Foresea Holding S.A.

Interim Consolidated financial statements
for the period from January 1st, 2024 to June 30, 2024
and Limited Review Report

Contents to the explanatory notes to the interim consolidated financial statements

Report on Review of the Interim Consolidated Financial Statements	**3**
Interim consolidated statement of financial position	**5**
Interim consolidated income statement	**6**
Interim consolidated statement of comprehensive income	**7**
Interim consolidated statement of changes in shareholders' equity	**8**
Interim consolidated statement of cash flows	**9**
Notes to the interim consolidated financial statements	
Note 1 – Corporate information	**10**
Note 2 – Summary of material information accounting policies	**12**
Note 3 – Critical accounting estimates and judgments	**13**
Note 4 – Financial risk management	**14**
Note 5 – Financial instruments by category	**16**
Note 6 – Cash and cash equivalents	**16**
Note 7 – Accounts receivable	**17**
Note 8 – Taxes	**17**
Note 9 – Prepaid expenses	**18**
Note 10 – Receivables and payables with related parties	**18**
Note 11 – Intangible assets	**19**
Note 12 – Equipment	**19**
Note 13 – Financings	**20**
Note 14 – Contingencies	**21**
Note 15 – Accounts payable	**22**
Note 16 – Labor obligation and social charges	**22**
Note 17 – Equity	**22**
Note 18 – Share-based payments	**24**
Note 19 – Revenues	**25**
Note 20 – Costs	**25**
Note 21 – General and administrative expenses	**25**
Note 22 – Finance result, net	**25**
Note 23 – Insurance	**26**
Note 24 – Subsequent events	**26**
Note 25 – Approval of the Interim consolidated financial statements	**26**

Grant Thornton

Grant Thornton Luxembourg

Grant Thornton Audit &
Assurance
Société anonyme
13, rue de Bitbourg
L-1273 Luxembourg

T +352 40 12 99 1
F +352 40 05 98

To the Board of Directors
FORESEA Holding S.A.
8-10, avenue de la Gare
L- 1610 Luxembourg

LIMITED REVIEW REPORT

Report on Review of the Interim Consolidated Financial Statements

We have reviewed the accompanying Interim Consolidated Financial Statements of FORESEA Holding S.A. and its subsidiaries (the "Group"), which comprise the interim consolidated statement of financial position as of 30 June 2024, and the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in shareholders' equity and the interim consolidated statement of cash flows for the period from 1 January 2024 to 30 June 2024, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Interim Consolidated Financial Statements

The Board of Directors is responsible for the preparation and presentation of this Interim Consolidated Financial Statements in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of the Interim Consolidated Financial Statements that is free from material misstatement, whether due to fraud or error.

Responsibility of the "*Réviseur d'Entreprises Agréé*"

Our responsibility is to express a conclusion on this Interim Consolidated Financial Statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity") as adopted for Luxembourg by the "*Institut des Réviseurs d'Entreprises*".

This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the Interim Consolidated Financial Statements, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of the Interim Consolidated Financial Statements in accordance with ISRE 2410 is a limited assurance engagement. The "*Réviseur d'Entreprises Agréé*" performs procedures, primarily consisting of making inquiries of management and others within the Group, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this Interim Consolidated Financial Statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Consolidated Financial Statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 13 August 2024

Christophe CRYNS
Réviseur d'Entreprises Agréé
Grant Thornton Audit & Assurance

Interim consolidated statement of financial position

As of June 30, 2024 and December 31, 2023

In thousands of U.S. dollars

	Note	June 30, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	6	153,432	140,936
Accounts receivable	7	71,755	59,443
Taxes receivable	8	9,675	11,114
Prepaid expenses	9	12,634	17,016
Receivables with related parties	10	-	83
Advances to suppliers		4,882	4,204
Other assets		3,137	1,490
Total current assets		255,515	234,286
Non-current assets			
Prepaid expenses	9	9,382	12,816
Right-of-use assets		3,271	3,896
Other assets		716	818
Intangible assets	11	7,922	10,310
Property and equipment	12	1,210,250	1,237,386
Total non-current assets		1,231,541	1,265,226
TOTAL ASSETS		1,487,056	1,499,512
LIABILITIES AND EQUITY			
Current liabilities			
Financings	13	937	937
Lease liability		666	663
Accounts payable	15	27,267	36,223
Insurance payable	23	5,975	8,833
Taxes payable	8	3,414	6,275
Labor obligations and social charges	16	19,067	18,266
Dividends payable	17 d	33,000	-
Related parties	10	655	3,103
Advances from customers		14,205	16,456
Other liabilities		240	2,029
Total current liabilities		105,426	92,785
Non-current liabilities			
Financings	13	275,155	273,618
Lease liability		2,845	3,398
Provision	14	2,469	2,890
Advances from customers		17,370	23,788
Total non-current liabilities		297,839	303,694
Equity	17		
Capital		30,034	29,999
Share premium		1,076,300	1,111,792
Legal reserve		3,000	-
Other comprehensive loss		(72,879)	(68,281)
Retained earnings		47,336	29,523
Total equity		1,083,791	1,103,033
Total liabilities and equity		1,487,056	1,499,512

The notes are an integral part of these interim consolidated financial statements.

Interim consolidated income statement

For the six-month ended June 30

In thousands of U.S. dollars

	Note	01 Jan 2024 - 30 June 2024	01 Jan 2023 - 30 June 2023
Revenue	19	247,417	176,317
Costs	20	(145,807)	(131,074)
General and administrative expenses	21	(15,684)	(7,314)
Other operating revenue (expenses), net		178	7,050
Operating result		86,104	44,979
Other income/(expenses)		(6,126)	-
Depreciation and amortization expenses	11/12	(52,470)	(84,741)
Impairment of equipment	12	-	(1,131,593)
Finance result, net	22	(9,683)	1,271,176
Profit before income tax		17,825	99,821
Income tax		(12)	109
Profit for the period		17,813	99,930

The notes are an integral part of these interim consolidated financial statements.

