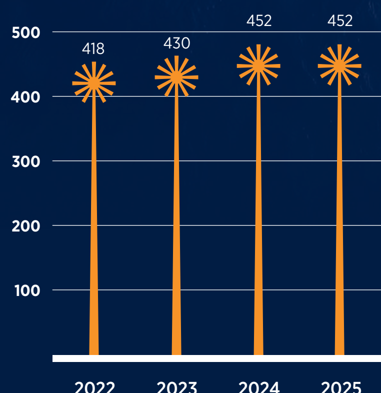
ANNUAL REPORT 2025

REVENUES
(segment, mUSD)

452



SHAREHOLDER RETURN
(since June 2024 IPO, mUSD)

286

BALANCE SHEET
(net leverage ratio)

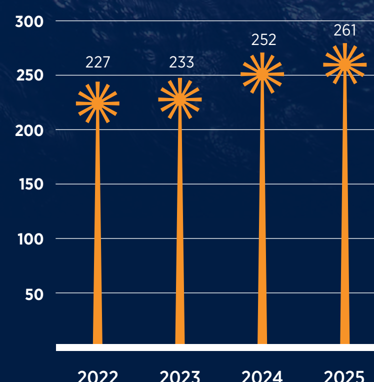
2.2x

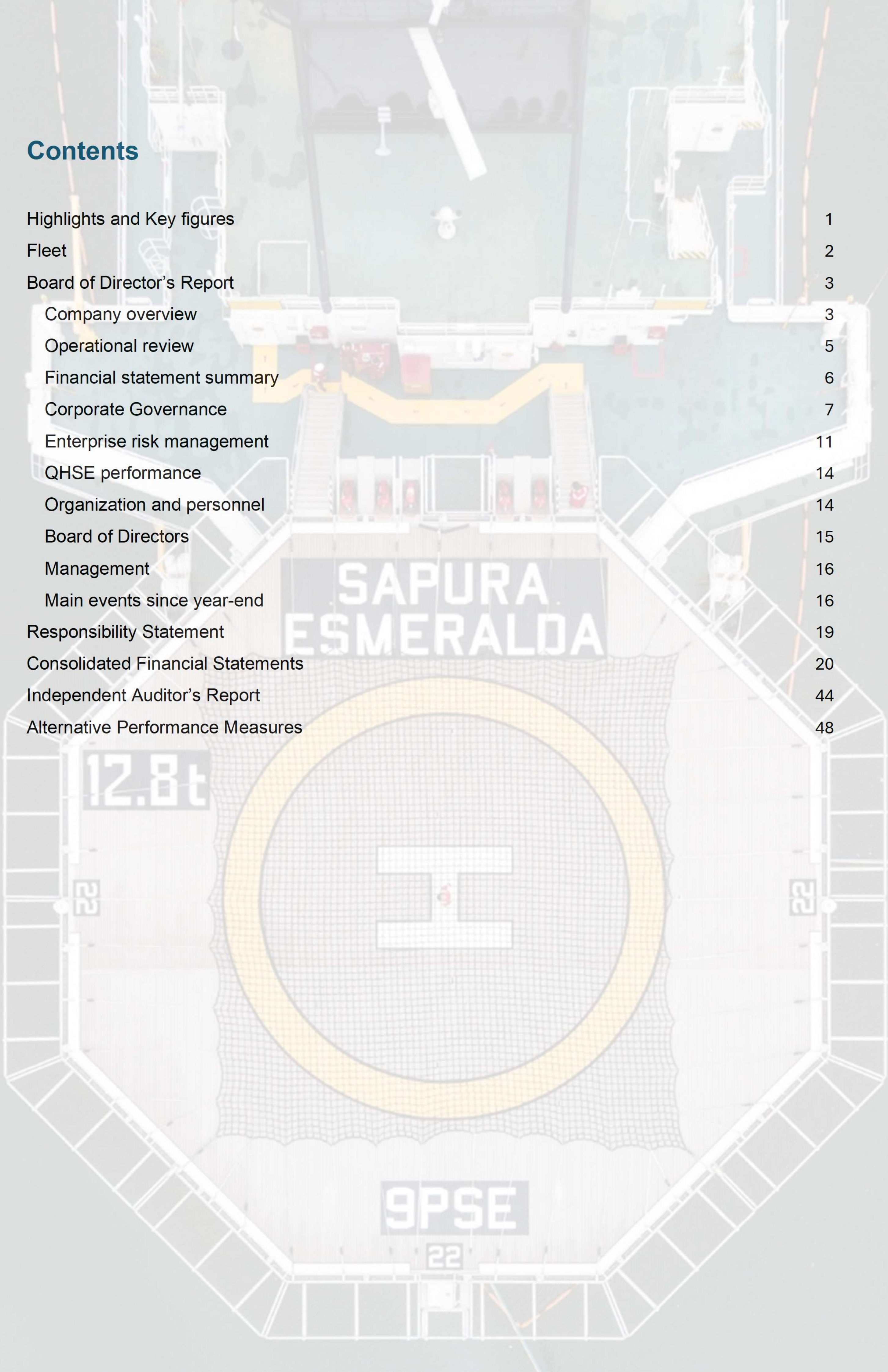
TECHNICAL UTILIZATION

~99%

EBITDA
(segment, mUSD)

261





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Highlights and Key figures

Paratus[1] delivered strong operational and financial performance in 2025, achieving approximately 99% fleet technical utilization, and financial results exceeding initial guidance despite one stacked unit most of the year. Combined segment revenues were $452 million[2], in line with the prior year, while adjusted EBITDA increased 4% to $261 million[2]. Shareholders benefited from consistent cash returns, with distribution each quarter of $0.22 per share, totalling $144 million paid in 2025. In parallel, the Company executed $25 million in share repurchases under its previously announced authorization and simplified its group structure through the monetization of its shareholding in Archer. In Mexico, the Company worked actively to reduce its overdue receivables, collecting $356 million during the year, including $209 million through a receivable monetization agreement, while in Brazil timely fleet acceptance was completed and all PLSVs contracted at materially higher Petrobras dayrates. Paratus ended the year with $204 million[2] in cash, providing solid liquidity and financial flexibility entering 2026.

Key highlights from 2025 and notable post-year end developments include:

- Achieved fleet utilization of approximately 99%, with financial results exceeding initial full-year guidance.
- Combined segment revenues were $452 million[2] while adjusted EBITDA grew 4% to $261 million[2].
- Collected $356 million in Mexico, including $209 million through a receivable monetization agreement.
- Simplified Group structure through sale of its 24% Archer stake, unlocking $48 million of cash, of which $18 million was applied toward debt reduction.
- Delivered $168 million of capital returns to shareholders through cash distributions and share buybacks.
- Successfully completed acceptance testing across PLSV fleet, with all vessels contracted with Petrobras at materially higher dayrates by year-end 2025.
- Ended the year with $204 million[2] in Group cash and $581 million[2] in net debt.
- On February 26, 2026 the Board declared a $0.22 per share dividend for Q4 2025, consistent with previous quarters.
- On March 23, 2026, Paratus announced that it has entered into agreements with Borr Drilling and CME to sell Fontis' drilling operations and jack-up fleet.

	Combined Segment figures[2]		Consolidated US GAAP figures	
(In $ millions, unless stated otherwise)	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Selected financial figures				
Total operating revenue	405.8	408.7	153.2	213.9
Total operating expenses	(244.2)	(249.8)	(117.2)	(132.2)
Share in results from joint ventures	16.5	10.0	121.8	85.2
Other operating income	5.1	-	4.9	-
Operating income	183.2	168.9	162.7	166.9
Net financial expense and other items	(85.4)	(107.7)	(83.2)	(108.7)
Income tax expense	(23.1)	(29.7)	(4.7)	(26.6)
Net Income	74.8	31.6	74.8	31.6
Earnings per share ($ per share)	0.46	0.20	0.46	0.20
Cash and cash equivalents	203.7	98.8	178.3	86.4

Alternative performance measures, Other	Combined Segment figures[2]	
Contract revenues	452.0	451.5
Adjusted EBITDA	261.2	251.6
Capex	34.6	31.9
Net debt	581.2	627.7
Net leverage ratio	2.2	2.5
Technical utilization rate	99.0%	98.8%
Contract backlog	1,320.0	1,150.8

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

[2] Combined segment results are presented in accordance with management reporting. In this context, Seagems' financial results are presented using proportional consolidation of accounting. However, in our financial reporting under US GAAP, Seagems' financial results are reported using the equity method, presented under "Share in results from joint ventures".

Fleet

Fleet status report 2025.

Vessel / Rig Name	Build Year	Location	Client	Contract Start	Contract End
Seagems					
Diamante	2014	Brazil	Petrobras	March 2025	May 2028
Topazio	2014	Brazil	Petrobras	April 2025	May 2028
Esmeralda*	2015	Brazil	Subsea 7 Petrobras	May 2025	June 2028
Onix*	2015	Brazil	Brava Petrobras	August 2025	September 2028
Jade	2015	Brazil	Petrobras	July 2024	July 2027
Rubi	2016	Brazil	Petrobras	May 2025	May 2028
Fontis Energy					
Oberon	2013	Mexico	Not appl.	Not appl.	January 2026 (warm stacked)
Titania FE	2014	Mexico	Not appl.	Not appl.	Warm stacked
Intrepid**	2008	Mexico	Large NOC	March 2020	May 2026
Courageous	2007	Mexico	Not appl.	Not appl.	March 2026 (warm stacked)
Defender***	2007	Mexico	Large NOC	March 2020	May 2026

* The vessels were under contract with Petrobras throughout 2025. Esmeralda was under contract with Subsea 7 before transitioning to a new PLSV contract in May 2025. Onix was under contract with Brava before transitioning to a new PLSV contract in September 2025.

** The Intrepid continues with its present contract under its well-in-progress contract clause.

*** The Defender has received extension until May 2026.

Board of Director's Report

Company overview

Introduction

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

Business operations and principal activities

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

Fontis Energy
Fontis was established in 2014 and is an offshore driller with a fleet of five high-specification jack-up rigs: Courageous, Defender, Intrepid, Oberon, and Titania FE. The fleet comprises two Friede & Goldman (F&G) JU-2000E and three LeTourneau Super 116-C rigs, all located in Mexico. As of year-end 2025, four of the rigs were under contract with a state-owned company in Mexico, while Titania FE was warm stacked in Mexico. As of the reporting date, Oberon and Courageous completed operations in late January and March 2026, respectively, and have since been demobilized for warm stacking in anticipation of new work. Defender has been awarded contract extensions and is scheduled to operate through May 2026, while Intrepid continues under its current contract pursuant to the well-in-progress clause.

Fontis has had a strong, long-standing commercial relationship with its client, with its five jack-ups working for this company since 2014.

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

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

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

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

Archer
Paratus held a 23.8% ownership in Archer Limited ("Archer") until 25 September 2025, at which time the entire shareholding was sold. Prior to the sale, the investment was accounted for under the equity method.

Strategy and objectives

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

This section should be read in conjunction with the subsequent event disclosure (Note 20 – Subsequent events) regarding the Company's recent announcement on the sale of Fontis' drilling operations and jack-up fleet.

