

Foresea Reports 2Q24 Results

Luxembourg, August 6th, 2024

- Fleet 100% contracted and operating
- Backlog of \$1.4 billion as of June 30th, 2024
- Revenue efficiency: 94.9% in 2Q24
- Low leverage, with Net Debt/ LTM Adjusted EBITDA ratio of 1.0x
- First payment to shareholders: \$33 million

FORESEA HOLDING S.A. UNAUDITED FINANCIAL HIGHLIGHTS

Financial Highlights	2Q24	1Q24
thousands of U.S. dollars		
Revenue	127,533	119,884
Costs	(71,822)	(73,985)
Adjusted EBITDA	48,610	37,494
<i>Adjusted EBITDA Margin</i>	<i>38.1%</i>	<i>31.3%</i>
Net Profit	17,282	531
Net Debt	122,660	147,791
<i>Net Debt/ LTM Adjusted EBITDA</i>	<i>1.0</i>	<i>1.5</i>

Foresea released its 2024 second quarter results today. The backlog at the end of the second quarter amounted to \$1.4 billion, with our fleet contracted for an average of 2.4 years. With all the fleet contracted and operating, while progressively moving into new contracts with better dayrates, Foresea achieved an Adjusted EBITDA margin of 38% this quarter and a Net Debt/ LTM Adjusted EBITDA level of only 1x.

Mr. Rogerio Ibrahim, Foresea's CEO stated "As we celebrated Foresea's first anniversary in June this year, I want to highlight some of our achievements during this short but intense period. We were one of the few drilling companies, globally, to make a distribution to shareholders, confirming our commitment to returning capital to our investors and showcasing our exceptional performance we had so far.

Foresea is a leading drilling company in Brazil, and we take pride in our service level, operational excellence, and ability to generate reliable returns for our shareholders. Maintaining capital discipline is one of our main drivers.

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During the first year, we successfully performed SPS on two of our rigs, and we are currently preparing another rig, Norbe VIII, to start its SPS. Maintaining the integrity of our assets and ensuring our rigs are ready to perform complex jobs scopes is a high priority for us.

Brazil continues to be a leading region to offshore drilling market, with more than 30% of the global contract demand. Foresea has 100% of its fleet contract and operating and has only one rig coming out of contract before 2026.

We are ready to face the challenges of our second year, focusing on safety, maintaining contracted fleet operations, and seeking day rates compatible with our market and providing appropriate return.”

2Q24 Results

Contract drilling revenues for the second quarter of 2024 totaled \$127.5 million compared to \$119.9 million in the previous quarter, representing a \$7.6 million increase or 6.4%. This increase is mainly attributed to ODN II operating a full quarter under the extended Equatorial Margin contract with a better day rate, and the fleet achieving a higher operational uptime of 97.9% this quarter.

The higher operational uptime led to an increase in the revenue efficiency, reaching 94.9% in the second quarter of the year, compared to 93.0% in the previous quarter. Revenue efficiency this quarter was impacted by ODN II moving from the Potiguar Basin in the Northeast of Brazil to the Southeast of Brazil, earning a moving rate of 90% of the day rate for more than 30 days.

The total utilization rate of the fleet was maintained at 100% in the second quarter, as it was in the previous quarter, with the fleet fully contracted and operating.

The average daily revenue, which is the drilling revenues earned by operating days per rig, was approximately \$271 thousand per day in the second quarter of 2024, compared to approximately \$251 thousand per day in the previous quarter. This is the third consecutive quarter of increasing average daily revenue, reflecting the substitution of previous legacy day rates for current prevailing market day rates in the new contracts which started from the last quarter of 2023.

Total operating costs in the second quarter amounted to \$71.8 million, a 2.9% decrease in comparison to the previous quarter. The daily operational cost of our own fleet this quarter was approximately \$155 thousand per day, in line with the first quarter of the year. The reduction in total operating cost is explained by lower expenses incurred

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by Hunter Queen, with zero net impact on Foresea's results, as this Management and Operations contract structure is designed for a total cost reimbursement plus a fixed contracted fee.

Adjusted EBITDA for the first quarter of 2024 was \$48.6 million, a 29.6% increase compared to \$37.5 million registered in the previous quarter. ODN II operating a full quarter under the extended contract with higher rate, the increase in revenue efficiency, and rigorous cost control contributed to an adjusted EBITDA margin of 38.1%, compared to 31.3% in the previous quarter.