Interim consolidated statement of comprehensive income

For the six-month ended June 30

In thousands of U.S. dollars

	01 Jan 2024 - 30 Jun 2024	01 Jan 2023 - 30 Jun 2023
Profit for the period	17,813	99,930
Cash Flow Hedge	-	118
Foreign exchange translation reserve	(4,598)	1,598
Total comprehensive profit for the period	13,215	101,646

The notes are an integral part of these interim consolidated financial statements.

Interim consolidated statements of changes in shareholders' equity

For the six-month ended June 30

In thousands of U.S. dollars

	Note	Capital	Additional paid-in capital	Legal reserve	Other comprehensive loss	Retained earnings	Total
At January 1, 2023 (Unaudited)		35	280,623	-	(70,063)	(484,046)	(273,451)
Adjustment Combined							
Adjustment related to combination		(35)	(280,623)	-	-	280,658	-
Other movements	17	-	-	-	-	167,102	167,102
Capital increase	17 a/b	29,999	1,111,792	-	-	-	1,141,791
Cash flow Hedge		-	-	-	118	-	118
Exchange rate variation on foreign subsidiary		-	-	-	1,598	-	1,598
Profit for the period		-	-	-	-	99,930	99,930
At June 30, 2023		29,999	1,111,792	-	(68,347)	63,644	1,137,088
At January 01, 2024		29,999	1,111,792	-	(68,281)	29,523	1,103,033
Share-based payments	17 (a/b)/18	35	508	-	-	-	543
Legal reserve	17 c	-	(3,000)	3,000	-	-	-
Dividends	17 d	-	(33,000)	-	-	-	(33,000)
Exchange rate variation on foreign subsidiary		-	-	-	(4,598)	-	(4,598)
Profit for the period		-	-	-	-	17,813	17,813
At June 30, 2024		30,034	1,076,300	3,000	(72,879)	47,336	1,083,791

The notes are an integral part of these interim consolidated financial statements.

Interim consolidated statement of cash flows

For six-month ended June 30

In thousands of U.S. dollars

	01 Jan 2024 - 30 Jun 2024	01 Jan 2023 - 30 Jun 2023
Profit before income tax	17,825	99,821
Cash flows from operating activities		
Adjustments		
Depreciation and amortization	52,470	84,810
Loss on impairment	-	1,131,593
Amortization of insurance	5,298	6,062
Amortization of mobilization cost	4,678	4,465
Amortization of mobilization fee	(8,669)	(6,978)
Provision	(421)	3,187
Share-based payments	271	-
Finance result, net	9,683	(1,271,176)
	81,135	51,784
Changes in working capital		
Accounts receivable	(11,907)	(3,850)
Related parties	(2,004)	(17,954)
Prepaid expenses	(86)	(28,767)
Other assets	(449)	(4,336)
Accounts payable	(8,956)	55,087
Insurance payable	(4,955)	(4,724)
Advances from customers	-	14,669
Other liabilities	(1,883)	(1,602)
Net cash flow generated from operating activities	50,895	60,307
Cash flows from investments activities		
Short-term investment	-	219,427
Acquisition of equipments and intangible	(24,119)	(40,454)
Net cash (used in)/generated from investing activities	(24,119)	178,973
Cash flows from financings activities		
Borrowings	-	197,014
Repayments of borrowings	-	(226,791)
Interest payments	(11,250)	(52,063)
Net cash used in financings activities	(11,250)	(81,840)
Effect of exchange rate variation on cash and cash equivalents	(3,030)	(738)
Increase in cash and cash equivalents	12,496	156,702
Cash and cash equivalents at the beginning of the period	140,936	18,052
Cash and cash equivalents at the end of the period	153,432	174,754

Non-cash transactions in 2024:

(i) Dividend approved of US$ 33,000 (Note 17 c) has not been distributed.

Non-cash transactions in 2023:

(i) Capital and additional paid-in capital increase in the amount of US$ 1,141,791 – additional US$ 10,941 with intangible assets; US$ 172,786 with related parties and US$ 1,033,020 with financial results; (US$ 74,956) with financings refer takeback of New Notes.
(ii) Right-of-use with lease liability in the amount US$ 4,542.

The notes are an integral part of these interim consolidated financial statements.

In thousands of U.S. dollars

1 Corporate information

1.1 Company details

Foresea Holding S.A. ("Foresea Holding" or "the Company") was established on March 3, 2023, as a public company limited by shares (Société Anonyme) governed by the Luxembourg laws and is registered in Luxembourg (Luxembourg City).

The Company and its subsidiaries, ("Grupo Foresea" or the "Group") are leading offshore drilling company, focusing on offering solutions in offshore drilling, with expertise and excellence in chartering and operating rigs for ultra-deep waters. The Group contracts its drilling units to render services for the customers on a dayrate basis.

1.2 Drilling fleet

The Group owned 4 ultra-deepwater drillships and a semisubmersible:

Drilling rigs	Type	Construction year	Capable of operation water depths	Well drilling capacity
ODN I	Drilling vessel	2012	3,000 meters (10,000 ft)	Up to 12,195 meters
ODN II	Drilling vessel	2012	3,000 meters (10,000 ft)	Up to 12,195 meters
Norbe Six	Semisubmersible drilling rig	2010	2,400 meters (7,874 ft)	Up to 7,500 meters
Norbe Eight	Drilling vessel	2011	3,000 meters (10,000 ft)	Up to 12,195 meters
Norbe Nine	Drilling vessel	2011	3,000 meters (10,000 ft)	Up to 12,195 meters

Drillships are self-propelled ships equipped for drilling offshore in water depths up to 12,000 feet ('ft") and are positioned over the well without anchors using a computer-controlled thruster system. Drillships are suitable for drilling in remote locations because of their superior mobility and large load-carrying capacity.

