14, 2023, Seadrill issued each of the Company and SeaMex with a termination notice in respect of the master service agreements under which Seadrill provides management services. The terminations are effective late 2023.

Conversion of convertible loan

On April 20, 2023, PES received 208,000,000 new common share of Archer Limited ("Archer") in connection with the conversion of PES convertible loan. PES holds a total of 392,305,324 shares in Archer, representing 24.4% of the total number of share and voting rights in Archer. As at December 31, 2022 the investment in Archer was recognized as Marketable Securities included in "Other Current Assets" in the Consolidated Balance Sheets. From April 2023, the investment in Archer will be accounted for as an equity method investee.

Repayment of Seabras loans

In 2023 PES received \$114 million in loan repayments from Seabras. The payment includes (i) \$38 million loan principal, (ii) \$58 million loan equity and (iii) 18 million of accrued interest. Further information on the loan receivable can be found in Note 18 Related party transactions.

Establishment of incentive scheme

In April 2023, the Company approved establishment of incentive plans to provide selected participants with a financial incentive, which recognizes long-term corporate, organization and individual performance and accomplishments. Directors and management of the Company and/or its subsidiaries can be awarded from time to time. Establishment and implementation of the incentive plan is determined by the Board of Directors for the Company.

Covenant compliance

The Company revisited series of supplemental indentures in 2023. Supplemental indenture signed in May 2023 waived failure to comply in full with Reporting Covenant and Compliance Covenant for the fiscal year ending December 31, 2022.

Class C share issuance

On May 25, 2023, the board of Paratus authorized the issuance of 22,332 shares of a new class of ordinary non-voting shares in the Company (the "C Shares") to Hemen Investments Ltd ("Hemen"), Lodbrok Capital LLP ("Lodbrok"), and Melqart Asset Management (UK) Ltd ("Melqart") (combined the "Acquiring Shareholders") as consideration for the termination of the management incentive deed ("MID").

Name change

On March 1, 2024 SeaMex Holdings Ltd was renamed to Fontis Holdings Ltd.

On April 29, 2024 Seabras Sapura JV was renamed to Seagems.

Changes to share capital

On May 21, 2024, the Company, with the approval of its shareholders, has undertaken and completed a subdivision of 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 sub-divided into 500 A shares of US\$0.00002 each.

Following this subdivision, Paratus had total Class A common shares of 154,015,990 at par value of US \$0.00002 each.

Initial public offering event

On June 28, 2024 Paratus was admitted to trading on Euronext Growth Oslo stock exchange following a private placement of 15,309,059 shares for gross proceeds of \$75 million.

Refinancing

On June 5, 2024 Paratus has successfully completed a private placement of \$500 million of new secured bonds maturing in 2029 with a coupon rate of 9.5%. The proceeds from the new bond issued were used to partially repay Senior Secured Notes due in 2026. On July 8, 2024 Paratus has repaid \$500 million of the old notes outstanding.

The Board of Directors authorize a cash distribution to shareholders and approve a share repurchase program

On September 10, 2024, the Company announced that the Board of Directors has approved a cash distribution to shareholders of \$0.22 per share to be made on or about 23 September 2024 to all shareholders of record as of 13 September 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. Additionally, the Board of Directors has approved a share repurchase mandate to acquire shares for an amount of up to \$100 million which will provide the Company with flexibility to repurchase shares in the open market. Any share repurchase programs will be announced separately and may be suspended or discontinued at any time.

Share premium reduction

At a Special General Meeting ("SGM") held on September 5, 2024, the Company's shareholders approved the reduction of the Company's share premium account (forming a portion of additional paid in capital in the financial statements of the Company) from \$157,994,017 to \$2,994,017 by the transfer of \$155,000,000 of the share premium account to the Company's contributed surplus account with effect on or around 5 September 2024.

Partial redemption of Senior Secured Notes due 2026 ("2026 notes")

On July 8, 2024, the Company announced that the proceeds from the bond issue was released from escrow and the full amount was used to partially refinance the Company's existing \$715 million 2026 notes. As a result, the remaining aggregate principal amount under the 2026 notes is now approximately \$215 million. The net carrying amount of the 2026 notes as of Q2 2024 was \$665 million, consisting of a notional amount of \$715 million and unamortized discounts and fees totaling \$50 million. Following the partial redemption of the 2026 notes, the carrying amount of the unamortized discounts and fees is expected to be expensed on a prorated basis post-Q2 2024.

APPENDIX D:

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024 AND 31 DECEMBER 2023 AND FOR EACH OF THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 AND 2023

Paratus Energy Services Ltd.

Unaudited Interim Results

Second Quarter 2024

SECOND QUARTER 2024 RESULTS

Unless the context indicates otherwise, "Aratus," the "Company," "we," "us," "our," and similar terms, all refer to Paratus Energy Services Ltd. (previously known as "Seadrill New Finance Limited" or "NSNCo"), 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., previously known as "SeaMex Holdings Ltd". and its subsidiaries (jointly "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 Growth Oslo 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 Stock Exchange under the ticker "ARCH".