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

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

History and important events

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

2011
Seabras JV (renamed to Seagems in 2024) is formed as a 50/50 joint venture between Seadrill and Sapura (renamed to Vantris in 2025) to build and charter multipurpose PLSVs to Petrobras. The JV expands Seadrill's oilfield services in Brazil together with the experienced oil services partner Sapura.

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

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

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

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

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

2022
Seadrill New Finance Ltd. files for voluntary Chapter 11 bankruptcy in order to implement the restructuring agreement through a prepackaged Chapter 11 plan and announces on 12 January 2022 that it had successfully received approval from the U.S. Bankruptcy Court for the Southern District of Texas for its Chapter 11 restructuring under the plan, which it emerged from on 20 January 2022. The key terms of the plan included transferring 65% of equity ownership of Seadrill New Finance Ltd. to noteholders and reinstatement of the notes (without any discount on the outstanding notional amount). Seadrill New Finance Ltd. is renamed Paratus Energy Services Ltd. Pursuant to the Chapter 11 plan, Seadrill retained 35% ownership of Paratus, with the remaining 65% distributed to Noteholders.

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

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

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

2024
SeaMex changes name to Fontis Energy. Seabras JV changes name to Seagems.

Seagems is awarded three-year contracts with Petrobras for its fleet, adding approximately $1.8 billion in backlog through 2028.

Paratus places a new $500 million bond to partly refinance existing 2026 notes.

Paratus Energy is listed at the Euronext Growth Oslo on June 28, 2024. Paratus Energy is uplisted at the Euronext Oslo Børs on November 13, 2024.

2025
In September 2025, Paratus sells its shareholding (~24%) in Archer Limited.

Outlook

At year-end 2025, Paratus had 10 assets contracted into 2026 or beyond, and the majority of contracts extend into 2027 or 2028. The Company, including its 50% share in Seagems, holds a total backlog of approximately $685 million, with the vast majority concentrated in the PLSV segment.

The Company observes improvement in the global jack-up market, supported by operating and tender activity levels in key regions. Near-term demand for jack-ups in Mexico in 2026 appears to be driven more by the client's approved budgets than by drilling activity required to maintain production, resulting in contracting processes progressing more slowly than anticipated. Recent public statements by the national oil company indicating a 34% year-over-year increase in total capital expenditures, together with its

stated objective to increase crude oil production, point to the potential for improved budget availability and activity levels over the medium-term. As of the reporting date, Oberon and Courageous completed operations in late January and March 2026, respectively, and have since been demobilized for warm stacking in anticipation of new work. Defender has been awarded contract extensions and is scheduled to operate through May 2026, while Intrepid continues under its current contract pursuant to the well-in-progress clause.

On March 23, 2026, Paratus announced that it has entered into agreements with Borr Drilling Limited ("Borr") and Proyectos Globales de Energía y Servicios CME, S.A. de C.V ("CME") to sell Fontis' drilling operations and jack-up fleet. The transaction is expected to be completed during second half of 2026.

For the PLSV operations in Brazil, the outlook continues to be supported by sustained offshore development and growing demand for subsea infrastructure. As operators advance, both new and existing projects, the need for reliable and efficient pipeline installation is expected to drive stable vessel utilization.

As of the reporting date, all Seagems PLSVs were fully utilized in Brazil on multi-year Petrobras contracts with dayrates at multi-year highs. Earlier in 2026, Petrobras issued a PLSV tender for start-up in 2027-2028, offering four-year contracts across five different lots with varying technical specifications. The tender deadline is currently set for May, and Seagems is well positioned to submit a bid with at least one vessel.

The Company has, in recent quarters, evaluated opportunities to expand the Seagems business and leverage the strong operational platform it has developed. In this context, Seagems has submitted a commercial proposal in response to a Petrobras tender for the demobilization of flexible lines. To support this bid, Seagems has secured access to a third-party vessel, which would be deployed in the event of a contract award.

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

As of reporting date, the Company has senior secured notes with an aggregate principal amount of $197.9 million maturing in July 2026 (the “2026 Notes”). The Company plans to refinance the 2026 Notes in advance of their maturity.

Operational review

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

The Group, including the Company’s share in Seagems, reported combined segment contract revenues (“revenues”) of $452 million and adjusted EBITDA of $261 million, compared to $452 million and $252 million, respectively in 2024.

Fontis

Fontis generated contract revenues of $187 million (2024: $244.6 million). The revenue decrease was primarily driven by Titania FE being warm stacked since end-February 2025, lower variable revenues recognized in 2025 from previously unrecognized receivables, and lower dayrates. These impacts were partly offset by the absence in 2025 of the planned downtime incurred in 2024 for the Courageous related to the installation of a new crane. In relation to the crane, Fontis received $4.9 million insurance claim repayment in 2025.

Operating expenses ("Opex") totalled $84.7 million in 2025 (2024: $96 million), while general and administrative expenses ("G&A") amounted to $2.7 million (2024: $4.8 million). The cost reduction was mainly driven by lower personnel costs, reflecting reduced headcount and costs mainly related to Titania FE, as well as lower G&A expenses. The operating costs in 2024 were elevated and largely driven by the transition from Seadrill.

Adjusted EBITDA was $99.6 million, down from $143.8 million in 2024, primarily due lower revenues, partly offset by cost reductions.

In 2025, Fontis achieved an average dayrate of $119.3 thousand per day (2024: $128.5 thousand per day) and an average technical utilization of 99.5%, unchanged from 2024. The contract backlog at year-end 2025 was $20 million (2024: $195 million).

At year-end 2025, the notional value of the receivable balance was $199.1 million, down from $346.9 million at year-end 2024. During 2025, Fontis collected approximately $356 million in payments toward overdue invoices from its client in Mexico, including $209 million through a receivable monetization agreement. Following year-end 2025, Fontis has received $15 million in collections from its client.

Seagems

The Company’s 50% share in the JV contributed with $265 million in contract revenues (2024: $206.9 million) and $169.6 million in adjusted EBITDA (2024: $119.7 million). The revenue increase compared to 2024 was primarily driven by higher dayrates reflecting the new Petrobras contracts, as well as fewer off-hire days.

Reported Opex was $69.3 million (2024: $62.5 million), while G&A was $13.7 million (2024: $12.6 million).

The JV achieved an average dayrate of $253.9 thousand per day (2024: $200.4 thousand per day) and an average technical utilization of 98.2% (2024: 98.3%). The Seagems

JV had a contract backlog of approximately $1.3 billion[3] (2024: $1.9 billion[3]).

During 2025, Seagems JV provided cash distribution of $129 million to Paratus (2024: $97.5 million).

In 2025, Seagems secured additional $60 million capex funding from a local Brazilian bank to be paid over 3 years.

Financial statement summary

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

Statement of operations

Total operating revenues were $153.2 million, a decrease of $60.7 million compared to $213.9 million in 2024. The revenue decrease was primarily driven by Titania FE being warm stacked since end-February 2025, lower variable revenues recognized in 2025 from previously unrecognized receivables, and lower dayrates. These impacts were partly offset by the absence in 2025 of the planned downtime incurred in 2024 for the Courageous related to the installation of a new crane.

Total operating expenses were $117.2 million, a decrease of $15 million compared to $132.2 million in 2024. The cost reduction was mainly driven by lower personnel costs, reflecting reduced headcount and costs mainly related to Titania FE, as well as lower G&A expenses. The operating costs in 2024 were elevated and largely driven by the transition from Seadrill, the issuance of the 2029 Bonds and partial redemption of the 2026 Notes, and the Company's public listing. The decrease in operating expenses was partly offset by higher depreciation.

Share in results from Joint Venture was $121.8 million (2024: $85.2 million), representing the Company's 50% share of the Seagems' net income (net of taxes). The increase compared to 2024, was primarily driven by higher PLSV dayrates as all the vessels commenced new contracts at significantly improved rates.

Other operating income of $4.9 million was related to an insurance claim refund at Fontis received in 2025.

Operating income was $162.7 million, down from $166.9 million in 2024. This was mainly driven by lower operating revenues as described above, partially offset by stronger results in Seagems JV and other income in Fontis.

Net financial expense and other items was $83.2 million, down from $108.7 million in 2024. The decrease primarily reflects the gain on the sale of Archer shares of $13.2 million and the absence of a $34.3 million expense related to the partial redemption of the 2026 Notes recorded in 2024. These effects were partly offset by the inclusion of an upfront fee related to the receivables monetization agreement, and effects of exchange rate fluctuations.

Tax expense was $4.7 million, down from $26.6 million in 2024, mainly driven by lower taxable results from Fontis operating subsidiaries in Mexico and movement in the provision for the uncertain tax positions ("UTP"). This was partly offset by an adjustment of the tax receivable recognized in the balance sheet.

Net income for 2025 was $74.8 million, compared to $31.6 million in 2024.

Allocation of the results

The Board approved cash distributions per quarter of $0.22 per share to shareholders in connection with its 2025 interim reporting for the first, second, third, and fourth quarters, with payments made in June, September and December 2025, and March 2026, respectively.

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

Cash flow

Consolidated cash and cash equivalents (Paratus and Fontis) at the year-end 2025 was $178.3 million compared to $86.4 million at year-end 2024.

Net cash from operating activities was $166.6 million, up from cash used in operating activities of $27.6 million in 2024. The increase was primarily driven by higher collections of receivables in Mexico.

Net cash from investing activities was $173.8 million, primarily reflecting cash distributions from Seagems to Paratus of $129 million, cash distributions from Archer of $2.6 million, and cash proceeds from the sale of the Company's shareholding in Archer of $48.1 million. These inflows were partly offset by additions to drilling units of $5.9 million. In comparison, net cash from investing activities in 2024 totalled $77.7 million, mainly relating to distributions from Seagems to Paratus of $97.5 million, partly offset by additions to drilling units of $7.7 million and investment of $12.1m (Paratus's pro-rata share) in a private placement of Archer.

Net cash used in financing activities was $249.2 million, primarily reflecting cash distributions to shareholders of $143.5 million (excluding distributions on treasury shares held by the Company), share buybacks totalling $24.9 million, partial redemption of 2026 Notes of $18.1 million

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

(including fees), interest income of $4.2 million, and interest payments of $66.7 million. In 2024, cash used in financing activities totalled $74.8 million, comprising of net proceeds from the private placement in June 2024 of $72.5 million, interest income of $5 million, offset by interest payments of $66.6 million, cash distribution to shareholders of $74.1 million and transaction costs of $11.6 million related to the bond issuance in June 2024

Capital structure

The Company actively manages its capital structure to ensure it maintains sufficient funding to support its strategic business objectives and maximize shareholder value. If required, the Company may adjust its capital structure through various measures, including equity or debt transactions, asset restructurings, or other strategic initiatives. Primary sources of liquidity include existing cash reserves and operating cash flows from its operating entities, including distributions from Seagems. Additionally, the Company relies on debt financing and may, in the future, rely on equity financing. To proactively manage liquidity, the Group prepares, reviews, and updates cash flow projections regularly. These projections incorporate various scenarios, including fluctuations in receivables collections in Mexico and scheduled debt payments, to ensure sufficient liquidity while maintaining appropriate headroom in respect to financial covenant compliance throughout the assessment period. As for the Company's share in the Seagems JV, the JV budgets and activity plans are reviewed and approved annually. Pursuant to agreement among the JV shareholders, Seagems distributes all excess cash to its shareholders. The Board of Directors and executive management utilize these insights for informed decision-making.

