

## Foresea Reports 2023 Results

Luxembourg, February 23<sup>rd</sup>, 2024

- Fleet 100% contracted and operating.
- Backlog of USD 1.6 billion at the end of December 2023
- Total contract drilling revenues of USD 363 million in 2023
- Revenue efficiency: 95.4% in 2023
- Cash position of USD 141 million at the end of the year
- Low leverage, with Net Debt/ Pro Forma EBITDA ratio of 1.4\*x

### FORESEA HOLDING S.A. AUDITED FINANCIAL HIGHLIGHTS

<b>Financial Highlights</b>	<b>2023</b>	<b>2022</b>
thousands of U.S. dollars		
Revenue	363,319	376,753
Operating Costs	(261,609)	(232,424)
Pro Forma EBITDA	96,505*	140,277
<i>Pro Forma EBITDA Margin</i>	<i>26.6%</i>	<i>37.2%</i>
Profit (loss)	65,809	(276,850)
Net Debt	133,619	2,528,284
<i>Net Debt/ Pro Forma EBITDA</i>	<i>1.4</i>	<i>18.0</i>

\* Pro Forma to reflect ODN I drilling business recorded on Ocyan's financial statements until May/23

Foresea releases its 2023 results, the first annual results following its formation on June 7<sup>th</sup>, 2023. The year represents an important milestone in Foresea's history, emerging strong on both financial and operational fronts. Foresea enjoys a healthy financial position, closing the year with \$141 million in cash and a leverage ratio of only 1.4x Net Debt to Pro Forma EBITDA.

On the operational side Foresea had another successful year with the maintenance of a 98.2% operational uptime, reinforcing its position as a leading offshore drilling company in Brazil, recognized by its customers for its operational excellence.

Mr. Rogerio Ibrahim, Foresea's CEO stated "I could not be prouder of how much we achieved since the formation of Foresea. We have a team of very motivated employees that help us excel in terms of operational performance. We managed to secure another important contract for Norbe VIII last September and we just extended

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ODN II's contract with Petrobras for one month to operate in the Equatorial Margin, a recognition of their confidence in our ability to deliver reliable results in a *new frontier*."

"We made significant investments in our fleet in 2023. ODN I underwent its 10-year SPS, which lasted for almost 6 months and involved transporting it to a dry dock, along with Norbe VI's SPS and preparation for its new contract in the fourth quarter. Both rigs successfully concluded their SPS by year-end and are now operating under new 3-years contracts with Petrobras."

"The drilling market in 2023 presented us with very favorable conditions as reflected in the gradual increase in dayrates for floaters and longer contract durations. Brazil is one of the strongest markets for offshore activity with the number of UDW rigs in the region increasing from 28 in 2022 to 35 in 2023. In fact, Petrobras concluded *BM-S-11*, *4 Rigs* and *Buzios* tenders during 2023, which resulted in an award of nine rigs."

Ibrahim concluded, "Foresea has a special position, operating in the Brazilian market, and having its fleet 100% contracted until the end of 2024. We believe that our level of service excellence will enable us to take advantage of the positive market in the region, particularly since we were recognized as the best Brazilian operator at the Petrobras Operational Excellence Program 2022-2023 (PEO). We remain resolute in our goal to deliver value to all our stakeholders."

### **2023 Results**

Contract drilling revenues for 2023 totaled \$363 million compared to \$377 million in 2022. The results for 2023 were mainly impacted by ODN I being in the shipyard for its 10 year SPS from mid-April to mid-October last year (a total of 179 days) and the 67 day preparation of Norbe VI for its new 3-year contract with Petrobras. On top of that, revenues were also affected by ODN II earning a standby rate of 90% during the majority of the year, while also being moved from the Equatorial Margin to the Southeast of Brazil and subsequently back to the Equatorial Margin.