Q2 2024 highlights and post-quarter developments

In the second quarter 2024, the Company strengthened its capital structure through raising a new five-year bond to partially refinance the 2026 notes and raising \$75 million of gross proceeds in connection with a successful listing on the Euronext Growth Oslo. Both issuances attracted strong investor demand and were significantly oversubscribed. The Group continued to demonstrate strong financial and operational performance during the quarter, characterized by high margins and continuous cash flow generation on strong technical utilization.

- Successfully listed on the Euronext Growth Oslo
- Successful placement of 15.3 million new shares, raising gross proceeds of \$75 million
- Successful placement of a new \$500 million five-year bonds, partially refinancing 2026 notes post-Q2 2024 and extending majority of maturities to 2029
- Delivered Group revenues of \$124 million¹ and adjusted EBITDA of \$70 million¹ on strong operational performance
- Exited the quarter with a Group cash balance of \$246 million and \$518 million¹ in net debt
- Increased Seagems backlog with an additional ~\$1.8bn from three-year contracts for each of the JV's six vessels and further secured extensions for the Rubi and Esmeralda post-Q2, increasing the backlog by another ~\$74 million combined
- The Board of Directors authorized a cash distribution to shareholder of \$0.22 per share and approved a share repurchase mandate to acquire shares for an amount of up to \$100 million

¹ Based on management reporting

Operational review for the second quarter of 2024

(In \$ millions, unless stated otherwise)	Note	Q2 2024 results per segment			Total Group
		Seagems (50% share)	Fontis	Other	
Key segment financials					
Contract revenues	4	52.2	71.8	-	124.0
Rig / Vessel operating expenses	3	17.4	23.9	0.3	41.6
General and administrative expenses	3	3.0	1.1	5.1	9.2
Adjusted EBITDA		28.1	46.8	(5.4)	69.5
Operating income	3	17.6	37.0	(2.6)	52.0
Net income/(loss)	3	19.9	38.6	(24.2)	34.1
Cash and cash equivalents	11	13.7	101.3	130.9	245.9
Interest-bearing debt (notional amount)	11	48.3	-	715.4	763.7
Net debt/(cash)		34.6	(101.3)	584.5	517.8
Key segment operational data					
Average contractual rate (\$ thousand per day)*		200.8	126.7		
Opex per unit (\$ thousand per day)		63.8	52.4		
Technical utilization rate		99.3%	99.8%		
Contract backlog		1,032.7	369.0		1,401.7

* 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, generated contract revenues of \$124 million and adjusted EBITDA of \$70 million, up from \$109 million and \$56 million, respectively, in the previous quarter.

Fontis

Fontis generated contract revenues of \$72 million (Q1 2024: \$55 million) and adjusted EBITDA of \$47 million (Q1 2024: \$31 million). The revenue increase of \$17 million (30%) from the previous quarter was primarily driven by the recognition of revenue from previously unbilled services and higher dayrates following market indexation in February 2024. The Opex of \$24 million and SG&A of \$1 million were broadly in line with Q1 2024 (\$23 million and \$1 million respectively). In Q2 2024, Fontis achieved an average contractual rate of \$126.7 thousand per day (Q1 2024: \$118.1 thousand per day) and an average technical utilization of 99.8% (Q1 2024: 99.6%), closing the quarter with a contract backlog of \$369 million.

During the quarter, Fontis collected \$90 million of receivables from its key client in Mexico (\$16 million in Q1 2024). The Company notes that the collection from the client may continue to fluctuate going forward.

Seagems

The Company’s 50% share in the JV contributed with \$52 million in contract revenues (Q1 2024: \$53 million) and \$28 million in adjusted EBITDA (Q1 2024: \$27 million), remaining steady compared to the previous quarter. Opex amounted to \$17 million in the quarter, slightly down from \$19 million in the previous quarter mainly driven by lower personnel costs, while the S&GA of \$3 million was broadly in line with Q1 2024 (\$3 million). The JV achieved an average contractual rate of \$200.8 thousand per day (Q1 2024: \$208.8 thousand per day) and an average technical utilization of 99.3% (Q1 2024: 98.7%).

As previously announced, pursuant to an agreed plan amongst the JV shareholders, Seagems distributes all excess cash to its JV shareholders. During Q2 2024, the JV distributed \$14 million to Paratus (\$24 million in Q1 2024).

Furthermore, in Q2 2024 the Company announced new contracts for its entire fleet of six multipurpose pipe-laying support vessels through a competitive Petrobras tender process, adding approximately \$1.8 billion to the backlog.

Following end of Q2 2024, Seagems secured extensions for the vessels Rubi and Esmeralda, increasing the JV’s backlog by approximately \$74 million. The Rubi will continue operations for Petrobras for an additional 235 days, adding \$62 million to the backlog, while the Esmeralda’s new commitment comprise a 60-day extension with Petrobras, adding \$12 million in backlog. Both vessels will commence and complete these new commitments prior to starting the new three-year contracts awarded by Petrobras earlier this year.

Other

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. Net loss during the quarter was \$24 million (Q1 2024: \$24 million) which mainly comprised of corporate G&A of \$5 million which increased with \$4 million from Q1 2024 (\$1 million) due to transaction costs incurred

related to the Initial Public Offering (“IPO”) and placement of bonds in June 2024, interest payments of \$16 million and other financial expenses of \$5 million.