Capex in the second quarter was approximately \$13 million, slightly higher than the \$11 million spent in the first quarter of 2024. Total Capex in 1H24 amounted to \$24 million. Norbe VIII is now starting SPS as it finishes the current contract and prepares for the upcoming contract, so Capex should ramp up in the following quarters.

Foresea ended the second quarter of 2024 with a \$153 million cash position, with a \$47 million contribution from cash flow from operational activities in the quarter. Cash flow from financial activities was a negative \$5.6 million this quarter, corresponding to quarterly Interest payments on the Secured Notes.

Foresea's only debt is the \$300 million Secured Notes due 2030, issued in June 2023, and recorded on the company's balance sheet as \$276.1 million as of June 30th, 2024, due to related transaction costs. Net Debt/ LTM adjusted EBITDA was only 1.0x at the closing of the quarter, well below the notes covenant of 3.5x.

As a post-event, Foresea paid \$33 million in distribution to shareholders on July 10th, marking the company's first cash payment to shareholders. Foresea's dividend policy can be accessed on its investor relations website.

Operational Highlights

Operational uptime was 97.9% in the second quarter of the year, up from 94.1% in the first quarter, reaffirming Foresea's operational excellence, as seen in the previous years.

The rig utilization in the second quarter remained at 100%, as it was in the first quarter, marking Foresea one of the few drillers with a fully contracted and operating fleet.

The only scheduled stop in the fleet this year is Norbe VIII's anticipated 15-year SPS and contract preparation, starting now. The new contract estimated to start in the beginning of the 4th quarter this year.

**FORESEA HOLDING S.A.
UNAUDITED OPERATIONAL INFORMATION**

	2Q 2024	1Q 2024	2Q 2023
Average daily revenue¹	271	251	222

(1) - Average daily revenue is defined as operating revenues earned per operating day per fleet, excluding mobilization.

	2Q 2024	1Q 2024	2Q 2023
Revenue Efficiency²	94.9%	93.0%	95.9%

(2) - Revenue efficiency is day rate revenue earned as a percentage of maximum potential day rate revenue.

	2Q 2024	1Q 2024	2Q 2023
Rig Utilization³	100.0%	100.0%	84.6%

(3) - Rig utilization is calculated dividing the number of operating days by the number of days in the period.

	2Q 2024	1Q 2024	2Q 2023
Operational Uptime⁴	97.9%	94.1%	98.9%

(4) - Operational Uptime considers the number of hours the rig is operating or ready to operate, with no operational issues, in relation to the total hours in the period for the contracted fleet

Conference Call

A conference call to discuss Foresea's 2Q24 earnings results is scheduled for Wednesday, **August 7th** at 10am EDT/ 3pm GMT/ 11am Brazil time. A live webcast of the call will be available online on the Company's investors website, www.investors.foresea.com. Participants who want to join the call via webcast may register clicking [here](#). An online replay will also be available on www.investors.foresea.com following the call.

For additional information, visit www.investors.foresea.com or email investor.relations@foresea.com.

About Foresea

Foresea is a leading offshore drilling company, focusing on offering solutions in offshore drilling, with expertise and excellence in chartering and operating rigs for ultra-deep waters. Foresea operates a high-quality rig fleet of four UDW drillships, a semisubmersible and provides operation and management services to third parties' fleet.

With experience, state-of-the-art technology and a commitment to safety and sustainability, we are always innovating when chartering and operating platforms and ships. Additional information on Foresea is available at www.foresea.com.

Forward-Looking Statements

This document contains forward-looking financial projections for Foresea Holding S.A. as of June 30, 2024. These statements could contain words such as terms "assumes", "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should", "possible", "if," or other similar expressions. Forward-looking statements are based on management's current expectations and assumptions regarding future economic conditions, market trends, and the execution of our business strategy, including, but not limited to, any statement that may project, indicate or imply performance or achievements; future recovery in the offshore contract drilling industry; expectations regarding the Company's plans, strategies and opportunities; expectations regarding the Company's business or financial outlook; future borrowing capacity and liquidity; expected utilization, dayrates, revenues, operating expenses, rig commitments and availability, cash flows, tax rates and accounting treatment, contract status, terms and duration, contract backlog, capital expenditures, insurance, financing and funding. Please be aware that these forward-looking financial projections are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict, and factors beyond our control, which may cause actual results to differ materially from what is projected and should be considered as estimates only.