Semisubmersibles are drilling rigs with pontoons and columns that are partially submerged at the drilling location to provide added stability during drilling operations. Semisubmersibles are held in a fixed location over the ocean floor either by being anchored to the sea bottom with mooring chains or dynamically positioned by computer-controlled propellers or "thrusters" similar to that used by drillships.

1.3 Financial restructuring

In 2017, Ocyan S.A. ("Ocyan") a service provider in the Oil & Gas industry, made a financial restructuring in which their outstanding Bonds 2021s & 2022s were divided in two tranches. Tranche 1 with maturities in 2021 and 2022, Tranche 2 with maturity in 2026 with a Payment in Kind ("PIK") component that increased the debt balance over time.

Due to some external conditions such as Covid-19, additional Capex requirements and new services on new contracts, market rates at lower levels and without performance bonus combined with PIK structure increasing outstanding amount of Tranche 2 created a scenario of unsustainable capital structure where the full amortization of tranche 2 remained highly unlikely.

Therefore, Ocyan negotiated a proposal with a representative group of holders of Project Bond 21 and Project Bond 22 holders (the "Ad Hoc Group").

On December 12, 2022, subsidiaries of Ocyan related to drilling business entered into agreements with the Ad Hoc Group, as described in Note 13. Pursuant to the mentioned agreements, such subsidiaries and the holders agreed to (i) restructure the debt profile and capital structure of the subsidiaries, (ii) effect an organizational restructuring of the drilling business of Ocyan, and (iii) provide new money to support the liquidity of the reorganized venture.

The restructuring occurred by means of an extrajudicial reorganization proceeding ("ER Proceeding") commenced before the Bankruptcy and Reorganization Court in the State of Rio de Janeiro, Brazil for the approval of the extrajudicial plan submitted therein ("EJ Plan") with subsequent recognition of the ER Proceeding and EJ Plan under "Chapter 15" of the United States Code (The United States Bankruptcy Code).

Pursuant to the EJ Plan, the tranche 2 of Bond 21 and Bond 22 were exchanged mainly for an equity in a new Luxembourg-domiciled holding company (Foresea Holding, the Company) to which the Drilling Business (including the equity in the Subsidiaries) were transferred, and new senior secured notes issued by Foresea Holding (the "New Notes").

The EJ Plan made effective on June 7, 2023 (the "Effective Date") after all EJ Plan conditions precedent were satisfied and all closing acts contemplated thereunder duly executed. The occurrence of the Effective Date follows confirmation of the EJ Plan in Brazil and recognition and enforcement of the EJ Plan in the United States. The orders confirming the EJ Plan and recognizing and enforcing the EJ Plan in the United States became final and non-appealable on April 26, 2023, and May 18, 2023, respectively.

In connection with the completion of the EJ Plan, Project Bond 21 and Project Bond 22 were exchanged for a combination of consideration, depending on Bondholders' elections, consisting of (a) cash, (b) voting and non-voting equity in a new Luxembourg-domiciled holding company (Foresea Holding) to which the reorganized Drilling Business (including the equity in the Project Companies) was transferred, (c) for Bondholders who elected not to receive non-voting equity, new unsecured notes issued by OHIO ConvertCo S.à. r.l. ("ConvertCo Notes"), which shall mirror the economic return of the non-voting equity to which such Bondholders would have otherwise been entitled, and (d) US$300 million of 7.5% new senior secured notes issued by Foresea Holding, due 2030 and secured by a first priority lien on substantially all assets of the Company and the Subsidiaries of Foresea Holding ("New Notes"), in each case as described in the EJ Plan and the definitive documents implementing the EJ Plan.

Conclusion of the financial restructuring follows extensive prior engagement with an ad hoc group of holders who are the new owners of the Group. The comprehensive debt reduction process effectuated through the EJ Plan allowed the Group to enhance its liquidity, strengthen its short and long-term financial position and take advantage of opportunities available in the oil and gas industry.

1.4 Corporate movements and main changes

<u>Corporate changes occurred in 2024</u>

- On March 26, 2024, the company Ocyan Drilling S.A. changed its names to "Foresea S.A." (Foresea S.A.);
- On April 30, 2024, the company ODN Holding GmbH was merged by absorption into AIAS Holding GmbH. After the date, all assets and liabilities between the companies were liquidated and succession to all its rights and obligations by AIAS Holding GmbH.

<u>Corporate movements occurred in 2023</u>

- On June 26, 2023, the company ODN Tay IV Holding was merged by absorption into ODN I GmbH. After the date, all assets and liabilities of the companies were liquidated and succession to all its rights and obligations by ODN I GmbH;
- On November 30, 2023, the company ODN I Perfurações Ltda was merged by absorption into Foresea S.A. After the date, all assets and liabilities of the companies were extinct and succession to all its rights and obligations by Foresea S.A.; and
- On December 15, 2023, the company SPV Credores Ltd was dissolved pursuant to section 156 of the Companies Act of the Cayman Islands, because the entity is no longer carrying on business and has no assets or liabilities.

2 Summary of material information accounting policies

The material information accounting policies applied in the preparation of these financial statements are set out below. These policies were consistently applied in the periods presented, unless otherwise stated.

2.1 Statement of compliance

The interim consolidated financial statements have been prepared in accordance with IAS 34 ("Interim Financial Reporting") as adopted by the International Accounting Standards Board (IASB) and hence not include all the accounting policies, information and disclosures required in the Group's annual consolidated financial statements. They should therefore be read in conjunction with the consolidated financial statements of Foresea Holdings S.A. as at, and for the year ended, 31 December 2023.

2.2 Basis of preparation

The accounting policies adopted in the preparation of the Interim Consolidated Financial Statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements as at, and for the year ended, 31 December 2023.