Liquidity and Capital Management

The Company’s principal sources of liquidity are cash flows generated from operations, offerings of equity and external financing mainly through bonds. Regular cash projections are conducted to assess liquidity needs, informing decisions by the Board of Directors and management.

The Company manages and adjusts its capital structure to ensure that it remains sufficiently funded to support its business strategy and maximize shareholder value. If required, the capital structure may be adjusted through equity or debt transactions, asset restructuring or through other measures.

The Group, closed Q2 2024 with a cash balance of \$246 million and net debt of \$518 million, including \$14 million and \$35 million of the Company’s share in Seagems’ cash balance and net debt, respectively. In comparison, Q1 2024 ended with a cash balance of \$126 million and net debt of \$639 million, including \$18 million and \$3 million of the Company’s share in Seagems’ cash balance and net debt, respectively. The increase in the Group’s cash balance was mainly driven by the private placement in June 2024 and higher collection of receivables in Mexico. The Group’s interest-bearing debt (at notional amounts) totalled \$764 million, comprising \$715 million at Paratus plus \$48 million in Seagems.

Financial summary for the first six months of 2024

	Note	Three months ended		Six months ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(In \$ millions, unless stated otherwise)</i>					
<u>Statements of operations summary</u>					
Operating revenues	4	64.2	45.8	111.8	73.5
Operating income	3	54.1	16.8	86.5	24.3
Net income/(loss)	3	34.1	(1.2)	43.8	(26.4)
Earnings per share (\$ per share)	13	0.22	(0.01)	0.28	(0.18)
<u>Other key financial figures</u>					
Cash and cash equivalents	6			At June 30, 2024	At Dec. 31, 2023
Interest-bearing debt (notional amount)	11			232.2	114.7
Net debt				715.4	715.4
				483.2	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 the first six months of 2024 was \$44 million compared to a net loss of \$26 million for the first six months of 2023.

Operating income increased by \$62 million, from \$24 million in H1 2023 to \$87 million in H1 2024. The increase in operating income reflects higher revenues and higher income from equity method investments. Additionally, the H1 2023 operating income was negatively impacted by the accounting effects from the termination of management incentive deed (“MID”) with Seadrill in Q2 2023 of which \$13 million was recognized as cost.

Operating revenues for H1 2024 stood at \$112 million, up by \$38 million (52%) compared to H1 2023 (\$74 million). The revenue increase was primarily driven by the recognition of revenue from previously unbilled services (\$15 million), higher dayrates following market indexation in February 2024 (\$7 million), and lower amortization of favorable contracts (\$8 million) in H1 2024. Furthermore, as previously announced, the comparative operating revenues in 2023 were negatively impacted by downtime on the Courageous and Defender in parts of Q1 2023 (\$9 million).

Opex in H1 2023 was impacted by higher repair and maintenance (“R&M”) costs related to the Courageous and Defender incidents in part of Q1 2023 referred to above and management services from previous shareholder of the Company, Seadrill, while H1 2024 involved higher personnel costs following the termination of these management service contracts. Corporate G&A increased during H1 2024 mainly due to transaction costs incurred related to the IPO and placement of bonds.

Depreciation amounted to \$9 million, slightly up by \$2 million compared to \$7 million in the corresponding period last year.

Income from equity method investments, included in the operating income, primarily represents the Company’s 50% share in the Seagems JV’s net income (net of taxes). Total income from equity method investments during H1 2024 was \$39 million, up from \$27 million same period last year.

Net financial expense decreased to \$35 million in H1 2024, compared to \$45 million in H1 2023. This reduction is primarily due to lower interest expenses in 2024. In H1 2023, the Company accrued higher payment-in-kind ("PIK") interest due to higher interest rates, which contributed to higher financial expenses. Additionally, the full repayment of the Fontis notes in second half of 2023 further reduced interest costs in 2024. Furthermore, in H1 2024, the Company recognized an unrealized foreign exchange gain from the revaluation of provisions for uncertain tax positions ("UTP") in Mexico. This compares with an unrealized foreign exchange loss recorded in H1 2023. However, these favorable factors were partly offset by an accounting gain recognized in 2023 related to the conversion of Archer debt.

Tax expense recorded during H1 2024 amounted to \$8 million compared to \$6 million in H1 2023, mainly driven by movements in the provision for the UTP.

Consolidated **cash and cash equivalents** (Paratus and Fontis) as of Q2 2024 was \$232 million and **net debt** of \$483 million. In comparison, the cash balance and net debt at year-end 2023 were \$115 million and \$601 million, respectively.

Net cash flows from operating activities amounted to \$42 million during H1 2024, compared to \$53 million in the same period in 2023. This change was mainly driven by higher earnings partly offset by increase in receivables in Mexico relative to collections.

Net cash from investing activities of \$33 million during H1 2024 was mainly related to distributions from Seagems of \$38 million to Paratus partly offset by additions to drilling units of \$5 million. In comparison, net cash from investing activities for the same period in 2023 totaled \$44 million, consisting of \$66 million in distributions from Seagems to Paratus, partly offset by additions to drilling units of \$6 million and \$16 million in purchase of marketable securities in Archer.