Revenue efficiency was 95.4% in 2023, compared to 101% in 2022, the result of the expiration of performance bonus payments earned by ODN I and ODN II under their 10-year contracts ending in September 2022 and also by ODN II being on standby rate or moving rate, corresponding to 90% of the contracted day rate for the majority of the year.

The total utilization rate of the fleet was 86.5% in 2023 compared to 91.8% in 2022, mainly due to the time rigs spent in the shipyard, especially the 10-years SPS taken by ODN I for a total of 179 days.

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The average daily revenue, which is the drilling revenues earned by operating days per rig, was approximately \$225,700 per day in 2023, compared to approximately \$253,800 per day in 2022. This number was lower in 2023 as a result of the expiration of the favorable day rates with bonus payments that ODN I and ODN II received in 2022, as described above, and also due to ODN I *offhire* period.

Total operating costs in 2023 amounted to \$262 million, a 12.6% increase versus 2022. Excluding Hunter Queen management and operational costs of \$15.5 million in 2023 that did not exist in 2022, the operating cost of our own fleet was \$246 million, an increase of approximately 6% compared to 2022. The main reason behind this increase was the remuneration adjustment of 8.8% to the payroll in September 2022 and 4.1% in September 2023, both in-line with accumulated inflation for the respective periods. Another factor leading to increased costs was the additional services required by Petrobras's new contracts, first introduced in the ODN II contract awarded in December 2022, and now present in ODN I's and Norbe VI's contracts which started in the fourth quarter of 2023. The daily operational cost of our owned fleet was approximately \$135,000 per day in 2023.

Reported EBITDA for 2023 was \$79.6 million. Pro forma EBITDA, which reflects the totality of the drilling activities' during 2023, was \$96.5 million, generating an associated margin of 26.6%. The primary reason for this adjustment is that results related to ODN I's drilling rig were reflected in Ocyan's financial statements until May 23<sup>rd</sup>, 2023 but not those for Foresea. Pro forma EBITDA was approximately 30% lower than 2022, mainly impacted by ODN I being on SPS for almost half of the year, as explained before. To a smaller account, Norbe VI was also on an off-hire period from mid-September to end of November, for a total of 67 days.

Total Capex for 2023 was approximately \$100 million, which is higher than the \$78 million spent in 2022. The increase in Capex was mainly due to ODN I's 10-year SPS and dry dockage and adequation to the new contract requirements and Norbe VI's preparation for its new contract. There will be some carryover costs associated with these investments to be paid in 2024.

Foresea ended 2023 with a \$141 million cash position as a result of the financial restructuring that was finalized in June 2023. This enabled the company to make the necessary SPS and investments to perform under its new contracts with the same operational excellence. In the fourth quarter of 2023, ODN I and Norbe VI started their new contracts and Foresea received the associated mobilization fees.

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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 \$274.5 million as of December 31<sup>st</sup>, 2023, due to the related transaction costs. The Notes bear an annual interest rate of 7.5%, paid quarterly. The latest payment, of \$ 5.6 million, was made on December 15<sup>th</sup> last year. Net Debt/ pro forma EBITDA was 1.4x in December, a dramatic reduction from 18x a year before.

Also, as part of the restructuring process, some of the legacy bondholders chose to convert their bonds into convertible notes issued by Ohio ConvertCo. The convertible notes can be exchanged into equity upon request by the bondholder or can be mandatory exchanged upon the occurrence of a change of control or in case of a liquidity event.

### ***Operational Highlights***

Foresea's rigs produced excellent operational results, with operational uptime of 98.2% in 2023, in line with last year's performance. The rig utilization in 2023, which takes into account the time the rigs were *offhire* undergoing SPS, was 86.5%, in comparison to 91.8% in 2022.