The Group closed the year with a cash balance of $203.7 million and net debt of $581.2 million, including the Company's share in Seagems' cash balance and net debt of $25.4 million and $61.6 million, respectively. In comparison, the Group closed 2024 with a cash balance of $98.8 million and net debt of $627.7 million, including the Company's share in Seagems' cash balance and net debt of $12.4 million and $48.1 million, respectively. The Group's interest-bearing debt (at notional amounts) totalled $784.9 million, comprising of $697.9 million at Paratus and the balance of $87 million at Seagems (2024: $775.9 million, comprised of $715.4 million and $60.5 million respectively).

As of reporting date, the Company has senior secured notes with an aggregate principal amount of $197.9 million maturing in July 2026 (the "2026 Notes"). The Company plans to refinance the 2026 Notes in advance of their maturity. While no binding agreements have been made as of reporting date, the Company has made significant progress in its discussions with financial institutions and expects to complete refinancing in a timely manner before maturity.

The Net Leverage Ratio was 2.2x[4] at year-end 2025 (2024: 2.5x[4]).

Going concern

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

The Company's Board of Directors has assessed the appropriateness of the going concern assumption, considering all relevant information available up to the date of issuance of the Paratus consolidated financial statements and covering a period of at least 12 months from the issuance date of the annual report. This assessment includes consideration of the recently announced sale of Fontis' drilling operations and jack-up fleet, which is expected to be completed in the second half of 2026. The Board of Directors' review included, in particular, assessment of the Company's projected cash reserves and access to financing arrangements, considering debt maturities and its operational outlook and contract duration, while maintaining appropriate headroom in respect of sound equity, liquidity and financial covenant compliance throughout the assessment period.

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

Corporate Governance

Introduction to Corporate Governance

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

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

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

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

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

Implementation and reporting on Corporate Governance:

"Business": In accordance with common practice for Bermuda companies, the Company's Bye-laws do not include a specific description of its business. According to the Memorandum of Association, the objects for which the Company was formed and incorporated are unrestricted. As a Bermuda incorporated company, the Company has chosen to establish the constitutional framework in compliance with the common practice of Bermuda and accordingly deviates from section 2 of the Norwegian Code of Practice.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Board has established an audit committee. The audit committee's overall purpose shall be to provide assistance to the Board in fulfilling its oversight responsibility relating to:

1. The quality and integrity of the financial statements and the accounting and financial reporting processes of the Company;

2. With regards to the Company's financial reporting, the systems for internal control and risk management, including compliance with applicable legal and regulatory requirements;

3. The appointment, mandate and remuneration of the external auditor;

4. Any other tasks assigned in accordance with the provisions set forth in these instructions; and

5. Any other duties delegated to the audit committee by the Board.

The audit committee shall be comprised of members of Board. At least one member of the audit committee shall be independent and have competence in accounting and/or auditing.

The members of the audit committee as of 31 December 2025 were, Mei Mei Chow (chair of the committee) and Mark Mey.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Paratus' external auditor is KPMG AS.

Enterprise risk management

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

This section should be read in conjunction with the subsequent event disclosure (Note 20 – Subsequent events) regarding the Company's recent announcement of the sale of Fontis' drilling operations and jack-up fleet. Upon completion of the transaction, which is expected in the second half of 2026, the Company's risk profile is expected to improve significantly, including through reduced exposure to payment irregularities and contracting uncertainty in Mexico.

Financial risk

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

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

Foreign currency exchange rate risk
Revenues from drilling services in Mexico are primarily denominated in US dollars, while expenditures are mainly incurred in US dollars and Mexican Pesos ("MXN"). We also have MXN exposure for payment of taxes in Mexico. Capital contributions and shareholder distributions are made in US dollars and NOK. As of year-end 2025, the Group did not have any active currency hedging instruments. However, it continuously monitors foreign currency risk exposure and evaluates potential hedging strategies to mitigate volatility.

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

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

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

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

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

Excessive risk concentration and credit risk
In 2025, the Company's consolidated operating revenues were generated from a major state-owned petroleum company in Mexico. For Seagems, Petrobras accounted for a significant share of its revenues. Any reduction in activity, contract cancellations, suspensions, or non-renewals by these key customers could significantly impact the Group's financial performance, especially if replacement contracts on similar terms are not secured. In late February 2025, the Titania FE completed its operations and has been warm stacked through the year. As of the reporting date, Oberon and Courageous completed operations in late January and March 2026, respectively, and have since been demobilized for warm stacking in anticipation of new work. Defender has been awarded contract extensions and is scheduled to operate through May 2026, while Intrepid continues under its current contract pursuant to the well-in-progress clause. Additionally, the high customer concentration may increase the Group's credit risk exposure, as evidenced by payment delays from its client in Mexico. To address these delays, Fontis secured an agreement with a leading international bank in early 2025 to accelerate the payment of $209 million in overdue invoices, subject to an upfront fee, demonstrating that the Company can access liquidity through alternative means when needed. In August 2025, the Mexican government publicly introduced a comprehensive financial support plan with the aim to make Fontis' client financially self-sufficient by 2027. Key elements of the plan include the settlement of overdue supplier payments, debt reduction initiatives, and a long-term increase in national oil production from approximately 1.6 to 1.8 million barrels per day. As part of this initiative, approximately $25 billion in new government guaranteed funding has reportedly been secured by the client in Mexico, including proceeds partially earmarked for capital expenditures and supplier debt settlements. Following this, Fontis collected approximately $147 million from its client in August through December 2025.

The Company continues to actively pursue the collection of its remaining outstanding receivables and remains committed to recovering the full amounts due, consistent with its past practice. While the Company recognizes that the timing of collections may continue to fluctuate, recent payments and ongoing government support initiatives provide greater confidence that the payment cycle is normalizing.

Operational risks

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

Risks related to mobilization of drilling rigs and vessels between geographic areas
The offshore service market is generally global, allowing vessels and drilling rigs to be moved from one area to another. However, mobilization may be constrained by several factors such as governmental regulation, customs practices, high costs, risk of damage, availability of suitable tow vessels, weather conditions, political instability, civil unrest, military actions and the technical

capability of the drilling rigs to relocate and operate in various environments. During mobilization, whether within the same market (from one location to another) or to a new geographic market, the Group may not be paid for the time the vessel or jack-up rig is out of service or reimbursed for relocation costs. Additionally, not all of the Group's units are designed to work in all regions, water depths or environmental conditions. Further, the Group may relocate vessels and/or rigs to another geographic market without a customer contract, which could result in costs that are not reimbursable by future customers.

The Group's business involves numerous operating hazards

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

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

As of 31 December 2025, Fontis and Seagems had a total backlog of approximately $20 million and $1.3 billion[5], respectively. The Group's contract backlog represents future revenue under contracts for utilization of its fleet but does not provide a precise indication when revenues will be received, nor is their realization guaranteed within the expected timeframes or at all. Backlog calculations are based on current contractual terms; however, revenue realization may be subject to price indexation clauses or other factors that may intervene with and/or result in delays. Additionally, the Group may fail to realize expected backlog due to, for example:

- contract clauses allowing inter alia (i) termination for cause, (ii) early termination for charterers' convenience, or (iii) renegotiation due to, among other reasons, adverse market conditions;
- the Group's inability to fulfil contractual obligations, including for reasons beyond its control such as shortage of qualified personnel;
- client default or failure to pay amounts owed to the Group.

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

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

Political, compliance and legal risks

The Group's primary operating markets are Brazil and Mexico

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

The Group operates internationally and is subject to various laws and regulations

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

The Group operates in countries known to experience governmental corruption

Mexico and Brazil are known for governmental corruption, as indicated by Transparency International's Corruption Perception Index. While the Group is committed to conducting business in a legal and ethical manner, there is a risk that employees, agents or affiliates may violate anti-corruption laws and regulations, including those based on the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. In certain jurisdictions where the Group

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

utilizes local agents and/or establish entities with local operators or strategic partners, for example in Mexico, the local activities may involve interaction by the Group's agents with government officials. If improper payments are made in connection with the Group's operations, the Group could face investigations and, if found in violation of anti-bribery laws, be subject to fines, sanctions, and other penalties, which could have a material adverse impact on its business, financial condition, and results of operations.

The Group may from time to time become involved in legal disputes and proceedings

The Group may from time to time become involved in legal disputes and legal proceedings relating to its operations, environmental issues, intellectual property rights or otherwise. Legal proceedings could result in adverse rulings requiring the Group and its affiliated companies to, inter alia, pay damages, halt operations, suspend projects or relinquish licenses. As noted above and in Note 12, the Group is currently undergoing audits by the Mexican tax authorities ("SAT") in respect of accounting years 2014 and 2019 through 2020. These liabilities relate mainly to the deductibility of mobilization costs and transfer pricing. No assurance can be made that the Mexican tax authorities will not open audits for periods from 2021 and onwards. If the audits expand in scope or the authorities continue to question the Group's tax position, the Group could face significant legal and financial consequences, such as higher taxes, penalties, and interest, which in turn could significantly affect the Group's tax expenses and effective tax rate, potentially impacting earnings and cash flow operations and the Group's overall financial position.

Environmental risk

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

QHSE performance

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

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

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

During 2025, our safety performance continued to demonstrate the effectiveness of our proactive risk management, enhanced safety programs, and workforce engagement initiatives. Total Recordable Incident Rate ("TRIR") at end of 2025 was 0.63 (0.56 in 2024). Consistently low recordable incidents reflect improvements made to increased safety awareness, enhanced leadership commitment, and targeted risk mitigation measures.

Organization and personnel

During 2025, the average FTE (Full-Time Equivalent) for Paratus and its subsidiaries was 435 (2024: 498 FTEs). The workforce is characterized by strong cultural, religious and national diversity, with some 16 nationalities represented. At year-end 2025, the Board of Directors consisted of six members, one of whom is female. Management consisted of one woman and four men. While the Company does not currently have formalized policies on equality and diversity, the Company is committed to maintain a working environment with equal opportunities for all based on qualifications, irrespective of gender, ethnicity, sexual orientation, or disability. Diversity considerations are taken into account in recruitment and appointment processes and the Company continues to recruit and promote women who at year-end 2025 represented 9% percent of employees in managerial,

administrative and other onshore positions. There were no incidents of discrimination reported through the internal mechanisms for raising concern in 2025.