Net cash from financing activities of \$42 million for H1 2024 was comprised of net proceeds from the private placement in June 2024 of \$73 million, interest income of \$1 million and interest payments of \$32 million. In H1 2024, financing activities comprised of interest income of \$1 million and \$3 million in interest payments related to the Fontis notes. The Company did not pay any interests in H1 2023 related to the 2026 notes as it was only accruing PIK interests.

Subsequent Events

The Board of Directors authorize a cash distribution to shareholders and approve a share repurchase program

On September 10, 2024, the Company announced that the Board of Directors has approved a cash distribution to shareholders of \$0.22 per share to be made on or about 23 September 2024 to all shareholders of record as of 13 September 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. Additionally, the Board of Directors has approved a share repurchase mandate to acquire shares for an amount of up to \$100 million which will provide the Company with flexibility to repurchase shares in the open market. Any share repurchase programs will be announced separately and may be suspended or discontinued at any time.

Share premium reduction

At a Special General Meeting ("SGM") held on September 5, 2024, the Company's shareholders approved the reduction of the Company's share premium account (forming a portion of additional paid in capital in the financial statements of the Company) from \$157,994,017 to \$2,994,017 by the transfer of \$155,000,000 of the share premium account to the Company's contributed surplus account with effect on or around 5 September 2024.

Partial redemption of Senior Secured Notes due 2026 ("2026 notes")

On July 8, 2024, the Company announced that the proceeds from the bond issue was released from escrow and the full amount was used to partially refinance the Company's existing \$715 million 2026 notes. As a result, the remaining aggregate principal amount under the 2026 notes is now approximately \$215 million. The net carrying amount of the 2026 notes as of Q2 2024 was \$665 million, consisting of a notional amount of \$715 million and unamortized discounts and fees totalling \$50 million. Following the partial redemption of the 2026 notes, the carrying amount of the unamortized discounts and fees is expected to be expensed on a prorated basis post-Q2 2024.

Risks and uncertainty

The Group is subject to a range of risks and uncertainties which may affect its business operations and financial condition. The description of key risks and uncertainties in the 2023 Annual report gives a fair description of key risks and uncertainties that may affect the Group in the second half of 2024, and we are not aware of any significant new risks or uncertainties or significant changes to those risks or uncertainties, except for those described herein.

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period January 1, to June 30, 2024, has been prepared in accordance with United States Generally Accepted Accounting Principles, or "US GAAP" and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole, and that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements. We have disclosed all major related parties' transactions. A detailed description of the principal risks and uncertainties facing the group is provided in our annual report for the year ended December 31, 2023, as supplemented herein, remain materially unchanged for the remaining six months of the financial year 2024.

The Board of Directors of Paratus Energy Services Ltd.

9 September 2024

Mei Mei Chow
Chair

Ørjan Svanevik
Director

Robert Jensen
Director

James Ayers
Director

Joachim Bale
Director

Paratus Energy Services Ltd.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	Three months ended		Six months ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(In \$ millions, except per share amounts)</i>					
Operating revenues					
Operating revenues	4	64.2	45.8	111.8	73.5
Total operating revenues		64.2	45.8	111.8	73.5
Operating expenses					
Rig operating expenses		(24.2)	(22.6)	(47.7)	(49.3)
General and administrative expenses		(6.3)	(3.0)	(8.9)	(7.5)
Depreciation and amortization		(4.6)	(3.8)	(9.3)	(7.5)
Settlement of Management Incentive Deed		-	(12.9)	-	(12.9)
Expected credit gains/(losses)		2.4	0.4	1.7	0.8
Total operating expenses		(32.7)	(41.9)	(64.2)	(76.4)
Income from equity method investments	10	22.6	12.9	38.9	27.2
Operating income		54.1	16.8	86.5	24.3
Financial items					
Interest income		1.2	0.4	1.4	1.6
Interest expense	11	(21.6)	(21.6)	(43.1)	(42.7)
Gain extinguishment of financial instruments		-	7.1	-	7.1
Other financial items		4.1	(2.9)	7.1	(10.8)
Net financial expense		(16.3)	(17.0)	(34.6)	(44.8)
Income/(loss) before income taxes		37.8	(0.2)	51.9	(20.5)
Income tax benefit/(expense)	5	(3.7)	(1.0)	(8.1)	(5.9)
Net income/(loss)		34.1	(1.2)	43.8	(26.4)
Income/(loss) per share:	13				
Basic		0.22	(0.01)	0.28	(0.18)
Diluted		0.22	(0.01)	0.28	(0.18)

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		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(In \$ millions)</i>				
Net income/(loss)	34.1	(1.2)	43.8	(26.4)
Other comprehensive income/(loss), net of tax:				
Share of other comprehensive income (loss) from equity method investments	10.5	(4.9)	11.3	(8.9)
Archer convertible bond reclassification		(8.4)		(6.0)
Total other comprehensive loss	44.6	(14.5)	55.1	(41.3)