#### **FORESEA HOLDING S.A. AUDITED OPERATIONAL INFORMATION**

	2023	2022
Average daily revenue <sup>1</sup>	225.7	253.8

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

	2023	2022
Revenue Efficiency <sup>2</sup>	95.4%	101.0%

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

	2023	2022
Rig Utilization <sup>3</sup>	86.5%	91.8%

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

	2023	2022
Operational Uptime <sup>4</sup>	98.2%	98.2%

(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

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In 2024 ODN II is scheduled to undergo SPS in preparation for its new contract, and Norbe VIII has its preparation for the new contract and anticipated 15-year SPS scheduled for the third quarter of 2024.

For additional information, visit [www.investors.foresea.com](http://www.investors.foresea.com) or email [investor.relations@foresea.com](mailto:investor.relations@foresea.com).

### ***Conference Call***

A conference call to discuss Foresea's 2023 earnings results is scheduled for Thursday, **March 12<sup>th</sup>** at 10am EST/ 2pm GMT/ 11am Brazil time. A live webcast of the call will be available online on the Company's investors website, [www.investors.foresea.com](http://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](http://www.investors.foresea.com) following the call.

For additional information, visit [www.investors.foresea.com](http://www.investors.foresea.com) or email [investor.relations@foresea.com](mailto: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](http://www.foresea.com).

### ***Forward-Looking Statements***

This document contains forward-looking financial projections for Foresea Holding S.A. as of December 31, 2023. 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

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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.**  
**AUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
(in thousands of U.S. dollars)

	<b>Twelve Months Ended</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<i>Revenue</i>	363,319	376,753
<i>Operating Costs</i>	(261,609)	(232,424)
<i>General and administrative expenses</i>	(22,246)	(4,052)
<i>Other operating revenue (expenses), net</i>	106	-
<b>Operating Result</b>	<b>79,570</b>	<b>140,277</b>
<i>Disposal of fixed assets</i>	(5,990)	-
<i>Depreciation and amortization expenses</i>	(131,812)	(170,829)
<i>Impairment of equipment</i>	(1,131,593)	-
<b>Operational profit / loss</b>	<b>(1,189,825)</b>	<b>(30,552)</b>
<b>Finance result, net</b>	<b>1,256,008</b>	<b>(244,700)</b>
<b>Profit before income tax</b>	<b>66,183</b>	<b>(275,252)</b>
<i>Income tax</i>	(374)	(1,598)
<b>Profit for the period</b>	<b>65,809</b>	<b>(276,850)</b>

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

	<b>Twelve Months Ended</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>EBITDA Reconciliation</b>		
Profit for the period	65,809	(276,850)
Income tax	374	1,598
Finance result	(1,256,008)	244,700
Depreciation and amortization expenses	131,812	170,829
Impairment on equipment	1,131,593	-
Disposal of fixed assets	5,990	-
<b>EBITDA</b>	<b>79,570</b>	<b>140,277</b>
<i>EBITDA Margin</i>	<i>21.9%</i>	<i>37.2%</i>

**Pro Forma EBITDA**  
(in thousands of U.S. dollars)

	<b>Twelve Months Ended December 31, 2023</b>
<b>Reported EBITDA</b>	<b>79,570</b>
Pre-Reestructuring Drilling EBITDA	
<i>Drilling activities accounted in Ocyan*</i>	12,219
<i>Others</i>	4,717
<b>Drilling Activities' EBITDA</b>	<b>96,505</b>
<i>Pro Forma EBITDA Margin</i>	<i>26.6%</i>

\* until May/23

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

<b>Current assets</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<i>Cash and cash equivalents</i>	140,936	18,052
<i>Short-term investments</i>	-	219,427
<i>Accounts receivable</i>	59,443	44,307
<i>Taxes recoverable</i>	11,114	5,632
<i>Prepaid expenses and Advances to suppliers</i>	21,220	39,620
<i>Other assets</i>	1,573	726
<b>Total current assets</b>	<b>234,286</b>	<b>327,764</b>
<b>Non-current assets</b>		
<i>Intangible assets</i>	10,310	466
<i>Property and equipment</i>	1,237,386	2,403,361
<b>Total property, equipment and intangible</b>	<b>1,247,696</b>	<b>2,403,827</b>
<i>Prepaid expenses</i>	12,816	2,918
<i>Right-of-use assets</i>	3,896	-
<i>Other assets</i>	818	389
<b>Total non-current assets</b>	<b>1,265,226</b>	<b>2,407,134</b>
<b>Total assets</b>	<b>1,499,512</b>	<b>2,734,898</b>