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

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

Board of Directors

Mei Mei Chow

Chair, served since January 2022

Mei Mei Chow is an ICAEW Chartered Accountant with over 25 years' experience at senior and executive management levels. Ms. 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 Sustainability committee as well as the Project Steering Committee. Previously she has also been working as an expert adviser with a global management consultant on international and cross border M&A projects and she spent over 10 years with Vantris Energy Berhad Group (formerly Sapura Energy Berhad), a global oil and gas company, as a member of Sapura's leadership team alongside the group CEO and other top management. Prior to that, she 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. Ms. Chow is a chartered accountant and a member of the Chartered Institute of Marketing. She has also a BA Hons in Business Studies from the University of South Wales.

James Ayers

Director, served since December 2018

has served as Director and Secretary of the Company since December 2018. He has been Chief Executive Officer of Front Ocean Management Ltd since 2021 and previously served as Head of Corporate Administration at Frontline Ltd. from 2018. Over the past decade, Mr. Ayers has held a range of director, company officer, and senior management roles across the maritime and offshore energy sectors. He has served on the board of Northern Ocean Ltd. since 2019 and previously as a board member of Golden Ocean Group Limited. Prior to relocating to Bermuda in 2015, Mr. Ayers worked in the UK finance sector in management and corporate secretary roles. Upon moving to Bermuda, he joined Appleby's corporate services division. Mr. Ayers holds a Master of Laws (LLM) in International Business and Commercial Law, a Bachelor of Laws (LLB), and a Legal Practice Course (LPC) professional qualification.

Joachim Bale

Director, served since August 2023

Joachim Bale has a career spanning more than 15 years in investment management, private equity, and management consulting. 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. He has also held roles at Bain Capital and McKinsey & Company. Mr. Bale holds an MSc with Distinction in Financial Economics from University of Oxford.

Dag Skindlo

Director, served since May 2025

Dag Skindlo is a business-oriented executive with over 30 years in the energy industry. Mr. Skindlo joined Archer in April 2016 as CFO and was appointed to CEO in March 2020. Mr. Skindlo joined Schlumberger in 1992 where he held various financial and operational positions before joining the Aker Group of companies in 2005 where he held several global CFO and Managing Director roles before moving to Aquamarine Subsea as CEO. Mr. Skindlo served as Chairman of the Nasdaq listed oilfield service company KLX Energy Services Holdings Inc. from June 2021 to November 2024. Mr. Skindlo is a Norwegian citizen, holds a Master of Science in Economics and Business Administration from the Norwegian School of Economy and Business Administration (NHH), and resides in Oslo, Norway.

Mark Mey

Director, served since November 2024

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

Management

Baton Haxhimehmedi

Group CFO and Interim CEO

Baton Haxhimehmedi currently serves as the Interim CEO and CFO of the Company. Mr. Haxhimehmedi joined Paratus Energy as CFO in June 2024 and has over 15 years of experience within the upstream oil and gas industry. He has held several finance leadership roles at DNO ASA and has an audit background from Ernst & Young and KPMG primarily working with international upstream oil and gas clients. Mr. Haxhimehmedi holds a Master in Accounting and Auditing and a Bachelor of Science in Business and Economics from the Norwegian Business School (BI).

Nika Hasanova

Chief Accounting Officer

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

Raphael Siri

CEO of Fontis Energy

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

Rogerio Salbego

CEO of Seagems

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

Main events since year-end

Sale of Fontis

On March 23, 2026, the Company together with its indirect subsidiary Fontis Finance Ltd. has entered into share purchase agreements with Borr Drilling Limited and Proyectos Globales de Energía y Servicios CME, S.A. de C.V to sell Fontis' drilling operations and jack-up fleet for a transaction price of $400 million.

The transaction is expected to close within six months of signing, subject to customary closing conditions, including regulatory and bondholder approvals. The Company expects to receive approximately $148 million in cash at closing, $15 million of deferred consideration, and $237 million in the form of a 2.5-year seller-financing arrangement.

Fontis represents a reportable segment of the Group (see Note 4 – Segment Information), and the assets and liabilities to be disposed of primarily comprise those associated with this segment. The planned divestiture constitutes a strategic shift that is expected to have a major effect on the Company's operations and financial results. Accordingly, the assets and liabilities associated with the disposal will be classified as held for sale and the results of operations and cash flows will be presented as discontinued operations in future reporting periods.

The Company is currently evaluating the accounting implications of the transaction, including the measurement of any gain or loss on disposal. Due to the proximity of the transaction to the issuance date of the financial statements and the ongoing refinement of the assets and liabilities to be included in the disposal group, the Company has not yet finalized its assessment of the full financial statement impact, including the related effects on results of operations and cash flows. The ultimate gain or loss recognized on disposal will depend on the final carrying amounts of the assets and liabilities at the closing date and may change as the Company completes its evaluation.

Situation in the Middle East

The Company notes the escalation of conflict in the Middle East since late February 2026, including military actions involving the United States, Israel, and Iran. The situation remains uncertain and has contributed to increased volatility in global oil and gas prices, as well as temporary disruptions to offshore drilling activity in the region. While the Company does not operate in the affected areas, it continues to monitor potential indirect effects on energy market and supply chains and regularly assesses the implications for its operations.

Cash dividend to shareholders

On February 27, 2026, the Company announced that the Board of Directors has approved a cash dividend of $0.22 per share for Q4 2025, to all shareholders of record as of 6 March 2026. The cash dividend was paid on 13 March 2026.

The Board of Directors of Paratus Energy Services Ltd.

29 April 2026

(signed)	*(signed)*	*(signed)*
Joachim Bale	Mei Mei Chow	James Ayers
Director	*Chair*	*Director*
(signed)	*(signed)*	*(signed)*
Dag Skindlo	Baton Haxhimehmedi	Mark Mey
Director	*Group CFO and Interim CEO*	*Director*

Responsibility Statement

We confirm to the best of our knowledge that the consolidated financial statements for the period 1 January to 31 December 2025 have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and results for the period viewed in their entirety, and that the Board of Directors' report includes a fair review of any significant events that arose during the period and their effect on the financial statements, any significant related parties' transactions and a description of the significant risks and uncertainties to which the Group is exposed.

The Board of Directors of Paratus Energy Services Ltd.

29 April 2026

(signed)	*(signed)*	*(signed)*
Joachim Bale	Mei Mei Chow	James Ayers
Director	*Chair*	*Director*
(signed)	*(signed)*	*(signed)*
Dag Skindlo	Baton Haxhimehmedi	Mark Mey
Director	*Group CFO and Interim CEO*	*Director*

Consolidated Financial Statements

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

Independent Auditor's Report

Alternative Performance Measures

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

(In $ millions, except per share amounts)	Note	December 31, 2025	December 31, 2024
Total operating revenues	5	**153.2**	**213.9**
Operating expenses			
Rig operating expenses		(84.7)	(96.0)
General and administrative expenses		(10.7)	(16.7)
Depreciation and amortization	10	(23.0)	(17.9)
Expected credit losses	5	1.2	(1.6)
Total operating expenses		**(117.2)**	**(132.2)**
Share in results from joint ventures	18	121.8	85.2
Other operating income		4.9	-
Operating income		**162.7**	**166.9**
Financial and other items			
Share in results from associated companies	18	(6.1)	(5.4)
Interest income		4.2	5.0
Interest expense	11	(76.5)	(82.1)
Gain on sale of equity method investee	18	13.2	-
Loss on extinguishment of financial instruments	11	(1.0)	(34.3)
Other financial items	12	(17.0)	8.1
Net financial expense and other items		**(83.2)**	**(108.7)**
Income before taxes		**79.5**	**58.2**
Income tax expense	12	(4.7)	(26.6)
Net income		**74.8**	**31.6**
Income per share:	14		
Basic		**0.46**	**0.20**
Diluted		**0.46**	**0.19**

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

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENTS OF OTHER COMREHENSIVE INCOME/(LOSS)
for the years ended December 31, 2025 and 2024

(In $ millions)	Note	December 31, 2025	December 31, 2024
Net income		**74.8**	**31.6**
Other comprehensive income/(loss):			
Share of other comprehensive income from equity method investments		1.0	12.2
Reclassification on the sale of equity method investee	18	(8.5)	-
Total other comprehensive income		**67.3**	**43.8**

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

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

(In $ millions, except par value amounts)	Note	December 31, 2025	December 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents	6	178.3	86.4
Accounts receivables, net	5	193.0	339.6
Amounts due from related parties	17	3.3	3.3
Favorable contracts	5	4.1	28.9
Other current assets	7	14.5	10.0
Total current assets		**393.2**	**468.2**
Non-current assets			
Equity method investments	18	299.9	358.2
Drilling units and equipment, net	10	249.8	259.0
Deferred tax assets	12	3.1	-
Favorable contracts	5	-	9.0
Other non-current assets	9	0.7	0.3
Total non-current assets		**553.5**	**626.5**
Total assets		**946.7**	**1,094.7**
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable		1.9	16.7
Interest-bearing debt, short-term	11	193.8	-
Other current liabilities	8, 12	53.0	65.0
Total current liabilities		**248.7**	**81.7**
Non-current liabilities			
Interest-bearing debt, long-term	11	491.3	692.5
Other non-current liabilities	9, 12	51.0	61.4
Deferred tax liabilities	12	-	2.2
Total non-current liabilities		**542.3**	**756.1**
Equity			
Shareholders' equity		155.7	256.9
Total equity		**155.7**	**256.9**
Total liabilities and equity		**946.7**	**1,094.7**

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

29 April 2026

Joachim Bale	Mei Mei Chow	James Ayers
Director	*Chair*	*Director*
Dag Skindlo	Baton Haxhimehmedi	Mark Mey
Director	*Group CFO and Interim CEO*	*Director*

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

(In $ millions)	**Note**	**December 31, 2025**	**December 31, 2024**
Cash Flows from Operating Activities			
Net income		74.8	31.6
Adjustments to reconcile net income to net cash provided by			
Amortization of favorable contracts	5	33.8	30.7
Depreciation	10	23.0	17.9
Net income from equity method investments	18	(115.7)	(79.8)
Net interest expense and amortization	11	72.3	77.1
Unrealized foreign exchange (gain)/loss		3.9	(12.0)
Deferred and other taxes	12	(5.3)	2.2
Expected credit losses	5	(1.2)	1.6
Gain on sale of equity method investee	18	(13.2)	-
Loss on extinguishment of financial instruments	11	1.0	34.3
Share-based compensation	15	0.2	0.3
Payments for long-term maintenance	10	(7.8)	(8.7)
Other		(0.3)	(0.4)
Change in working capital items and other			
Accounts receivables, net		147.8	(171.9)
Trade accounts payable		(15.5)	1.8
Other assets		(4.9)	12.5
Other liabilities		(26.3)	35.2
Net cash (used in)/provided by operating activities		**166.6**	**(27.6)**
Investing Activities			
Additions to drilling units and equipment	10	(5.9)	(7.7)
Proceeds received from the sale of equity method investments (net)	18	48.1	-
Investment in equity method investees	18	-	(12.1)
Distribution from equity method investees	18	131.6	97.5
Net cash provided by investing activities		**173.8**	**77.7**
Financing Activities			
Interest on bank deposits		4.2	5.0
Redemption of bonds	11	(18.1)	(500.0)
Issuance of bonds (net of debt issuance costs)	11	-	488.4
Payment of interest on borrowings	11	(66.7)	(66.6)
Issuance of common shares (net of issue costs)	13	-	72.5
Share buyback	13	(24.9)	-
Return of capital to shareholders		(71.9)	(74.1)
Cash dividends paid		(71.6)	-
Share-based compensation	15	(0.2)	-
Net cash used in financing activities		**(249.2)**	**(74.8)**
Effect of exchange rate changes on cash and cash equivalents		0.7	(3.6)
Net increase/(decrease) in cash and cash equivalents		91.9	(28.3)
Cash and cash equivalents at beginning of period		86.4	114.7
Cash and cash equivalents at end of period		**178.3**	**86.4**
Supplementary disclosure of cash flow information			
Interest paid		66.7	66.6
Income taxes paid		14.2	16.7
Mexico		*14.0*	*16.7*
Other foreign jurisdictions		*0.2*	-