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

Paratus Energy Services Ltd.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	At the end of	
		June 30, 2024	December 31, 2023
<i>(In \$ millions, except par value amounts)</i>			
ASSETS			
Current assets			
Cash and cash equivalents	6	232.2	114.7
Accounts receivables, net	4	211.0	169.3
Amounts due from related parties		3.3	3.3
Favorable contracts	4	30.7	30.7
Other current assets	7	29.3	34.0
Total current assets		506.5	352.0
Non-current assets			
Equity method investments	10	367.1	354.5
Drilling units and equipment, net		253.6	258.3
Favorable contracts	4	22.5	37.9
Other non-current assets		0.3	0.3
Total non-current assets		643.5	651.0
Total assets		1,150.0	1,003.0
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable		14.9	18.5
Other current liabilities	5, 8	59.6	29.5
Total current liabilities		74.5	48.0
Non-current liabilities			
Interest-bearing debt, long-term	11	665.3	655.4
Other non-current liabilities	5	65.3	84.7
Total non-current liabilities		730.6	740.1
Equity			
Shareholders' equity		344.9	214.9
Total equity		344.9	214.9
Total liabilities and equity		1,150.0	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	Six months ended	
		June 30, 2024	June 30, 2023
Operating Activities			
Income/(loss) before income taxes		51.9	(20.5)
<u>Adjustments to add/(deduct) non-cash items:</u>			
Amortization of favorable contracts	4	15.4	23.2
Depreciation		9.3	7.5
Settlement of Management Incentive Deed (MID)		-	12.9
Income from equity method investments	10	(38.9)	(27.2)
Net interest expense and amortization		41.7	41.1
Loss/(gain) on realization of marketable securities		-	5.6
Unrealized foreign exchange (gain)/loss		(7.1)	(6.3)
Expected credit gains/(losses)		(1.7)	(0.8)
(Gain)/loss on debt extinguishment		-	(7.1)
Share-based compensation		0.1	-
Other		(0.6)	0.9
<u>Change in working capital items and other</u>			
Accounts receivables, net		(40.0)	13.0
Trade accounts payable		(3.6)	1.0
Other assets		4.7	(3.0)
Other liabilities		10.7	13.0
Net cash (used in)/provided by operating activities		41.9	53.3
Investing Activities			
Additions to drilling units and equipment		(4.6)	(6.0)
Investment in equity method investee		-	(16.0)
Distribution from equity method investments		37.6	65.5
Net cash (used in)/provided by investing activities		33.0	43.5
Financing Activities			
Interest on bank deposits		1.4	0.5
Payment of interest on borrowings		(32.2)	(2.7)
Issuance of common shares (net of issue costs)	12	72.6	-
Net cash (used in)/provided by financing activities		41.8	(2.2)
Effect of exchange rate changes on cash and cash equivalents		0.8	0.1
Net increase in cash and cash equivalents		117.5	94.7
Cash and cash equivalents at beginning of period		114.7	94.0
Cash and cash equivalents at end of period		232.2	188.7

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	-	-	-	43.8	43.8
Other comprehensive income	-	-	11.3	-	11.3
Issuance of common shares	-	71.9	-	-	71.9
Balance as at June 30, 2024	-	1,362.8	7.8	(1,028.7)	344.9
Balances as at January 1, 2023	-	1,278.0	6.0	(1,050.0)	234.0
Net loss	-	-	-	(26.4)	(26.4)
Issuance of C-shares in connection with termination of MID	-	12.9	-	-	12.9
Other comprehensive income	-	-	(14.9)	-	(14.9)
Balance as at June 30, 2023	-	1,290.9	(8.9)	(1,076.4)	205.6

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., (previously known as "Seadrill New Finance Limited" or "NSNCo"), 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.

Paratus is a holding company of a group of energy services companies and is comprised of its wholly owned subsidiary Fontis Holdings Ltd., previously known as "SeaMex Holdings Ltd". and its subsidiaries (jointly "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 Growth Oslo under the ticker "PLSV".