2.3 Share-based payments

The Group has a shared-based payment agreement with the members of the Board of Directors where remuneration is partially paid in the form of conditional award of shares, based on the time each member remains in service, with a total duration of three years. The share-based remuneration is measured at fair value of the services provided and is recognized in the statement of operations under "General and administrative expenses" over the period the services are provided until the vesting date (vesting period) when the shares are issued. In the event of any of the members no longer serves in any of the Company's management function for any reason during the three-year period following the date forementioned, their rights to be remunerated with additional shares will be irrevocably forfeited without any right of compensation. Additionally, if any of the Board's member serves for a portion of a year before its mandate is terminated without cause or is not re-elected, then it shall be entitled to the relevant remuneration in cash equivalent to what the amount needed to pay the nominal value of the pro rata portion of the shares corresponding to the portion of the year served, which shall be calculated on the basis of the actual number of days elapsed in the portion of year and assuming a year of 365 days. In the event of a Change of Control of the Company, all unissued shares authorized under the agreement shall be issued immediately.

2.4 New accounting standards and other regulations issued and with applicable effectiveness as from 2024:

There are the following new and amended standards which entered into force on January 1st, 2024:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current Liabilities with Covenants
- Amendments to IAS 7 / IFRS 7: Supplier Finance Agreements
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 21: Lack of Exchangeability
- On 20 December 2023, the Luxembourg Parliament adopted the bill of law relating to the European Directive on global minimum taxation rules ("Pillar Two") based on OECD recommendations. The Group analyzed the new regulation and concluded it is not applicable to the Group.

These amendments do not have a significant impact on the Group's financial statements and therefore no disclosures applicable.

3 Critical accounting estimates and judgments

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events considered reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

Based on assumptions, the Companies make estimates concerning the future. By definition the resulting accounting estimates will rarely be equal to the actual results. The estimates and assumptions that represent a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful life of equipment

The carrying amounts of the equipment are based on estimates, assumptions and judgments their useful lives. These estimates, assumptions and judgments reflect management expectations regarding the use of the equipment. The equipment is depreciated using the straight-line method.

(b) Impairment of equipment

Annually, the Group tests equipment for impairment in accordance with the accounting policies adopted.

Value in use is estimated based on the present value of the risk-adjusted (for specific risks) future cash flows expected to arise from the continuing use of an asset or cash-generating unit (based on assumptions that represent the Group's best estimates), discounted at a pre-tax discount rate. The discount rate considered is the Cost of Equity derived using the Capital Asset Pricing Model (“CAPM”). The main assumptions of cash flows are macroeconomic assumptions, prices and utilization of the assets based on the Companies´ latest strategic plan and the market, costs and assumptions of for operating and maintenance of the assets as well as investments required for continuity of the assets over their useful lives.

The assumptions used involve uncertainties regarding future events, and Management's expectations may not be indicative of future outcomes. The use of different assumptions may produce different results. Due to the inherent uncertainties associated to such estimates, we conduct sensitivity analyses of the main assumptions as part of our recoverability test. The highly cyclical nature of our industry cannot be reasonably anticipated with a high level of accuracy and, therefore, there will be differences between our historical judgments and assumptions and the actual results.

(c) Embedded derivatives

The Group in its restructuring analyzed agreements in place to identify the existence of any embedded derivatives linked to its financing. Based on this analysis, the management has deeply considered all the contractual, economic and financial features of these embedded derivatives in the light of the guidance provided by IFRS 9. Management concludes that all embedded derivatives, namely related to early redemption clauses, are closely related to the host contracts.

4 Financial risk management

4.1 Financial risk management policy

The Group maintains financial instruments, comprised by cash and cash equivalents, short-term investments, accounts receivable, related parties, financings, accounts payable and insurance payable.

The Group's risk management is coordinated at its headquarters, following the Financial Policy approved by the Board of Directors that sets forth the guidelines for the management of risks and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

In accordance with this Policy, the nature and general position of financial risks are monitored and managed on a regular basis to evaluate results and financial impact on cash flows. The credit limits and hedge quality of counterparties are also periodically reviewed. Under the policy, market risks are hedged when the Companies believe it is necessary to support corporate strategy.

The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Group is exposed are described below.

According to the Financial Policy, derivative instruments for speculative trading purposes are not allowed.

(a) Credit risk

Credit risk is managed on a centralized basis. Credit risk arises from cash and cash equivalents, short term investments, as well as credit exposures to customer. For banks and financial institutions, only securities from independently rated entities with rating equal or above than Brazil's sovereign rating or at the lower of “BB”, defined by Standard & Poor's rating agency, are accepted.

ODN I & II, Norbe Six, Norbe Eight, and Norbe Nine have signed a contract with Petrobras, which has a “BB” rating by Standard & Poor's, for chartering drilling rigs.

(b) Market risk

(b.1) Interest rate risk

This risk arises from the possibility of the Companies incurring losses due to fluctuations in interest rates that increase financial expenses related to financing obtained. Foresea Holding is not expose to this risk provided that the financings contracted by the Companies are subject to fixed interest rates.

(b.2) Foreign exchange rate risk

Customer contracts are structured to provide payments both in US Dollars and in local currency (mostly Reais). Revenue received in local currency is substantially used to pay for costs, goods or employees in local currency. Transactions denominated in other currencies other than US Dollar or Brazilian Real are limited, so there is no material exposure related to currency exchange rate risk in the Group.

The Group holds assets and liabilities denominated in Reais in the amounts described below (presented in equivalent US dollars, converted by closing rate), consolidated:

In thousands of U.S. dollars

	June 30, 2024 Brazilian real	December 31, 2023 Brazilian real
Financial assets		
Cash and cash equivalents	6,709	27,089
Accounts receivable	24,217	25,638
Related parties	-	83
Other assets	3,517	2,041
	34,443	54,851
Financial liabilities		
Accounts payable	12,115	22,753
Leasing liability	2,848	3,383
Related parties	808	3,089
Other liabilities	157	751
	15,928	29,976
Net financial protection	18,515	24,875

(c) Liquidity risk

This is the risk of the Group not having sufficient liquid funds to meet its financial commitments, due to mismatch of terms or volume in expected receipts and payments.