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

Paratus Energy Services Ltd.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2025 and December 31, 2024

(In $ millions)	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	-	-	-	31.6	31.6
Other comprehensive income	-	-	12.2	-	12.2
Stock based compensation		0.3	-	-	0.3
Issuance of common shares		72.5	-	-	72.5
Return of capital	-	(74.6)	-	-	(74.6)
Balance as at December 31, 2024	**-**	**1,289.1**	**8.7**	**(1,040.9)**	**256.9**
Net income	-	-	-	74.8	74.8
Other comprehensive loss	-	-	(7.5)	-	(7.5)
Stock based compensation	-	(0.1)	-	-	(0.1)
Share buyback	-	(24.9)	-	-	(24.9)
Return of capital	-	(71.9)	-	-	(71.9)
Cash dividends paid	-	-	-	(71.6)	(71.6)
Balance as at December 31, 2025	**-**	**1,192.2**	**1.2**	**(1,037.7)**	**155.7**

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

Paratus Energy Services Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General Information

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

Company details

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

Business

Paratus is a holding company of a group of energy services companies and is comprised of its wholly owned subsidiary Fontis Holdings Ltd. and its subsidiaries (collectively "Fontis") and 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"). Paratus also held a 23.8% ownership in Archer Limited ("Archer") until 25 September 2025, at which time the company sold its entire shareholding.

- **Fontis** is a provider of drilling services, operating a fleet of five high-specification jack-up rigs – *Defender, Courageous, Intrepid, Oberon*, and *Titania FE* - currently located in Mexico, under contract with a state-owned company in Mexico. As of year-end 2025, four of the rigs were under the contract with a state-owned company in Mexico, while Titania FE was warm stacked 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.

Basis of preparation

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

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

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

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

Basis of consolidation

Investments in companies that we directly or indirectly hold more than 50% of the voting control are consolidated in the Consolidated Financial Statements. Intercompany transactions and internal sales have been eliminated on consolidation. As at December 31, 2025 the Company held a 100% ownership in Fontis (consolidated) and 50% in Seagems (equity method accounting). The Company also held 23.8% in Archer which was accounted for using equity method until the entire shareholding was sold on September 25, 2025.

Note 2 - Significant Accounting Policies

Use of estimates

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

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

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

Significant accounting policies

Revenue recognition (disclosed in Note 5)

Rig Operating Expenses

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

Current and non-current classification

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

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

Note 3 – Recently Issued Accounting Standards

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

ASU 2023-09 - 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 amendments in this update have been incorporated retrospectively into the disclosure in Note 12, effective December 31, 2024.

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

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

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

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

ASU 2025-05 - Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Account Receivable and Contract Assets

In July 2025, the FASB issued an update to simplify the estimation of expected credit losses on current accounts receivable and current contract assets arising from revenue transactions under ASC 606. The Update provides a practical expedient that allows management to assume that conditions existing at the balance-sheet date remain unchanged for the remaining life of the asset when estimating credit losses. The update is applied on a prospective basis and the amendments will be effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. The update is not expected to have a material impact on the financial statements.

Note 4 - Segment Information

Accounting policy

A segment is a distinguishable component of the business that is engaged in business activities from which the Company earns revenues and incurs expenses, and whose operating results are regularly reviewed by the chief operating decision maker ("CODM"). These are subject to risks and rewards that are different from those of other segments. We have identified three reportable segments such as Seagems, Fontis and Other (Corporate expenses). The Company believes this segment information provides users of our financial statements with more relevant information and aligns with industry practices.

Fontis Holdings Ltd. and its subsidiaries (collectively "Fontis"), a wholly-owned subsidiary of Paratus, is a provider of drilling services, operating a fleet of five high-specification jack-up rigs – Defender, Courageous, Intrepid, Oberon, and Titania FE - currently located in Mexico. As of year-end 2025, four of the rigs were under contract with a state-owned company in Mexico. Titania FE was as of the reporting date warm stacked in Mexico.

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

The Other segment includes general corporate and finance activities, basis difference adjustment to equity method investments and our 23.8% ownership in Archer which was accounted for as an equity method investment until September 25, 2025 when all the shares in Archer were sold.

Our CODM is the Board of Directors assisted by the executive management, which is comprised of the Chief Executive Officer and Chief Financial Officer. The CODM assesses segment performance based on their review of the operating income (loss) of each segment, which measures profitability after deducting normal operating costs. Components within operating income (loss), such as revenues, operating expense and general and administrative expense, are used to monitor actual performance against budget and forecasted results for each segment. Further, the CODM utilizes revenue to derive a segment's asset utilization and average dayrate. Using these metrics, the CODM can identify inefficiencies in the segments and develop strategies to enhance performance, make investment decisions and allocate resources as needed. The disaggregated segment information, as presented in the tables below, includes intercompany eliminations and aligns with the segment level information that is regularly provided to the CODM.

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

	December 31, 2025					
(In $ millions)	**Seagems (50% share)**	**Fontis**	**Other**	**Total reporting Segments**	**Reconciling Items**	**Total Consolidated**
Contract revenues	**265.0**	**187.0**	**-**	**452.0**	**(265.0)**	**187.0**
Amortization of favorable contracts	-	(33.8)		(33.8)	-	(33.8)
Tax on revenues	(12.4)	-	-	(12.4)	12.4	-
Operating revenues	**252.6**	**153.2**	**-**	**405.8**	**(252.6)**	**153.2**
Rig / Vessel operating expenses	(69.3)	(84.7)	-	(154.0)	69.3	(84.7)
General and administrative exp.	(13.7)	(2.7)	(8.0)	(24.4)	13.7	(10.7)
Expected credit losses	-	1.2	-	1.2	-	1.2
Other operating income	0.2	4.9	-	5.1	(0.2)	4.9
Depreciation and amortization	(44.0)	(23.0)	-	(67.0)	44.0	(23.0)
Share in results from joint ventures	-	-	16.5	16.5	105.3	121.8
Operating income	**125.8**	**48.9**	**8.5**	**183.2**	**(20.5)**	**162.7**
Share in results from associated companies	-	-	(6.1)	(6.1)	-	(6.1)
Interest expense	(4.8)	-	(76.5)	(81.3)	4.8	(76.5)
Other financial items, net	2.7	(16.0)	15.4	2.1	(2.7)	(0.6)
Income tax expense	(18.4)	(4.4)	(0.3)	(23.1)	18.4	(4.7)
Net income/(loss)	**105.3**	**28.5**	**(59.0)**	**74.8**	**-**	**74.8**

Note 4 - Segment Information (continued)

(In $ millions)	December 31, 2024 * Seagems (50% share)	Fontis	Other	Total reporting Segments	Reconciling Items	Total Consolidated
Contract revenues	**206.9**	**244.6**	**-**	**451.5**	**(206.9)**	**244.6**
Amortization of favorable contracts	-	(30.7)		(30.7)	-	(30.7)
Tax on revenues	(12.1)	-	-	(12.1)	12.1	-
Operating revenues	**194.8**	**213.9**	**-**	**408.7**	**(194.8)**	**213.9**
Rig / Vessel operating expenses	(62.5)	(96.0)	-	(158.5)	62.5	(96.0)
General and administrative exp.	(12.6)	(4.8)	(11.9)	(29.3)	12.6	(16.7)
Expected credit losses	-	(1.6)	-	(1.6)	-	(1.6)
Other operating expenses	(0.2)	-	-	(0.2)	0.2	-
Depreciation and amortization	(42.3)	(17.9)	-	(60.2)	42.3	(17.9)
Share in results from joint ventures	-	-	10.0	10.0	75.2	85.2
Operating income	**77.2**	**93.6**	**(1.9)**	**168.9**	**(2.0)**	**166.9**
Share in results from associated companies	-	-	(5.4)	(5.4)	-	(5.4)
Interest expense	(2.6)	-	(82.1)	(84.7)	2.6	(82.1)
Other financial items, net	3.6	9.3	(30.5)	(17.6)	(3.6)	(21.2)
Income tax expense	(3.1)	(26.6)	-	(29.7)	3.1	(26.6)
Net income/(loss)	**75.2**	**76.3**	**(119.9)**	**31.6**	**-**	**31.6**

(In $ millions)	December 31, 2025 Seagems (50% share)	Fontis	Other	Total reporting Segments	Reconciling Items	Total Consolidated
Cash and cash equivalent	25.4	60.1	118.2	203.7	(25.4)	**178.3**
Property, plant and equipment	576.9	249.8	-	826.7	(576.9)	**249.8**
Capital Expenditures	20.9	13.7	-	34.6	(20.9)	**13.7**
Equity method investments	-	-	-	-	299.9	**299.9**
Total assets (excl. equity method investments)	664.6	524.9	121.9	1,311.4	(664.6)	**646.8**
Short-term interest-bearing debt, net	21.3	-	193.8	215.1	(21.3)	**193.8**
Long-term interest-bearing debt, net	65.7	-	491.3	557.0	(65.7)	**491.3**

(In $ millions)	December 31, 2024 * Seagems (50% share)	Fontis	Other	Total reporting Segments	Reconciling Items	Total Consolidated
Cash and cash equivalent	12.4	21.5	64.9	98.8	(12.4)	**86.4**
Property, plant and equipment	629.5	259.0	-	888.5	(629.5)	**259.0**
Capital Expenditures	15.5	16.4	-	31.9	(15.5)	**16.4**
Equity method investments	-	-	45.7	45.7	312.5	**358.2**
Total assets (excl. equity method investments)	674.5	668.4	68.1	1,411.0	(674.5)	**736.5**
Long-term interest-bearing debt, net	60.5	-	692.5	753.0	(60.5)	**692.5**

**Presentation of comparative information has been updated in conformity with the 2025 year-end presentation.*

Geographic and customer segment data
For the year ended December 31, 2025 and 2024, all of our operating drilling units were located in one geographic location, Mexico, where all of Fontis revenues were generated under contract with one customer. Operations of the Seagems JV and their assets were all located in Brazil during the years ended December 31, 2025 and 2024. The vessels were contracted predominantly by one customer, with no other customers contributing 10% or more to contract revenues. As each segment disclosed in the tables above operated only in one geographical area and predominantly for one customer additional geographic and customer segment information has not been presented.