- **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 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 Stock Exchange 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 six months ended June 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 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., previously known as SeaMex Holdings Ltd. and its subsidiaries (jointly "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						
June 30, 2024						
(In \$ millions)	Seagems JV (100% share)	Seagems (50% share)	Reconciling Items	Fontis	Other	Consol. Total
Contract revenues	104.3	52.2	(52.2)	71.8		71.8
Amortization of favorable contracts		-	-	(7.6)		(7.6)
Tax on revenues	(7.4)	(3.6)	3.6			-
Operating revenues	96.9	48.5	(48.5)	64.2	-	64.2
Rig / Vessel operating expenses	(35.0)	(17.4)	17.4	(23.9)	(0.3)	(24.2)
General and administrative exp.	(5.9)	(3.0)	3.0	(1.1)	(5.1)	(6.3)
Other operating expenses	(0.4)	(0.2)	0.2	2.4		2.4
Depreciation and amortization	(20.7)	(10.4)	10.4	(4.6)		(4.6)
Income from equity method inv.				-	22.6	22.6
Operating income	34.9	17.6	(17.6)	37.0	17.2	54.1
Financial items, net	6.1	3.1	(3.1)	5.3	(21.6)	(16.3)
Income tax benefit/(expense)	(1.5)	(0.8)	0.8	(3.7)		(3.7)
Net income/(loss)	39.5	19.9	(19.9)	38.6	(4.4)	34.1
Three months ended						
June 30, 2023						
(In \$ millions)	Seagems JV (100% share)	Seagems (50% share)	Reconciling Items	Fontis	Other	Consol. Total
Contract revenues	113.3	56.7	(56.7)	53.5		53.5
Amortization of favorable contracts		-	-	(7.7)		(7.7)
Tax on revenues	(5.3)	(2.7)	2.7			-
Operating revenues	108.0	54.0	(54.0)	45.8	-	45.8
Rig / Vessel operating expenses	(24.4)	(12.2)	12.2	(21.6)	(1.0)	(22.6)
General and administrative exp.	(6.6)	(3.3)	3.3	(2.0)	(0.9)	(3.0)
Other operating expenses	0.6	0.3	(0.3)	0.4	(12.9)	(12.5)
Depreciation and amortization	(20.3)	(10.2)	10.2	(3.8)	-	(3.8)
Income from equity method inv.				-	12.9	12.9
Operating income	57.3	28.7	(28.7)	18.8	(1.9)	16.9
Financial items, net	(20.3)	(10.2)	10.2	(3.7)	(13.3)	(17.0)
Income tax benefit/(expense)	(0.3)	(0.2)	0.2	(1.0)		(1.0)
Net income/(loss)	36.7	18.4	(18.4)	14.1	(15.2)	(1.2)

Note 3 - Segments (continued)

	Six months ended					
	June 30, 2024					
<i>(In \$ millions)</i>	Seagems JV (100% share)	Seagems (50% share)	Reconciling Items	Fontis	Other	Consol. Total
Contract revenues	210.6	105.3	(105.3)	127.2		127.2
Amortization of favorable contracts		-	-	(15.4)		(15.4)
Tax on revenues	(13.4)	(6.7)	6.7			-
Operating revenues	197.2	98.6	(98.6)	111.8	-	111.8
Rig / Vessel operating expenses	(74.0)	(37.0)	37.0	(47.0)	(0.7)	(47.7)
General and administrative exp.	(12.5)	(6.3)	6.3	(2.6)	(6.3)	(8.9)
Other operating expenses	(0.3)	(0.2)	0.2	1.7		1.7
Depreciation and amortization	(41.5)	(20.8)	20.8	(9.3)	-	(9.3)
Income from equity method inv.		-	-	-	38.9	38.9
Operating income	68.9	34.5	(34.5)	54.6	31.9	86.5
Financial items, net	6.0	3.0	(3.0)	8.3	(42.9)	(34.6)
Income tax benefit/(expense)	(1.1)	(0.6)	0.6	(8.1)		(8.1)
Net income/(loss)	73.8	36.9	(36.9)	54.8	(11.0)	43.8

	Six months ended					
	June 30, 2023					
<i>(In \$ millions)</i>	Seagems JV (100% share)	Seagems (50% share)	Reconciling Items	Fontis	Other	Consol. Total
Contract revenues	221.7	110.9	(110.9)	96.7		96.7
Amortization of favorable contracts		-	-	(23.2)		(23.2)
Tax on revenues	(10.2)	(5.1)	5.1			-
Operating revenues	211.5	105.8	(105.8)	73.5	-	73.5
Rig / Vessel operating expenses	(58.9)	(29.5)	29.5	(50.1)	0.8	(49.3)
General and administrative exp.	(13.9)	(7.0)	7.0	(4.8)	(2.7)	(7.5)
Other operating expenses	0.4	0.2	(0.2)	0.8	(12.9)	(12.1)
Depreciation and amortization	(40.4)	(20.2)	20.2	(7.5)	-	(7.5)
Income from equity method inv.		-	-	-	27.2	27.2
Operating income	98.7	49.4	(49.4)	11.9	12.4	24.3
Financial items, net	(23.7)	(11.9)	11.9	(6.9)	(37.9)	(44.8)
Income tax benefit/(expense)	(4.7)	(2.4)	2.4	(5.9)		(5.9)
Net income/(loss)	70.3	35.2	(35.2)	(0.9)	(25.5)	(26.4)

	June 30, 2024					
<i>(In \$ millions)</i>	Seagems JV (100% share)	Seagems (50% share)	Reconciling Items	Fontis	Other	Consol. Total
Cash and cash equivalent	27.4	13.7	(13.7)	101.3	130.9	232.2
Equity method investments		-	-	-	367.1	367.1
Total assets	1,506.3	753.2	(753.2)	648.0	502.0	1,150.0
Interest-bearing debt (notional)	96.6	48.3	(48.3)	-	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)	55.0	59.7	114.7
Equity method investments		-	-	-	354.5	354.5
Total assets	1,497.1	748.6	(748.6)	587.2	415.8	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 six months ended June 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		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(In \$ millions)</i>				
Contract revenues	71.8	53.5	127.2	96.7
Amortization of favorable contracts	(7.6)	(7.7)	(15.4)	(23.2)
Operating revenues	64.2	45.8	111.8	73.5

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

	June 30, 2024	December 31, 2023
<i>(In \$ millions)</i>		
Account receivables	215.1	175.1
Less: Allowance for credit losses	(4.1)	(5.8)
Account receivables, net	211.0	169.3

	June 30, 2024	December 31, 2023
<i>(In \$ millions)</i>		
Favorable contracts	171.9	171.9
Less: Accumulated amortization	(118.7)	(103.3)
Favorable contracts, net	53.2	68.6
Less: Favorable contracts - current	30.7	30.7
Favorable contracts - non-current	22.5	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	(15.4)
Balance as of June 30, 2024	53.2

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 22 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, together with interest and penalties for late payments.