Foresea Holding financial cash and cash equivalents are allocated with a view to ensuring an adequate level of liquidity for the operation, monetizing cash balances through financial investments ensuring consistent risk and liquidity and reduce other party risk. Cash and cash equivalents are invested with priority for short-term liquidity.

The following guidelines are observed in asset operations:
- Full knowledge of all risks involved in the operations;
- Diversification among financial institutions, avoiding excessive concentrations; and
- Not making financial investments that could result in loss of principal in the respective currency of the investment, such as investments in banknotes, securities, crypto assets and funds containing assets with variable income.

Furthermore, the Credit Risk Rating of the entities which are eligible for financial investments is checked by a specialized agency (local long-term rating for Brazilian institutions, and global rating for international institutions) and the concentration of exposure with these entities.

The table below presents the Foresea Holding's financial liabilities by maturity range, corresponding to the period remaining at the balance sheet date until the contractual maturity. The amounts reported in the table are undiscounted contractual cash flows:

				June 30, 2024
	Less than 1 year	From Jul 1st, 2025 to Jun 30, 2027	From Jul 1st, 2027 to Jun 30, 2029	Jul 1st, 2029 onwards
Financings - Principal	-	-	-	300,000
Financings - Interest	22,500	45,000	45,000	21,938
Accounts payable	27,267	-	-	-
Lease liability	666	2,845	-	-
Related parties	655	-	-	-
Dividends payable	33,000	-	-	-
Other liabilities	6,132	-	-	-

In thousands of U.S. dollars

				December 31, 2023
	Less than 1 year	From January 1st, 2025 to December 31, 2026	From January 1st, 2027 to December 31, 2028	January 1st, 2029 onwards
Financings - Principal	-	-	-	300,000
Financings - Interest	22,500	45,000	45,000	33,188
Accounts payable	36,223	-	-	-
Insurance payable	8,833	-	-	-
Lease liability	663	3,398	-	-
Related parties	3,103	-	-	-

4.2 Fair value estimates

The Group estimates that the balances of accounts receivable and payable, after impairments, in the case of account receivables, do not differ significantly from the fair values.

5 Financial instruments by category

(a) Financial assets are classified as follows:

Assets	June 30, 2024	December 31, 2023
Amortized cost		
Cash and cash equivalents (Note 6)	153,432	140,936
Accounts receivable (Note 7)	71,755	59,443
Related parties (Note 10)	-	83
Other assets (*)	3,845	2,294
	229,032	202,756

(*) Prepayments are excluded from "Other assets".

(b) Financial liabilities are classified as follows:

Liabilities	June 30, 2024	December 31, 2023
Amortized cost		
Financings (Note 13)	276,092	274,555
Lease Liabilities	3,511	4,061
Related parties (Note 10)	655	3,103
Accounts payable	27,267	36,223
Insurance payable (Note 24)	5,975	8,833
Dividends payables (Note 17d)	33,000	-
Other liabilities	240	2,029
	346,740	328,804

6 Cash and cash equivalents

	June 30, 2024	December 31, 2023
Cash and bank deposits	121,316	112,651
Short-time deposits	32,116	28,285
	153,432	140,936

On June 30, 2024, deposits with banks are mainly represented by short-term time deposits earning fixed and floating rates, denominated in US dollars, Reais and Euro, having immaterial risk of change in value, with the financial institution as follows:

In thousands of U.S. dollars

Bank	Long-term rating in the international scale	Rating agency
BNY Mellon	A	Standard & Poor's
BTG Pactual	BB	Standard & Poor's
Citibank	A+	Standard & Poor's
Itau	Ba3	Moody's
Itau BBA Nassau	Ba3	Moody's

7 Accounts receivable

Trade receivables are related to receivables for charter and service-rendering agreements relating to the drilling units used in the oil and gas exploration in Brazil. Historically, there have been no defaults on receivables or delays in collections.

Our major customers are large multinational companies that operate in the oil and gas industry and the major customer, Petrobras, has an investment grade rating assigned by the main rating agencies and was rated: Fitch "BB", Standard & Poor's "BB" and Moody's "Ba1". Refer to Note 4.1 (a) – "Credit Risk".

8 Taxes

Foresea Holding is a tax resident in Luxembourg, and it is beneficiary of the Luxembourg participation exemption regime in respect of qualifying dividends income. The current income tax and social contribution presented arises from the income tax of subsidiaries in Austria (CIT - Corporate Income Tax) and the income tax and social contribution resulting from Foresea S.A. located in Brazil, as demonstrated below:

Income tax and social contribution	June 30, 2024	June 30, 2023
Countries		
Brazil	-	71
Austria	(12)	38
	(12)	109

a) Taxes receivable

	June 30, 2024	December 31, 2023
Income tax and social contribution (i)	6,255	7,412
PIS and COFINS (ii)	2,369	3,312
INSS (iii)	564	-
Others	487	390
	9,675	11,114

(i) The tax amounts to be recovered are mainly associated with withholdings on invoices from January to June 2024 made by customers, following the applicable tax rules, as well as the monetary correction of the balance of the same withholdings for the year 2023.
(ii) On June 30, 2024, and December 31, 2023, the total of Program of Social Integration (PIS) and Contribution for the Financing of Social Security (COFINS) recoverable refers to a tax credit realizable upon recovery to be carried out through compensation and refund process with the Brazilian Federal Revenue Service.
(iii) On December 31, 2023, was realized compensation with tax payable of INSS.