Note 5 - Revenue from Contracts with Customers

Accounting policy

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

We recognize consideration for activities that correspond to a distinct time increment within the contract term in the period when the services are performed. We recognize consideration for activities that are (i) not distinct within the context of our contracts and (ii) do not correspond to a distinct time increment, ratably over the estimated contract term.

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 acknowledgement from the customer.

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

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

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

(In $ millions)	**December 31, 2025**	**December 31, 2024**
Contract revenues	187.0	244.6
Amortization of favorable contracts	(33.8)	(30.7)
Operating revenues	**153.2**	**213.9**

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

(In $ millions)	**December 31, 2025**	**December 31, 2024**
Favorable contracts	171.9	171.9
Less: Accumulated amortization	(167.8)	(134.0)
Favorable contracts, net	**4.1**	**37.9**
Of which:		
Favorable contracts - current	**4.1**	**28.9**
Favorable contracts - non-current	**-**	**9.0**

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

	2025	**2024**
Opening balance at the beginning of the year	**37.9**	**68.6**
Amortization of favorable contracts	(33.8)	(30.7)
Closing balance at the end of the year	**4.1**	**37.9**

The amortization is recognized in the consolidated statement of operations as an adjustment to revenue of favorable contracts. The average remaining amortization period for the favorable contracts is two months, as at December 31, 2025.

Note 5 - Revenue from Contracts with Customers (continued)

Accounting policy

Receivables

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

Allowance for credit losses

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

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

We have used a probability-of-default model to estimate expected credit losses for all classes of in-scope receivable balances. Under this methodology we use data such as customer credit ratings, maturity of loan, security of loan, risk overlay 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 tables provide information about trade receivables related to our contracts with customers:

(In $ millions)	December 31, 2025	December 31, 2024
Account receivables	199.1	346.9
Less: Allowance for credit losses	(6.1)	(7.3)
Account receivables, net	**193.0**	**339.6**

The following table summarizes the balance sheet movement in the allowance for credit losses for the years ended December 31, 2025 and 2024:

(In $ millions)	Allowance for credit losses – trade receivables	Allowance for credit losses – related party LT	Total Allowance for credit losses
As at January 1, 2024	5.7	-	5.7
Credit loss addition	1.6	-	1.6
As at December 31, 2024	**7.3**	**-**	**7.3**
Credit loss reversal	(1.2)	-	(1.2)
As at December 31, 2025	**6.1**	**-**	**6.1**

Unrecognized unbilled escalations from November 2021 (date of Fontis acquisition) to December 31, 2025 amounted to $67.3 million (2024: $52.6 million). These escalations may be approved by the client as part of the contract finalization process at which point escalations will become billable and will be recognized as revenue in the period in which acknowledgment from the client is received.

Outstanding receivables in Mexico
At of December 31, 2025, the notional value of the receivable balance was $199.1 million, down from $346.9 million as of December 31, 2024. In 2025 the Company collected approximately $356 million towards overdue invoices from its client in Mexico of which $143 million was collected through payments made via a Mexican government investment fund. Subsequent to December 31, 2025, Fontis received $15 million in collections from its client.

The Company continues to actively pursue the collection of its remaining outstanding receivables and remains committed to recovering the full amounts due, consistent with its past practice. While the Company recognizes that the timing of collections may continue to fluctuate, recent payments and ongoing government support initiatives provide greater confidence that the payment cycle is normalizing.

Note 6 - Cash and Cash Equivalents

Accounting policy

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

(In $ millions)	December 31, 2025	December 31, 2024
Cash and cash equivalents, non-restricted	163.9	75.3
Cash and cash equivalents, restricted	14.4	11.1
Total cash and cash equivalents	**178.3**	**86.4**

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

Note 7 - Other Current Assets

Other current assets consist of the following:

(In $ millions)	December 31, 2025	December 31, 2024
VAT asset	7.5	-
Taxes receivable	5.5	8.9
Prepaid expenses	1.5	1.1
Total other current assets	**14.5**	**10.0**

Note 8 - Other Current Liabilities

Other current liabilities consist of the following:

(In $ millions)	December 31, 2025	December 31, 2024
VAT liability	-	21.2
Taxes payable	16.4	21.5
Employee withheld taxes and social security	2.1	2.7
Other current liabilities	16.3	16.4
Uncertain tax positions (UTP) provision	17.7	2.7
Accrued interest on senior secured notes	0.5	0.5
Total other current liabilities	**53.0**	**65.0**

Note 9 - Other Non-Current Liabilities

Other non-current liabilities consist of the following:

(In $ millions)	December 31, 2025	December 31, 2024
Uncertain tax positions (UTP) provision	50.4	61.3
Other non-current liabilities	0.6	0.1
Total other non-current liabilities	**51.0**	**61.4**

Note 10 - Drilling Units and Equipment

Accounting policy

Carrying value of rig assets

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

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

Useful lives and residual value

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

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

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

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

Impairment considerations (Drilling units)

The carrying values of our long-lived assets are reviewed for impairment when certain triggering events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. Asset impairment evaluations are, by nature, highly subjective. They involve expectations about future cash flows generated by our assets and reflect management's assumptions and judgments regarding future industry conditions and their effect on future utilization levels, dayrates and costs. The fair value of our assets is estimated using market-based evidence, including observable market data for comparable assets. 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, 2025 and 2024, no impairment was identified against our drilling units.

Repairs, maintenance and periodic surveys

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

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

(In $ millions)	Gross carrying value	Accumulated depreciation	Net carrying value
As at January 1, 2024	289.8	(31.5)	**258.3**
Additions	16.4	-	16.4
Depreciation*	-	(15.7)	(15.7)
As at December 31, 2024	**306.2**	**(47.2)**	**259.0**
Additions	13.7	-	13.7
Depreciation*	-	(22.9)	(22.9)
As at December 31, 2025	**319.9**	**(70.1)**	**249.8**

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

Note 11 - Interest-bearing Debt

Accounting policy

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

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

			Carrying Amount	
(In $ millions)	**Interest Rate**	**Maturity Date**	**December 31, 2025**	**December 31, 2024**
2026 Senior secured notes plus PIK interest	9.00%	15/07/2026	197.9	215.4
2029 Senior secured bonds	9.50%	27/06/2029	500.0	500.0
Total interest-bearing debt (notional)			**697.9**	**715.4**
Less: Unamortized discount and debt issuance costs			(12.8)	(22.9)
Total interest-bearing debt, net			**685.1**	**692.5**
Less: Current portion, net			(193.8)	-
Long-term interest-bearing debt, net			**491.3**	**692.5**

The key terms relating to our debt in the year ended December 31, 2025 and 2024 are explained below.

2026 Senior secured notes ("2026 Notes")
Senior secured notes were issued on January 20, 2022 and are due July 15, 2026. In July 2024, the proceeds from the $500 million bond issue described below ("2029 Bonds") were used to partially refinance the 2026 Notes. In November 2025, pursuant to a completion of a tender offer, the company repurchased $17.6 million in principle amount of its 2026 Notes. In connection with the partial redemption, we recognized a loss on extinguishment of financial instruments of $1 million (2024: $34.3 million) in the Consolidated Statements of Operations which consists of $0.5 million call premium paid in cash and $0.5 million unamortized discount release. The remaining principal amount under the 2026 Notes was $197.9 million as at December 31, 2025 (December 31, 2024: $215.4 million). The carrying amount of the 2026 Notes are presented net of unamortized discount and debt issuance costs.

The Company actively manages its capital structure to maintain sufficient liquidity to meet its obligations as they fall due and to support its strategic objectives. Primary sources of liquidity include existing cash balances and operating cash flows from its operating entities, including distributions from the Seagems JV. At year-end 2025, total consolidated cash amounted to $178 million. At year-end 2025, accounts receivable amounted to $199 million (year-end 2024: $347 million). The Company collected $356 million during 2025 and continues to pursue the remaining outstanding balances. Recent collections and ongoing government support initiatives have improved visibility over expected cash inflows and support management's assessment that the payment cycle is continuing to normalize.

The Group prepares and regularly updates cash flow forecasts covering the relevant assessment period. These forecasts incorporate various scenarios, including potential fluctuations in receivable collections, scheduled debt service requirements and consideration of the recently announced sale of Fontis' drilling operations and jack-up fleet, which is expected to be completed in the second half of 2026 (Note 20 - Subsequent events). The Company expects to maintain sufficient liquidity and appropriate headroom under its financial covenants.

The 2026 Notes mature in July 2026. The Company plans to refinance the 2026 Notes in advance of their maturity. While no binding agreements have been made as of reporting date, the Company has made significant progress in its discussions with financial institutions and expects to complete refinancing in a timely manner before maturity.

2029 Senior secured bonds ("2029 Bonds")
Secured bonds were issued on June 27, 2024 and are due June 27, 2029. At December 31, 2025 and 2024, the outstanding principal amount is $500 million. The carrying amount of the 2029 Bonds are presented net of unamortized discount and debt issuance costs. In the Consolidated Statements of Cash Flows proceeds received in 2024 are presented net of debt issuance costs of $11.6 million.

Interest expense

Interest expense is comprised of the following:

(In $ millions)	**December 31, 2025**	**December 31, 2024**
Loan interest expense	66.7	67.2
Amortization of debt discount	9.8	14.9
Interest expense	**76.5**	**82.1**

Note 12 - Taxation and Provisions for Uncertain Tax Positions

Accounting policy

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

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

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

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

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

Income tax expense is comprised of the following:

(In $ millions)	**December 31, 2025**	**December 31, 2024 ***
Current tax expense:		
Foreign		
Mexico	9.2	24.2
Other	0.6	-
Deferred tax expense:		
Foreign		
Mexico	(5.1)	2.4
Income tax expense	**4.7**	**26.6**

Income tax expense for the year ended December 31, 2025 and 2024 differed from the amount computed by applying the statutory income tax rate in Bermuda of 0% as follows:

	December 31, 2025		**December 31, 2024 ***	
(In $ millions)	**Amount**	**Percentage**	**Amount**	**Percentage**
Income tax Bermuda at statutory tax rate	-	-	-	-
Foreign tax effects				
Mexico				
Rate differential	8.4	10.6%	(2.2)	(3.8%)
FX variations functional and tax currency	(8.9)	(11.2%)	1.7	2.9%
Changes due to inflation adjustment	(2.9)	(3.6%)	(3.7)	(6.4%)
Other	0.2	0.3%	1.7	2.9%
Return to provision	(2.1)	(2.6%)	-	-
Change in valuation allowance	(2.0)	(2.5%)	7.1	12.2%
Effects of Cross-Border Tax Laws	6.9	8.7%	15.9	27.3%
Increase in uncertain tax positions	0.1	0.1%	6.1	10.5%
Decrease in tax benefits	4.4	5.5%	-	-
Other tax jurisdictions	0.6	0.8%	-	-
Income tax expense reconciled	**4.7**	**5.9%**	**26.6**	**45.7%**

**Presentation of comparative information has been updated in conformity with the 2025 year-end presentation.*

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

Deferred income taxes

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

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

(In $ millions)	**December 31, 2025**	**December 31, 2024**
Other current liabilities	16.7	13.8
Net operating losses carried forward	36.7	17.9
Deferred tax asset	**53.4**	**31.7**
Valuation allowance	(30.0)	(18.6)
Total deferred tax assets	**23.4**	**13.1**
Property, plant and equipment	(13.9)	(10.7)
Other temporary differences	(6.4)	(4.6)
Total deferred tax liabilities	**(20.3)**	**(15.3)**
Net deferred tax liabilities	**3.1**	**(2.2)**

In 2025 valuation allowance increased by $11.4 million (2024: $11.3 million) which is primarily related to return to provision adjustments and foreign exchange fluctuations.