All subsequent written and oral forward-looking statements attributable to the company or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. We undertake no obligation to update or revise these forward-looking financial projections, whether as a result of new information, future events, or otherwise.

Investors and stakeholders are advised to exercise caution and not to place undue reliance on these forward-looking statements. Actual results may vary, and the company assumes no obligation to provide updates or revisions beyond what is legally required.

FORESEA HOLDING S.A.
UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
(in thousands of U.S. dollars)

	Three Months Ended	
	June 30, 2024	March 31, 2024
<i>Revenue</i>	127,533	119,884
<i>Operating Costs</i>	(71,822)	(73,985)
<i>General and administrative expenses</i>	(7,279)	(8,405)
<i>Other operating revenue, net</i>	178	-
Operating Result	48,610	37,494
<i>Depreciation and amortization expenses</i>	(27,726)	(24,744)
<i>Other expenses</i>	18	(6,144)
Operational profit	20,902	6,606
Finance result, net	(3,633)	(6,050)
Profit before income tax	17,269	556
<i>Income tax</i>	13	(25)
Net Profit for the period	17,282	531

FORESEA HOLDING S.A.
UNAUDITED NON-GAAP FINANCIAL MEASURES
(in thousands of U.S. dollars)

	2Q24	1Q24
EBITDA Reconciliation		
Net profit for the period	17,282	531
Income tax	(13)	25
Finance result, net	3,633	6,050
Depreciation and amortization expenses	27,726	24,744
Other expenses	(18)	6,144
Adjusted EBITDA	48,610	37,494
<i>Adjusted EBITDA Margin</i>	38.1%	31.3%

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FORESEA HOLDING S.A.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands of U.S. dollars)

Current assets	June 30, 2024	December 31, 2023
<i>Cash and cash equivalents</i>	153,432	140,936
<i>Accounts receivable</i>	71,755	59,443
<i>Taxes receivables</i>	9,675	11,114
<i>Prepaid expenses and Advances to suppliers</i>	17,516	21,220
<i>Other assets</i>	3,137	1,573
Total current assets	255,515	234,286
Non-current assets		
<i>Intangible assets</i>	7,922	10,310
<i>Property and equipment</i>	1,210,250	1,237,386
Total property, equipment and intangible	1,218,172	1,247,696
<i>Prepaid expenses</i>	9,382	12,816
<i>Right-of-use assets</i>	3,271	3,896
<i>Other assets</i>	716	818
Total non-current assets	1,231,541	1,265,226
Total assets	1,487,056	1,499,512

FORESEA HOLDING S.A.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands of U.S. dollars)

Current liabilities	June 30, 2024	December 31, 2023
<i>Financings</i>	937	937
<i>Lease liability</i>	666	663
<i>Accounts payable</i>	33,242	45,056
<i>Taxes payable</i>	3,414	6,275
<i>Labor obligations and social charges</i>	19,067	18,266
<i>Dividends payable</i>	33,000	-
<i>Related parties</i>	655	3,103
<i>Advances from customer</i>	14,205	16,456
<i>Other liabilities</i>	240	2,029
Total current liabilities	105,426	92,785
Non-current liabilities		
<i>Financings</i>	275,155	273,618
<i>Advances from customer</i>	17,370	23,788
<i>Other non-current liabilities</i>	5,314	6,288
Total non-current liabilities	297,839	303,694
Total liabilities	403,265	396,479
Equity / Negative Equity		
<i>Capital</i>	30,034	29,999
<i>Share Premium</i>	1,076,300	1,111,792
<i>Legal reserve</i>	3,000	-
<i>Other comprehensive loss</i>	(72,879)	(68,281)
<i>Retained earnings</i>	47,336	29,523
Total equity	1,083,791	1,103,033
Total liabilities and equity	1,487,056	1,499,512

FORESEA HOLDING S.A.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of U.S. dollars)