In thousands of U.S. dollars

b) Taxes payable

	June 30, 2024	December 31, 2023
Service Tax (ISS)	772	1,271
Income tax (IRPJ) and social contribution (CSLL)	1,424	3,637
Contribution taxes (PIS/COFINS)	878	800
Other	340	567
	3,414	6,275

9 Prepaid expenses

	June 30, 2024	December 31, 2023
Insurance (Note 23)	4,973	8,198
Mobilization costs	17,043	21,634
Total	22,016	29,832
Current	12,634	17,016
Non-current	9,382	12,816
Total	22,016	29,832

10 Receivables and payables with related parties

(a) Management remuneration

The key management includes the Directors and the Board of Directors. On June 30, 2024, the remuneration paid or payable to the key management for services rendered amounts to US$ 1,237 (US$ 165 on June 30, 2023) and is presented in the statement of operations under "General and administrative expenses". Of the amount presented, US$ 271 refers to the provision of the share-based remuneration, which can be subscribed to one year after the base date of June 7, 2023 and US$ 966 refers short-term employee benefits.

According to the terms and conditions of the ER Proceeding, in which 1.5% of the outstanding shares of the Company were reserved to the executive management, the Board of Directors adopted the Management Incentive Plan granting and allocating 1.5% of restricted voting and non-voting Company's shares to the executive management of Company.

(b) Related parties

	Assets		Liabilities	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Ocyan S.A. (i)	-	83	282	2,707
OOG GmbH	-	-	28	14
Vexty	-	-	345	382
Total current	-	83	655	3,103

(i) On December 31, 2023, the receivables from related parties refer to the transfer of expenses, due in less than 365 days. On June 30, 2024, the accounts payable in the amount of US$ 282 (US$ 2,707 – December 31, 2023) refer the maintenance costs.

In thousands of U.S. dollars

11 Intangible assets

	Intangible in formation	Implementation of systems	Total
At January 1, 2023			
Opening balance	466	-	466
Transfers	(466)	466	-
Acquisitions	-	11,024	11,024
Amortization	-	(1,790)	(1,790)
Effect of Exchange rate variation	-	610	610
Net balance	-	10,310	10,310
At December 31, 2023			
Cost	-	12,100	12,100
Accumulated amortization	-	(1,790)	(1,790)
Net balance	-	10,310	10,310
At January 1, 2024			
Opening balance	-	10,310	10,310
Amortization	-	(1,156)	(1,156)
Effect of Exchange rate variation	-	(1.232)	(1.232)
Net balance	-	7,922	7,922
At June 30, 2024			
Cost	-	10,868	10,868
Accumulated amortization	-	(2,946)	(2,946)
Net balance	-	7,922	7,922

12 Equipment

Equipment, amounting to US$ 1,210,250 (US$ 1,237,386 – December 31, 2023), relates to expenditures incurred in the construction of the assets, including finance costs capitalized during the construction phase, net of accumulated depreciation and impairment.

	Drilling rigs	Other	Total
At January 1, 2023			
Opening balance	2,403,131	230	2,403,361
Effect of exchange rate variation	-	23	23
Acquisitions	97,633	3,496	101,129
Depreciation	(128,955)	(588)	(129,543)
Disposals	(5,991)	-	(5,991)
Impairment	(1,131,593)	-	(1,131,593)
Net balance	1,234,225	3,161	1,237,386
At December 31, 2023			
Cost	4,381,127	3,749	4,384,876
Accumulated depreciation and impairment	(3,146,902)	(588)	(3,147,490)
Net balance	1,234,225	3,161	1,237,386
At January 1, 2024			
Opening balance	1,234,225	3,161	1,237,386
Effect of exchange rate variation	-	(388)	(388)
Acquisitions	23,885	234	24,119
Depreciation	(50,497)	(370)	(50,867)
Net balance	1,207,613	2,637	1,210,250
At June 30, 2024			
Cost	4,405,012	3,595	4,408,607
Accumulated depreciation and impairment	(3,197,399)	(958)	(3,198,357)
Net balance	1,207,613	2,637	1,210,250

In thousands of U.S. dollars

Impairment

The impairment test is performed annually and there is no indication of impairment internally or externally at June 30, 2024.

13 Financings

As described in the Note 1.3, the old notes of Bonds 21 and 22 with a face value in the date or restructuring, June 7th, 2023 of US$ 2,626,067 were contributed by the Company's new partners for an amount of US$ 1,200,915. The changes occurred in the period of restructuring are as follows:

At January 1, 2023	2,765,763
Repayment of interest and principal	(278,854)
Accrual of interest of the period	104,996
Transaction costs of the period	34,162
Total on June 7, 2023	2,626,067
Debt Market Fair Value	(1,200,915)
Financial Gain	1,425,152

The New Notes were issued in an aggregate principal amount of US$ 300 million and mature on June 30, 2030. They bear interest at 7.5% per annum, payable quarterly in cash. The New Notes were secured by a first priority lien on substantially all of the material assets of Group.

The New Notes are subject to financial covenants (such as minimum liquidity and leverage ratios) and non-financial covenants. Other non-financial covenants include, but are not limited to, liens on all our drilling units (such as insurance obligations), certain restrictions on additional indebtedness and investments or acquisitions, and certain restrictions on the payment of dividends. The Indenture also provides for certain customary events of default, including, among other things, non-payment of principal or interest, breach of covenants. As of June 30, 2024, there is no breach in covenants.

At any time in this year, the Issuer may redeem the Notes in whole or in part at a redemption price of 107.5%. At any time in 2025 the Issuer may redeem the Notes in whole or in part at a redemption price of 103.75%. At any time in 2026 the Issuer may redeem the Notes in whole or in part at a redemption price of 101.875%. At any time in 2027 and thereafter the Issuer may redeem the Notes in whole or in part at a redemption price of 100% of the principal amount plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Notwithstanding the foregoing, if a Change of Control (as defined in the Indenture, with certain exclusions as provided therein) occurs, the Company will be required to make an offer to repurchase all or any part of each note holder's notes at a purchase price equal to 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest to, but excluding, the applicable date. This early redemption option is an embedded derivative closely related to its host contract (refer to Note 3.1 (c)).