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

<b>Current liabilities</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<i>Financings</i>	937	9,226
<i>Leasing liability</i>	663	-
<i>Accounts payable</i>	45,056	19,806
<i>Taxes payable</i>	6,275	3,560
<i>Labor obligations and social charges</i>	18,266	16,527
<i>Related parties</i>	3,103	24,179
<i>Advances from customer</i>	16,456	2,892
<i>Other liabilities</i>	2,029	1,598
<b>Total current liabilities</b>	<b>92,785</b>	<b>77,788</b>
<b>Non-current liabilities</b>		
<i>Financings</i>	273,618	2,756,537
<i>Advances from customer</i>	23,788	2,847
<i>Other</i>	6,288	171,177
<b>Total non-current liabilities</b>	<b>303,694</b>	<b>2,930,561</b>
<b>Total liabilities</b>	<b>396,479</b>	<b>3,008,349</b>
<b>Equity / Negative Equity</b>		
<i>Capital</i>	29,999	35
<i>Capital reserve</i>	1,111,792	280,623
<i>Other comprehensive income</i>	(68,281)	(70,063)
<i>Accumulated losses</i>	29,523	(484,046)
<b>Total equity</b>	<b>1,103,033</b>	<b>(273,451)</b>
<b>Total liabilities and equity</b>	<b>1,499,512</b>	<b>2,734,898</b>



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

	01 Jan 2023 - 31 December 2023	01 Jan 2022 - 31 December 2022
<b>Cash flows from operating activities</b>		
<i>Profit before income tax</i>	66,183	(275,252)
<u>Adjustments</u>		
<i>Depreciation and amortization</i>	131,812	170,829
<i>Disposal of fixed assets</i>	5,991	-
<i>Loss on impairment</i>	1,131,593	-
<i>Other amortization</i>	7,125	11,442
<i>Provision</i>	2,890	7
<i>Finance result, net</i>	<u>(1,256,008)</u>	<u>244,700</u>
	89,586	151,726
<u>Changes in working capital</u>		
<i>Accounts receivable</i>	(15,136)	(10,349)
<i>Related parties</i>	(15,602)	172,328
<i>Prepaid expenses</i>	(44,016)	(21,913)
<i>Other assets</i>	(9,022)	(8,245)
<i>Accounts payable</i>	39,121	3,665
<i>Insurance payable</i>	(2,278)	(12,292)
<i>Advances from customers</i>	50,572	8,518
<i>Other liabilities</i>	<u>4,511</u>	<u>17,433</u>
	8,150	149,145
Net cash provided by operating activities	97,736	300,872
<b>Cash flows from investments activities</b>		
<i>Short-term investments</i>	219,427	(108,070)
<i>Acquisition of equipments and intangible</i>	<u>(101,312)</u>	<u>(78,117)</u>
Net cash provided by investing activities	118,115	(186,187)
<b>Cash flows from financings activities</b>		
<i>Borrowings</i>	197,013	-
<i>Repayments of borrowings</i>	(226,791)	(95,437)
<i>Interest payments</i>	(63,813)	(37,082)
<i>Capital increase</i>	-	546
<i>Dividends payments</i>	-	(6,371)
Net cash used in financings activities	(93,591)	(138,344)
Effect of exchange rate variation on cash and cash equivalents	624	832
Increase (decrease) in cash and cash equivalents	122,884	(22,827)
<b>Cash and cash equivalents at the beginning of the period</b>	<u>18,052</u>	<u>40,879</u>
<b>Cash and cash equivalents at the end of the period</b>	140,936	18,052