In 2023, the tax liabilities relating to 2016 tax audit were resolved and settled for approximately \$9 million. After Q2 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 best of our knowledge available at the time of making the estimate, work performed by the tax advisors and upon the results from the concluded tax audit as it has been assumed similar facts and circumstances apply to all periods.

The provision for UPT as of June 30, 2024 was \$80.8 million (December 31, 2023: \$85.3 million) and is included in "Other-current liabilities" (\$15.6 million) and "Other non-current liabilities" (\$65.2 million) on the balance sheet. Included in the provision for UTP is accrued interest and penalties totaling \$40.5 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>	June 30, 2024	December 31, 2023
Cash and cash equivalents, non-restricted	208.9	91.7
Cash and cash equivalents, restricted	23.3	23.0
Total cash and cash equivalents	232.2	114.7

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>	June 30, 2024	December 31, 2023
VAT asset	16.4	20.7
Taxes receivable	10.4	11.3
Prepaid expenses	2.5	2.0
Total other current assets	29.3	34.0

Note 8 - Other current liabilities

Other current liabilities consist of the following:

<i>(In \$ millions)</i>	June 30, 2024	December 31, 2023
VAT liability	15.3	11.5
Taxes payable	19.0	7.6
Employee withheld taxes and social security	0.8	4.4
Other current liabilities	8.9	6.0
Uncertain tax positions (UTP) provision	15.6	-
Total other current liabilities	59.6	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.

Certain of our assets and liabilities are required to be measured at fair value on a recurring basis in accordance with US GAAP. Assets and liabilities measured at fair value are summarized below:

(In \$ millions)

	Level	June 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	716.9	665.3	699.0	655.4

(*) 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 13 – Debt for further information.

Note 10 - Equity method investments

Our equity method investments as of June 30, 2024 and December 31, 2023 are comprised as follows:

	June 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		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(In \$ millions, except ownership percentage)</i>				
Operating revenues	96.9	113.3	210.6	221.7
Operating income	34.9	57.3	68.9	98.7
Net income/(loss)	39.5	36.7	73.8	70.3
Company's ownership percentage	50.0 %	50.0 %	50.0 %	50.0 %
Share of net income/(loss)	19.8	18.4	36.9	35.2
Amortization of basis differences	2.4	(2.5)	4.2	(5.0)
Share in results of Seagems	22.2	15.9	41.1	30.1

	Archer			
	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(In \$ millions, except ownership percentage)</i>				
Operating revenues	309.0	87.2	617.3	87.2
Operating income	15.5	14.4	33.4	14.4
Net income / (loss)	1.0	(12.9)	(9.8)	(12.9)
PES ownership percentage *	24.2 %	24.2 %	24.2 %	24.2 %
Share of net income/(loss)	0.2	(3.1)	(2.4)	(3.1)
Amortization of basis differences	0.2	0.2	0.2	0.2
Share in results of Archer	0.4	(2.9)	(2.2)	(2.9)

* 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 24.4%. 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 June 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	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
	<i>(In \$ millions, except ownership percentage)</i>			
Current assets	233.3	192.3	358.6	354.8
Non-current assets	1,273.0	1,304.8	530.3	550.9
Current liabilities	(237.6)	(309.0)	(283.1)	(277.5)
Non-current liabilities	(120.5)	(126.3)	(424.1)	(432.0)
Net Assets (gross, 100%)	1,148.2	1,061.8	181.3	196.2
Company's ownership percentage	50.0 %	50.0 %	24.2 %	24.2 %
Company's share of book equity	574.1	530.9	43.9	47.5
Shareholder loans held as equity	20.3	57.6	-	-
Basis difference	(266.2)	(276.1)	(4.9)	(5.4)
Carrying amount equity method investments	328.2	312.4	38.9	42.1

Note 11 - Interest-bearing debt

As of June 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	
			June 30, 2024	December 31, 2023
\$620m Senior Secured Notes plus PIK interest	9.00%	15/07/2026	715.4	715.4
Total interest-bearing debt			715.4	715.4
Less: Unamortized debt issuance costs			(50.1)	(60.0)
Total interest-bearing debt, net			665.3	655.4
Less: Current portion, net			-	-
Long-term interest-bearing debt, net			665.3	655.4

The key terms relating to our debt in the year ended December 31, 2023 and June 30, 2024 are explained below.