The movements of the New Notes and transaction cost in the periods, were as follows:

	New Notes	Transaction Cost	Total
On June 7, 2023	300,000	(28,030)	271,970
Accrual of interest of the period	12,688	-	12,688
Repayment of interest	(11,750)	-	(11,750)
Transaction costs of the period	-	1,647	1,647
Total on December 31, 2023	300,938	(26,383)	274,555
		Current	937
		Non-current	273,618

In thousands of U.S. dollars

	New Notes	Transaction Cost	Total
On December 31, 2023	300,938	(26,383)	274,555
Accrual of interest of the period	11,250	-	11,250
Repayment of interest	(11,250)	-	(11,250)
Transaction costs of the period	-	1,537	1,537
Total on June 30, 2024	300,938	(24,846)	276,092
		Current	937
		Non-current	275,155
		Total	276,092

(a) Compliance with the loan agreement

The finance is subject to restrictive clauses and is monitored periodically.
The restrictive clause assesses:
(a.1) coupon payment - transfer to Trustee – required quarterly;
(a.2) liquidity–y - Minimum Cash in the amount US$ 50,000 – required monthly;
(a.3) posting Unaudited Financials – required posting 60 days after closing accounting;
(a.4) posting Audit Financials – required posting 120 days after closing year; and
(a.5) leverage ratio – required (<) 3.5 monthly.

The Group complied with the above clauses on June 30, 2024.

14 Provision and Contingencies

a) Provision

After the corporate restructuring carried out on June 7, 2023 (see Note 1.4), in agreement with the related party Ocyan S.A., the Group becomes responsible for all processes related to the drilling business, thus being we highlight the amount of US$ 2,469 on June 30, 2024 (US$ 2,890 - December 31, 2023), related to labor provisions. The movements of the provision in the periods ending on June 30, 2024 and December 31, 2023 were as follows:

	June 30, 2024	**December 31, 2023**
At the beginning of the year	2,890	3,187
Increase (i)	357	483
Payment	(405)	(766)
Exchange rate variation	(373)	(14)
At the end of the period / year	2,469	2,890

(i) refers to change of prognosis from possible to probable causes and update of provision amounts.

b) Contingencies

The Group also has labor, civil and tax lawsuits, involving risks of loss classified as possible by the Management, based on the assessment of its legal advisors, for which there is no provision accounted in the estimated amount of US$ 2,255 on June 30, 2024 (US$ 3,120 – December 31, 2023).

In thousands of U.S. dollars

On the other hand, the Company also has tax lawsuits, in which it appears as the plaintiff, in an amount of approximately US$ 624 on June 30, 2024 (US$ 457 – December 31, 2023), also classified by Management, based on the assessment of its legal advisors, as possible successes.

15 Accounts payable

	June 30, 2024	December 31, 2023
Accounts payable in U.S dollar	15,152	13,470
Accounts payable in Brazilian real	12,115	22,753
	27,267	36,223

The balance of accounts payable refers to obligations to pay for goods and services acquired in the normal course of the Group's business.

16 Labor obligation and social charges

	June 30, 2024	December 31, 2023
Provisions for vacation pay and social charges	9,745	10,523
Provision for 13° salary and social charges	3,230	-
Social security (INSS)	2	749
Employee's Severance Guarantee Fund (FGTS)	417	842
Provision for profit sharing	5,450	5,383
Other	223	769
	19,067	18,266

17 Equity

In 2023, it was made a contribution in kind by the subscription of New Shares issued by the Company and fully paid them up through a contribution in kind consisting in the shares of AIAS Holding GmbH. In exchange for its contribution, the Contributor received:

- one million nine hundred fifty thousand (1,950,000) New Shares of the Company with a nominal value of US$ 1 each representing an aggregate amount of one million nine hundred fifty thousand United States Dollars (US$ 1,950); and

- an allocation to share premium for an aggregate amount of thirteen million eight hundred eighty-three thousand (US$ 13,883).

As result of this contribution the Company registered the following effects in the retained earnings:

Description	Amount
Capital contribution made by Ocyan prior to contribution in kind of AIAS in Foresea (May 30, 2023)	183,836
Exchange rate variation on foreign subsidiary	(332)
Dividends paid by AIAS	(569)
Elimination of investment held by Foresea on restructuring	(15,833)
TOTAL	167,102

In thousands of U.S. dollars

On June 7, 2023 it was made a contribution in kind by the subscription of New Shares issued by the Company and fully paid them up through a contribution in kind consisting in Bond Notes. In exchange for its contribution, the Contributor shall receive:

- twenty-eight million and fourth-nine thousand two hundred thirteen (28,049,213) New Shares of the Company with a nominal value of US$ 1 each, representing an aggregate amount of US$ 28,049, and
- an allocation to share premium for an aggregate amount US$ 1,097,909.

(a) Capital

On June 30, 2024, capital amounts to US$ 30,034 (US$ 29,999 – December 31, 2023) divided into 30,034,084 (29,999,213 – December 31, 2023) shares with par value in the amount US$ 1, per classes:

	June 30, 2024		December 31, 2023	
Classes of Shares	**Number of shares**	**Share Capital US$**	**Number of shares**	**Share Capital US$**
Class A Shares (Voting)	195.000	195	195.000	195
Class B Shares (Voting)	2.804.593	2,804	2.804.593	2,804
Class C Shares (Non-Voting)	27,034,491	27,035	26.999.620	27,000
Total Shares	**30,034,084**	**30,034**	**29.999.213**	**29,999**

All Shares, irrespective of their class, shall have the same economic rights. The Class C Shares shall not confer voting rights.