	Apr 01, 2024 - Jun 30, 2024	Jan 01, 2024 - Mar 31, 2024
Cash flows from operating activities		
<i>Profit (loss) before income tax</i>	17,269	556
<u><i>Adjustments</i></u>		
<i>Depreciation and amortization</i>	27,726	24,744
<i>Amortization of insurance</i>	2,642	2,656
<i>Amortization of mobilization cost</i>	2,063	2,615
<i>Amortization of mobilization fee</i>	(3,851)	(4,818)
<i>Provision</i>	(138)	(283)
<i>Share-based payments</i>	271	-
<i>Finance result, net</i>	3,633	6,050
	<u>49,615</u>	<u>31,520</u>
<u><i>Changes in working capital</i></u>		
<i>Accounts receivable</i>	(3,075)	(8,832)
<i>Related parties</i>	194	(2,198)
<i>Prepaid expenses</i>	2,017	(87)
<i>Other assets</i>	3,775	(4,224)
<i>Accounts payable</i>	(3,134)	(12,794)
<i>Other liabilities</i>	(2,343)	460
	<u>(2,566)</u>	<u>(27,675)</u>
Net cash flow generated from operating activities	<u>47,049</u>	<u>3,845</u>
Cash flows from investments activities		
<i>Acquisition of equipments and intangible</i>	(13,116)	(11,003)
Net cash used in investing activities	<u>(13,116)</u>	<u>(11,003)</u>
Cash flows from financings activities		
<i>Interest payments</i>	(5,625)	(5,625)
Net cash used in financings activities	<u>(5,625)</u>	<u>(5,625)</u>
<i>Effect of exchange rate variation on cash and cash equivalents</i>	(2,401)	(629)
<i>Increase (decrease) in cash and cash equivalents</i>	25,907	(13,412)
Cash and cash equivalents at the beginning of the period	<u>127,524</u>	<u>140,936</u>
Cash and cash equivalents at the end of the period	<u>153,432</u>	<u>127,524</u>

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FORESEA HOLDING S.A.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of U.S. dollars)

	Jan 01, 2024 - Jun 30, 2024	Jan 01, 2023 - Jun 30, 2023
Cash flows from operating activities		
<i>Profit before income tax</i>	17,825	99,821
<u><i>Adjustments</i></u>		
<i>Depreciation and amortization</i>	52,470	84,810
<i>Loss on impairment</i>	-	1,131,593
<i>Amortization of insurance</i>	5,298	6,062
<i>Amortization of mobilization cost</i>	4,678	4,465
<i>Amortization of mobilization fee</i>	(8,669)	(6,978)
<i>Provision</i>	(421)	3,187
<i>Share-based payments</i>	271	-
<i>Finance result, net</i>	<u>9,683</u>	<u>(1,271,176)</u>
	81,135	51,784
<u><i>Changes in working capital</i></u>		
<i>Accounts receivable</i>	(11,907)	(3,850)
<i>Related parties</i>	(2,004)	(17,954)
<i>Prepaid expenses</i>	1,930	(28,767)
<i>Other assets</i>	(449)	(4,336)
<i>Accounts payable</i>	(15,928)	50,363
<i>Advances from customers</i>	-	14,669
<i>Other liabilities</i>	<u>(1,883)</u>	<u>(1,602)</u>
	(30,241)	8,523
Net cash flow generated from operating activities	<u>50,895</u>	<u>60,307</u>
Cash flows from investments activities		
<i>Short-term investments</i>	-	219,427
<i>Acquisition of equipments and intangible</i>	<u>(24,119)</u>	<u>(40,454)</u>
Net cash used in investing activities	<u>(24,119)</u>	<u>178,973</u>
Cash flows from financings activities		
<i>Borrowings</i>	-	197,014
<i>Repayments of borrowings</i>	-	(226,791)
<i>Interest payments</i>	<u>(11,250)</u>	<u>(52,063)</u>
Net cash used in financings activities	<u>(11,250)</u>	<u>(81,840)</u>
<i>Effect of exchange rate variation on cash and cash equivalents</i>	(3,030)	(738)
Increase in cash and cash equivalents	12,496	156,702
Cash and cash equivalents at the beginning of the period	<u>140,936</u>	<u>18,052</u>
Cash and cash equivalents at the end of the period	<u>153,432</u>	<u>174,754</u>