\$620m Senior Secured Notes

Secured Notes were issued on January 20, 2022 and due July 15, 2026. At 30 June 30, 2024, the outstanding notional balance of \$715 million comprises Senior Secured Notes principal of \$620 million and \$96 million accrued PIK interest (unchanged from year-end 2023). The carrying amount of the Senior Secured Notes are presented net of unamortized discount and debt issuance costs.

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 the Company isused 15,309,059 new shares.

Following the above, Paratus, had total Class A common shares of 169,325,049 at par value of US \$0.00002 each.

	June 30, 2024	December 31, 2023
Class A ordinary shares	169,325,049	142,849,991
Class C ordinary shares	-	11,165,999

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		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(in USD million, except share and per share amounts)</i>				
Net income/(loss)	34.1	(1.2)	43.8	(26.4)
Weighted average numbers of shares outs. (basic)	154,857,157	147,390,022	154,436,579	145,132,552
Weighted average numbers of shares outs. (diluted)	154,857,157	147,390,022	154,436,579	145,132,552
Earnings per share:				
Basic	0.22	(0.01)	0.28	(0.18)
Diluted	0.22	(0.01)	0.28	(0.18)

Note 14 - Subsequent events

The Board of Directors authorize a cash distribution to shareholders and approve a share repurchase program

On September 10, 2024, the Company announced that the Board of Directors has approved a cash distribution to shareholders of \$0.22 per share to be made on or about 23 September 2024 to all shareholders of record as of 13 September 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. Additionally, the Board of Directors has approved a share repurchase mandate to acquire shares for an amount of up to \$100 million which will provide the Company with flexibility to repurchase shares in the open market. Any share repurchase programs will be announced separately and may be suspended or discontinued at any time.

Share premium reduction

At a Special General Meeting ("SGM") held on September 5, 2024, the Company's shareholders approved the reduction of the Company's share premium account (forming a portion of additional paid in capital in the financial statements of the Company) from \$157,994,017 to \$2,994,017 by the transfer of \$155,000,000 of the share premium account to the Company's contributed surplus account with effect on or around 5 September 2024.

Partial redemption of Senior Secured Notes due 2026 ("2026 notes")

On July 8, 2024, the Company announced that the proceeds from the bond issue was released from escrow and the full amount was used to partially refinance the Company's existing \$715 million 2026 notes. As a result, the remaining aggregate principal amount under the 2026 notes is now approximately \$215 million. The net carrying amount of the 2026 notes as of Q2 2024 was \$665 million, consisting of a notional amount of \$715 million and unamortized discounts and fees totalling \$50 million. Following the partial redemption of the 2026 notes, the carrying amount of the unamortized discounts and fees is expected to be expensed on a prorated basis post-Q2 2024.

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		Six months ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(In \$ millions)</i>					
Calculation of adjusted EBITDA					
Contract revenues		71.8	53.5	127.2	96.7
Rig operating expenses		(24.2)	(22.6)	(47.7)	(49.3)
General and administrative expenses		(6.3)	(3.0)	(8.9)	(7.5)
Adjusted EBITDA (consolidated)		41.4	28.0	70.6	39.9
Contract revenues	3	52.2	56.7	105.3	110.9
Tax on revenues		(3.6)	(2.7)	(6.7)	(5.1)
Vessel operating expenses		(17.4)	(12.2)	(37.0)	(29.5)
General and administrative expenses		(3.0)	(3.3)	(6.3)	(7.0)
Adjusted EBITDA (50% Seagems)		28.1	38.5	55.4	69.4
Adjusted EBITDA (including 50% Seagems)		69.5	66.5	126.0	109.3

	June 30, 2024	December 31 2023
<i>(In \$ millions)</i>		
Net debt		
Interest-bearing debt (notional amount)	715.4	715.4
Paratus	715.4	715.4
Fontis	-	-
Less: Cash and cash equivalents	232.2	114.7
Paratus	130.9	59.7
Fontis	101.3	55.0
Net debt	483.2	600.7
50% of Seagems interest-bearing debt (notional amount)	48.3	51.2
Less: 50% of Seagems cash and cash equivalents	13.7	19.1
50% of Seagems net debt	34.6	32.2
Net debt (as per management reporting)	517.8	632.9

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.



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Independent Auditors' Report on Review of Interim Financial Information

To the Board of Directors and Shareholders of Paratus Energy Services Ltd.

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Paratus Energy Services Ltd. as at 30 June 2024, the related condensed consolidated statements of operations and the condensed consolidated statements of other comprehensive income/(loss) for the three and six month periods ended 30 June 2024 and the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2024, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation of this interim financial information in accordance with U.S. generally accepted accounting principles. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with U.S. generally accepted accounting principles.

Other

Our report is prepared for inclusion in a prospectus in connection with a listing of common shares on the Euronext Oslo Børs.

KPMG AS
Oslo, Norway, 24 September 2024

John Thomas Sørhaug
State Authorised Public Accountant-Norway

Offices in:

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Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Tromsø
Alta	Finnsnes	Molde	Trondheim
Arendal	Hamar	Sandefjord	Tynset
Bergen	Haugesund	Stavanger	Ulsteinvik
Bodø	Knarvik	Stord	Alesund
Drammen	Kristiansand	Straume	



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