(b) Share premium

The share premium on June 30, 2024(US$ 1,112 - December 31, 2023) was as follows:

Classes	**Share Premium US$ on June 30, 2024**	**Share Premium US$ on December 31 2023**
Class A	7,013	7,227
Class B	100,856	103,940
Class C	971,431	1,000,625
Total	**1,079,300**	**1,111,792**

(c) Legal reserve

The Legal reserve on June 30, 2024 is amount transferred authorized on April 1st, 2024, by the Directors of the Company, from share premium for fulfillment of Luxembourg legislation requirements (10% of the Capital on December 31, 2023).

(d) Dividends payable

On June 10, 2024 was approved unanimously resolved by the Board to the interim dividend distribution in a total amount of US$ 33,000 to be paid out of the share premium account of the Company, being your record on June 25, 2024 ("Dividends Record Date") and that payment of the dividend shall be implemented within 15 days following such Dividends Record Date (the "Dividend Payment Date"). This amount shall be paid in cash to the Company's shareholders, prorate their shares, in accordance with the Company's articles of association and all classes of shares shall benefit from the distribution.

18 Share-based payments

The Group has a plan of share-based remuneration for the members of the Board of Directors which will grant the total amount of 104,608 Class C Shares during a total vesting period of three years starting from June 7, 2023. The distribution of the amount of shares that will be vested in each anniversary is as follow:

In thousands of U.S. dollars

Class of Shares	2024	2025	2026
Number of Class C Shares (Non-voting)	34,871	34,871	34,866

Details regarding the vesting conditions, forfeitures and acceleration of vesting conditions are disclosed within Note 2.3.

(a) Fair value of shares

Management has estimated the weighted-average fair value of the equity share-based payment as US$ 15.57 as at grant date.

(b) Share remuneration movement in the period

	Number of shares	Weighted-average fair value per unit (in US$)	Nominal value per unit (in US$)
Unvested at December 31, 2023	104,608	15.57	1.00
Vested	(34,871)	15.57	1.00
Unvested at June 30, 2024	69,737	15.57	1.00

(c) Share-based remuneration amount vested in the period

	Number of vested shares	Fair value of vested shares	Nominal value of vested shares	Share premium of vested shares
At December 31, 2023	-	-	-	-
Vested	34,871	543	35	508
At June 30, 2024	34,871	543	35	508

In the period ended June 30, 2024, the share-based remuneration vested in the total amount of 34,871 shares at the weighted-average fair value of US$ 15,57 per share which increases the Equity in the total amount of US$ 543 (US$ 35 for capital and US$ 508 for share premium).

In thousands of U.S. dollars

19 Revenues

	June 30, 2024	June 30, 2023
Charter income	153,213	111,498
Service rendering	106,153	73,212
Gross operating revenue	259,366	184,710
Social Integration Program (PIS)	(1,752)	(1,231)
Social Investment Program (COFINS)	(8,071)	(5,672)
Services Tax (ISS) and others	(2,126)	(1,490)
Taxes levied on revenue (i)	(11,949)	(8,393)
Net operating revenue	247,417	176,317

(i) Taxes levied revenues are applicable only to the revenues generated by Services rendering.

20 Costs

	June 30, 2024	June 30, 2023
Insurance	(5,298)	(6,062)
Mobilization costs	(4,678)	(4,465)
Materials, energy and other	(16,570)	(13,004)
Personnel	(62,455)	(46,900)
Outsourced services	(42,930)	(46,304)
Other costs	(13,876)	(14,339)
	(145,807)	(131,074)

21 General and administrative expenses

	June 30, 2024	June 30, 2023
Personnel Expenses	(10,631)	(6,064)
Thirty-party services	(3,225)	(780)
Management remuneration (Note 10.a)	(966)	(165)
Share-based payments (Note 18)	(271)	-
Other administrative expenses	(591)	(305)
	(15,684)	(7,314)

22 Finance result, net

	June 30, 2024	June 30, 2023
Finance expenses		
Interest on project Bonds	-	(104,996)
Transaction costs on Bonds	-	(48,324)
Interest on New Notes (Note 13)	(11,250)	-
Transaction cost on New Notes (Note 13)	(1,537)	(1,608)
Foreign exchange rate variation	(8,605)	(724)
Other	(1,226)	(599)
	(22,618)	(156,251)
Finance income		
Financial Gain	-	1,425,152
Foreign exchange rate variation	8,901	336
Other	4,034	1,939
	12,935	1,427,427
Finance result, net	(9,683)	1,271,176

In thousands of U.S. dollars

23 Insurance

On June 30, 2024, the balance of prepaid insurance in the amount of US$ 4,973 (US$ 8,198 – December 31, 2023) (Note 9).

On June 30, 2024, the Group had the following insurance police contracted with third parties:

Covered items	Covered risk	Amount of coverage
Drilling rigs (Package)	Hull and Machinery, Increased Value, Loss of Hire, Total Loss, Accelerated Cost of Construction, Risk of War, Well Recovery Cost	2,163,448
Civil liability (P&I)	Damages to third parties, Crew members and other persons on board/personal injury, Pollution Wreck Removal, General Liability, Collision with other vessels and objects	2,500,000
Directors and Officers liability	Judicial support to Directors and Executives	30,000
Transport	National and Import Cargo Transportation Insurance	3,899
Property	Property coverage for the offices	1,054
Cyber	Provides financial protection in the event of a cyber attack or data breach	3,598

Is not part of the scope of the independent auditor to evaluate the adequacy of the insurance coverage contracted by the Management of the Company and its subsidiaries.

24 Subsequent events

Until the date of issue of the interim consolidated financial statements, no subsequent events to be disclosed were identified.

25 Approval of the Interim consolidated financial statements

The Interim consolidated financial statements were approved by the Company's Board of Directors and authorized for issuance on August 13, 2024.

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