Uncertain tax positions

As at December 31, 2025 the Group was undergoing audits by the Mexican tax authorities ("SAT") in respect of accounting years 2014, 2018, 2019 and 2020. In 2024, the tax liabilities relating to 2017 tax audit were resolved and settled for approximately $13 million. In 2025, the tax liabilities in relation to 2014 Titania rig operating entity were resolved and settled for approximately $3.5 million. The Group's UTP estimate, including for those accounting years that are currently not subject to audit, is based on the information available at the time to the best of management's assessment of all relevant available information including the tax audits that have been finalized.

The provision for UTP as of December 31, 2025 was $68 million (2024: $64.1 million), of which $17.7 million (2024: $2.7 million) was included in "Other-current liabilities" and $50.4 million (2024: $61.3 million) in "Other non-current liabilities" on the balance sheet. Included in the provision for UTP is accrued interest and penalties totaling $24.2 million (2024: $21.1 million). The movement in the UTP provision compared to year-end 2024 was mainly driven by fluctuations in foreign currency rates (included in "Other financial items"), settlements made, inflation adjustments and accruals for interest (included in "Income tax expense"). Subsequent to year-end, the tax liabilities relating to 2018 tax audit were settled for approximately $18 million.

(In $ millions)	**December 31, 2025**	**December 31, 2024**
Balance at the beginning of the year	64.1	85.3
Increase a result of position taken in the current year	-	1.2
Decrease as a result of settlements	(3.5)	(13.0)
Increase/(decrease) as a result of positions taken in previous years*	0.1	5.0
Increase/(decrease) due to foreign currency revaluation	7.4	(14.4)
Uncertain tax positions	**68.1**	**64.1**

*Increase includes additional interest, penalties and inflation adjustments.

Pillar 2

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

While the Company continues to monitore developments of these rules, it is currently not within the scope of the Corporate Income Tax Act and does not expect to become subject to it in the near term.

Note 13 - Share Capital

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

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

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

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

In February and March 2025, the Company repurchased a total of 5,400,000 of its shares for approximately $20.1 million. In April and May 2025, the Company repurchased further 1,415,000 of its shares for approximately $4.8 million. Following the completion of the share buyback, the Company owns a total of 6,815,000 of its own shares, corresponding to approximately 4% of the Company's share capital.

Following the above, Paratus, had total Class A common shares of 169,550,049 at par value of US $0.00002 each at December 31, 2025 and 2024.

	December 31, 2025	December 31, 2024
Class A ordinary shares	169,550,049	169,550,049
Treasury shares	(6,815,000)	-
Total	**162,735,049**	**169,550,049**

Note 14 - Earnings per Share (EPS)

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

Diluted earnings per share amounts are calculated by dividing the net income/(loss) by the weighted average number of shares outstanding during the period, plus the weighted average number of ordinary shares that would be outstanding if all the dilutive potential ordinary shares were issued. Anti-dilutive options granted to employees totaling 580,000 shares were excluded from the computation of diluted EPS. Dilutive options totaling 125,000 shares are considered in deriving diluted earnings per share.

The following reflects the net income and share data used in the earnings per share calculation:

(in $ million, except share and per share amounts)	December 31, 2025	December 31, 2024
Net income	**74.8**	**31.6**
Weighted average numbers of shares outs. (basic)	164,113,880	161,989,730
Weighted average numbers of shares outs. (diluted)	164,125,161	162,060,493
Earnings per share:		
Basic	**0.46**	**0.20**
Diluted	**0.46**	**0.19**

Note 15 - Stock Options and Other Share-Based Compensation

Accounting policy

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

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

In April 2023, the Company issued warrants and stock options to the directors of the Company as compensation for the services performed. The Warrants issued are performance-based awards and require achievement of certain performance criteria, which is predefined by the Board of Directors at the time of grant. Stock option awards expire 4 years after the grant date and vest based upon the passage of time. Both warrants and options granted in 2023 have a USD exercise price. Performance based awards were exercised in September 2024. There are no performance based awards outstanding as at December 31, 2025 and 2024.

In September 2024, the new incentive plan was established and implemented by the Board of Directors. The plan allows directors and management of the Company and/or its subsidiaries to be awarded from time to time in accordance with the plan.

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

In 2025, 75,000 stock options granted under 2023 incentive plan were exercised and settled in cash in accordance with the terms of the award agreements. Subsequent to year-end a further 125,000 stock options granted under the 2023 incentive plan were exercised and settled in cash.

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

Share options with USD exercise price

	2025			2024		
	Number of shares	**Weighted-Average Exercise Price, USD**	**Average Remaining Contractual Term (Years)**	**Number of shares**	**Weighted-Average Exercise Price, USD**	**Average Remaining Contractual Term (Years)**
Outstanding at beginning of the year	400,000	4.6	2.9	625,000	3.9	3.9
Granted	-	-	-	-	-	-
Exercised	75,000	-	-	225,000	-	-
Outstanding at end of the year	325,000	5.2	1.9	400,000	4.6	2.9
Exercisable at the end of the year	325,000	5.2	1.9	200,000	3.3	2.9

Share options with NOK exercise price

	2025	2024
Expected term in years	-	3
Volatility	-	54%
Risk-free interest rate	-	3.18%
Weighted average fair value per option/warrant granted	-	20.1

	2025			2024		
	Number of shares	**Weighted-Average Exercise Price, NOK**	**Average Remaining Contractual Term (Years)**	**Number of shares**	**Weighted-Average Exercise Price, NOK**	**Average Remaining Contractual Term (Years)**
Outstanding at beginning of the year	780,000	55.7	4.7	-	-	-
Granted	-	-	-	780,000	55.7	4.7
Exercised	-	-	-	-	-	-
Outstanding at end of the year	780,000	55.7	3.8	780,000	55.7	4.7
Exercisable at the end of the year	260,000	51.7	3.7	-	-	-

Compensation expense recognized for stock options in 2025 was $0.1 million (2024: $0.3 million) and is presented in general and administrative expenses in our consolidated statements of operation.

Note 16 - Risk Management and Financial Instruments

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

This section should be read in conjunction with the subsequent event disclosure (Note 20 - Subsequent events) regarding the Company's recent announcement of the sale of Fontis' drilling operations and jack-up fleet. Upon completion of the transaction, which is expected in the second half of 2026, the Company's risk profile is expected to improve significantly, including through reduced exposure to payment irregularities and contracting uncertainty in Mexico.

Market risk

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

Foreign currency exchange rate risk

Revenues from drilling services in Mexico are primarily denominated in US dollars, while expenditures are mainly incurred in US dollars and Mexican Pesos ("MXN"). We also have MXN exposure for payment of taxes in Mexico. Capital contributions and shareholder distributions are made in US dollars and NOK. As of year-end 2025, the Group did not have any active currency hedging instruments. However, it continuously monitors foreign currency risk exposure and evaluates potential hedging strategies to mitigate volatility.

Interest rate risk

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

Liquidity risk

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

The Company actively manages its capital structure to maintain sufficient liquidity to meet its obligations as they fall due and to support its strategic objectives. Primary sources of liquidity include existing cash reserves and operating cash flows from its operating entities, including distributions from Seagems JV. At year-end 2025, total consolidated cash amounted to $178 million. At year-end 2025, accounts receivable amounted to $199 million (year-end 2024: $347 million). The Company collected $356 million during 2025 and continues to pursue the remaining outstanding balances. Recent collections and ongoing government support initiatives have improved visibility over expected cash inflows and support management's assessment that the payment cycle is continuing to normalize.

To proactively manage liquidity, the Group prepares and regularly updates cash flow forecasts covering the relevant assessment period. These forecasts incorporate various scenarios, including potential fluctuations in receivable collections, scheduled debt service requirements and consideration of the recently announced sale of Fontis' drilling operations and jack-up fleet, which is expected to be completed in the second half of 2026 (Note 20 - Subsequent events). The Company expects to maintain sufficient liquidity and appropriate headroom under its financial covenants.

The 2026 Notes mature in July 2026. The Company plans to refinance the 2026 Notes in advance of their maturity. See also Note 11 -Interest-bearing Debt.

Investment in joint venture

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

Excessive risk concentration and credit risk

In 2025, the Company's consolidated operating revenues were generated from a major state-owned petroleum company in Mexico. For Seagems, Petrobras accounted for a significant share of its revenues. Any reduction in activity, contract cancellations, suspensions, or non-renewals by these key customers could significantly impact the Group's financial performance, especially if replacement contracts on similar terms are not secured. As at the end of 2025 all contracts were due to expire in Q1 2026 with no extensions received as at reporting date, which highlights the risks associated with customer dependency and contract uncertainty. Additionally, the high customer concentration may increase the Group's credit risk exposure, as evidenced by payment delays from its client in Mexico. To address these delays, Fontis secured an agreement with a leading international bank in early 2025 to accelerate the payment of $209 million in overdue invoices, subject to an upfront fee, demonstrating that the Company can access liquidity through alternative means when needed. In August 2025, the Mexican government publicly introduced a comprehensive financial support plan with the aim to make Fontis' client financially self-sufficient by 2027. Key elements of the plan include the settlement of overdue supplier payments, debt reduction initiatives, and a long-term increase in national oil production from approximately 1.6 to 1.8 million barrels per day. As part of this initiative, approximately $25 billion in new government guaranteed funding has reportedly been secured by the client in Mexico, including proceeds partially earmarked for capital expenditures and supplier debt settlements. Following this, Fontis collected approximately $147 million from its client in August through December 2025.

The Company continues to actively pursue the collection of its remaining outstanding receivables and remains committed to recovering the full amounts due, consistent with its past practice. While the Company recognizes that the timing of collections may continue to fluctuate, recent payments and ongoing government support initiatives provide greater confidence that the payment cycle is normalizing. For details on how we estimate expected credit losses, refer to Note 5 – "Revenue from Contracts with Customers".

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

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

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

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

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

(In $ millions)		December 31, 2025		December 31, 2024	
Assets	**Level**	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**
Related party loans receivables – Seagems loans receivables	2	3.0	3.3	3.0	3.3
Liabilities					
2026 Senior secured notes*	1	198.4	193.8	215.4	203.2
2029 Senior secured notes*	1	500.8	491.3	488.2	489.3

* These instruments are at a fixed interest rate

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

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

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

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

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

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

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

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

Note 17 - Related Party Transactions

Accounting policy

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

Related party expenses include:

	December 31, 2025	December 31, 2024
Management and administrative fees [(a)]	(0.9)	(0.8)
Total	**(0.9)**	**(0.8)**

	December 31, 2025	December 31, 2024
Seagems loan receivable [(b)]	3.3	3.3
Total	**3.3**	**3.3**

(a) Management and administrative service agreements and short-term other payables - the Group received management, administrative, and operational support services from affiliates of the Company, in which the principal shareholder has, or had, significant direct or indirect interest. 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) Seagems loan receivable - this includes a series of loan facilities that we extended to Seagems between May 2014 and December 2016. The $3.3 million balance shown in the table above includes only $3.3 million of loan principal. Nil accrued interest and allowance for expected credit loss. The loans are repayable on demand, subject to restrictions on Seagems' external debt facilities. No repayments were received in relation to the loan during 2025 (2024: nil).

Note 18 - Equity Method Investments

Accounting policy

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

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

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

Ownership percentage	December 31, 2025	December 31, 2024
Seagems	50.0 %	50.0 %
Archer	0.0 %	23.8 %

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

	Seagems*		Archer	
(In $ millions, except ownership percentage)	December 31, 2025	December 31, 2024	September 25, 2025	December 31, 2024
Operating revenues	505.2	389.7	1,030.8	1,300.7
Operating income	251.6	154.5	60.1	71.3
Net income / (loss)	210.6	150.4	(25.4)	(24.5)
Paratus ownership percentage*	50.0 %	50.0 %	23.8 %	23.8 %
Share of net income/(loss)	**105.3**	**75.2**	**(6.0)**	**(5.8)**
Amortization of basis differences	16.5	10.0	(0.1)	0.4
Share in results	**121.8**	**85.2**	**(6.1)**	**(5.4)**

On October 30, 2024, the Company subscribed to a pro-rata number of shares in Archer issued as part of the Private Placement transaction for approximately $12.1 million. On November 14, 2024 Archer acquired additional shares in Iceland Drilling from its joint venture partner which was settled through the issuance of new Archer shares. As the result of the above transactions the Company's ownership decreased to 23.8% as at December 31, 2024.

On September 25, 2025, the Company sold its entire holding of 21,583,826 shares in Archer Limited at NOK 22.50 per share, receiving net cash proceeds of approximately $48.1 million. Prior to the sale, the investment was accounted for under the equity method with a carrying amount of $43.1 million which was reduced by $8.5 million reclassified from Other Comprehensive Income ("OCI") to the carrying amount. The investment was derecognized upon completion of the sale, and the Company recognized a gain of $13.2 million, presented within "Gain on sale of equity method investee" in the Consolidated Statement of Operations. The net proceeds are reflected within investing activities in the Consolidated Statement of Cash Flows. While Archer continues to be a related party through principal owners, as at December 31, 2025 the Company has no ownership in Archer.

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

	Seagems*		Archer	
(In $ millions, except ownership percentage)	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Current assets	167.1	140.6	-	404.1
Non-current assets	1,162.0	1,208.4	-	596.5
Current liabilities	(109.0)	(101.3)	-	(338.2)
Non-current liabilities	(136.8)	(115.3)	-	(437.2)
Non-controlling interest	-	-	-	(15.4)
Net Assets (gross, 100%)	**1,083.3**	**1,132.4**	**-**	**209.8**
Paratus' ownership percentage	50.0 %	50.0 %	-	23.8 %
Paratus' share of book equity	**541.7**	**566.2**	**-**	**50.7**
Shareholder loans held as equity	0.9	0.9	-	-
Basis difference	(242.7)	(254.6)	-	(5.0)
Carrying amount equity method investments	**299.9**	**312.5**	**-**	**45.7**

**Presentation of comparative information has been updated to show amounts after elimination of intercompany transactions and balances between JV entities.*

Note 19 - Commitments and Contingencies

The Company may from time to time become involved in legal disputes and legal proceedings relating to its operations through its subsidiaries and JV, environmental issues, intellectual property rights or otherwise. Legal proceedings could result in adverse rulings requiring the Company and its affiliated companies to, inter alia, pay damages, halt operations, suspend projects or relinquish licenses. As described in Note 12, as at December 31, 2025 the Company was undergoing audits by the Mexican tax authorities in respect of accounting years 2014 and 2018 through 2020. No assurance can be made that the Mexican tax authorities will not open audits for periods from 2021 and onwards. If the audits expand in scope or the authorities continue to question the Company's tax position, the Company could face significant legal and financial consequences, such as higher taxes, penalties, and interest, which in turn could significantly affect the consolidated tax expenses and effective tax rate, potentially impacting earnings and cash flow operations and the Company's overall financial position.

Note 20 - Subsequent Events

Sale of Fontis

On March 23, 2026, the Company together with its indirect subsidiary Fontis Finance Ltd. has entered into share purchase agreements with Borr Drilling Limited and Proyectos Globales de Energía y Servicios CME, S.A. de C.V to sell Fontis' drilling operations and jack-up fleet for a transaction price of $400 million.

The transaction is expected to close within six months of signing, subject to customary closing conditions, including regulatory and bondholder approvals. The Company expects to receive approximately $148 million in cash at closing, $15 million of deferred consideration, and $237 million in the form of a 2.5-year seller-financing arrangement.

Fontis represents a reportable segment of the Group (see Note 4 – Segment Information), and the assets and liabilities to be disposed of primarily comprise those associated with this segment. The planned divestiture constitutes a strategic shift that is expected to have a major effect on the Company's operations and financial results. Accordingly, the assets and liabilities associated with the disposal will be classified as held for sale and the results of operations and cash flows will be presented as discontinued operations in future reporting periods.

The Company is currently evaluating the accounting implications of the transaction, including the measurement of any gain or loss on disposal. Due to the proximity of the transaction to the issuance date of the financial statements and the ongoing refinement of the assets and liabilities to be included in the disposal group, the Company has not yet finalized its assessment of the full financial statement impact, including the related effects on results of operations and cash flows. The ultimate gain or loss recognized on disposal will depend on the final carrying amounts of the assets and liabilities at the closing date and may change as the Company completes its evaluation.

Situation in the Middle East

The Company notes the escalation of conflict in the Middle East since late February 2026, including military actions involving the United States, Israel, and Iran. The situation remains uncertain and has contributed to increased volatility in global oil and gas prices, as well as temporary disruptions to offshore drilling activity in the region. While the Company does not operate in the affected areas, it continues to monitor potential indirect effects on energy market and supply chains and regularly assesses the implications for its operations.

Cash dividend to shareholders

On February 27, 2026, the Company announced that the Board of Directors has approved a cash dividend of $0.22 per share for Q4 2025, to all shareholders of record as of 6 March 2026. The cash dividend was paid on 13 March 2026.

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To the General Meeting of Paratus Energy Services Ltd.

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Paratus Energy Services Ltd., which comprise the consolidated financial statements of Paratus Energy Services Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2025, the consolidated statement of operations, the consolidated statement of other comprehensive income (loss), the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the consolidated financial statements comply with applicable statutory requirements, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (US GAAP).

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

Basis for Opinion

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

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

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

Key Audit Matters

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

Uncertain tax positions

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

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The Key Audit Matter	*How the matter was addressed in our audit*
The Group has recognized a provision for uncertain tax positions in Mexico of $68.1 million as at 31 December 2025. The Group recognizes liabilities for uncertain tax positions based upon its assessment on whether the tax positions are more likely than not to be sustainable based upon the technical merits and its considerations of the relevant tax authorities including administrative practices and precedence. At 31 December 2025, the Group was undergoing audits by the Mexican tax authorities ("SAT") in respect to accounting years 2014, 2018, 2019 and 2020. The Group's estimate, including for those accounting years that are currently not subject to audit, is based on the information available at the time of management's assessment of relevant available information including the tax audits that have been finalized. Determining the liabilities for uncertain tax position requires significant judgment by management including a high degree of estimation uncertainty.	Addressing the liability for uncertain tax positions in Mexico included the following audit procedures: • Obtaining an understanding of management's processes, including the roles and responsibilities of management's external tax experts and management's control related to uncertain tax positions. • Comparing management's estimates to settlements reached in 2025 and after year-end. • With the assistance of our tax specialists in Mexico, our audit procedures in these areas included i) evaluating correspondence with tax authorities ii) dialogue with management and management's external tax experts to understand the judgments applied in interpreting local tax rules and regulations, including the consideration of ongoing and completed settlements and new information impacting existing tax positions iii) evaluating the reasonableness of the assumptions and judgements used by management including the application of interest and penalties and other significant inputs to management's estimates iv) testing the mathematical accuracy of management's calculations. • Assessed the sufficiency of relevant disclosures in the consolidated financial statements and the current and long-term portions of the liabilities for uncertain tax positions

Other Information

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

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the

matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Paratus Energy Services Ltd., we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300XB7T5BX418QX67-2025-12-31-1-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format.

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

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

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

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

Oslo, 29 April 2026

KPMG AS

John Thomas Sørhaug
State Authorised Public Accountant

Alternative Performance Measures

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

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

(In $ millions)	**December 31, 2025**	**December 31, 2024**
Calculation of adjusted EBITDA		
Net income	74.8	31.6
Add back: Income tax expense	4.7	26.6
Add back: Net financial expense	83.2	108.7
Deduct: Share in results from joint ventures and associates	(121.8)	(85.2)
Add back/(deduct): Expected credit losses	(1.2)	1.6
Deduct: Other operating income	(4.9)	-
Add back: Depreciation and amortization	23.0	17.9
Add back: Amortization of favorable contracts	33.8	30.7
Adjusted EBITDA (consolidated)	**91.6**	**131.9**
Net income/(loss) - 50% of Seagems	105.3	75.2
Add back: Income tax expense	18.4	3.1
Add back: Net financial expense	2.2	(1.1)
Add back: Depreciation and amortization	44.0	42.3
Add back: Other operating expenses	(0.2)	0.2
Adjusted EBITDA (50% Seagems)	**169.6**	**119.7**
Combined Segment EBITDA	**261.2**	**251.6**

(In $ millions)	**December 31, 2025**	**December 31 2024**
Net debt		
Interest-bearing debt (notional amount)	**697.9**	**715.4**
Paratus	*697.9*	*715.4*
Less: Cash and cash equivalents	**178.3**	**86.4**
Paratus	*118.2*	*64.9*
Fontis	*60.1*	*21.5*
Less: Market value Archer shares*	**-**	**49.4**
Paratus	-	*49.4*
Net debt	**519.6**	**579.6**
50% of Seagems interest-bearing debt (notional amount)	87.0	60.5
Less: 50% of Seagems cash and cash equivalents	25.4	12.4
50% of Seagems net debt	**61.6**	**48.1**
Net debt (as per management reporting)	**581.2**	**627.7**
Net Leverage Ratio		
Net debt (as per management reporting)	581.2	627.7
Combined Segment EBITDA	261.2	251.6
Net Leverage Ratio	**2.2**	**2.5**

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

Alternative performance measures (continued)

Definitions and explanations of APMs

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

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

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

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

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

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

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

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

Average dayrate is calculated based on recognized revenue divided by the total operational days per period.