Third quarter 2023

Prosafe

Key events

(Figures in brackets refer to the corresponding period last year)

Operations, HSSE and backlog

- Q3 2023 utilisation of 52.3% (77.3%), four out of seven vessels operating during the quarter
- Safe Zephyrus, Safe Notos and Safe Eurus had full utilisation in the quarter
- Safe Concordia on hire in US Gulf of Mexico from 9 August, after earning standby rate from 1 August
- Good operating and safety performance on all vessels
- Completed sale of Regalia gangway for USD 1.7 million in quarter
- Backlog of USD 268 million (USD 293 million) at quarter end

Q3 financials

- Revenues of USD 32.8 million (USD 63.6 million) and EBITDA of USD 8.4 million (USD 24.2 million)
- Cash flow from operations of negative USD14.0 million (USD 24.5 million), impacted by lower operating result and higher working capital
- Capex of USD 5.7 million and capitalised mobilisation cost of USD 5.8 million
- Liquidity of USD 49.0 million (USD 74.5 million) at end of quarter

Market and outlook

- Favourable medium- and long-term demand outlook with Prosafe controlling a significant share of open high-end accommodation capacity in 2024 and 2025
- Well positioned to capture increased demand in the North Sea following weak 2023 with the only DP3 vessel available for 2024
- Strong and improving Brazil market with rising day rates and durations on the back of increased demand
- New contracts expected in Brazil which may absorb further high-end units from the North Sea and other regions, further tightening supply
- Liquidity impacted by the current North Sea activity level and capital expenditure plus mobilisation spend for new contracts in Brazil and US Gulf of Mexico (US GoM)

CEO comment

Our performance improved during the quarter with the Safe Concordia commencing operations in the US Gulf of Mexico in early August, bringing the active fleet to four vessels.

There is high activity tied to projects requiring offshore accommodation with several ongoing client discussions and new tenders expected in the coming months. We control a large share of the open high-end capacity in 2024 and 2025 and are well positioned to capture new work in a tightening market with improving day rates.

Reese McNeel

Key figures

(Unaudited figures in USD million)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full Year 2022
Operating revenues	32.8	63.6	68.1	160.0	198.9
EBITDA	8.4	24.2	(7.8)	51.8	61.4
EBIT	1.7	16.7	(29.0)	30.0	31.9
(Loss)/Profit before taxes	(5.7)	12.5	(52.0)	15.6	9.8
EPS	(0.49)	1.13	(5.26)	0.98	0.17
Diluted EPS	(0.49)	1.12	(5.26)	0.97	0.17
Cash flow from operating activities	(14.0)	24.5	(15.3)	24.6	49.2
Cash flow from investment activities	(3.6)	(2.3)	(29.6)	(8.7)	(9.5)
Cash flow from financing activities	(8.6)	(5.3)	2.3	(15.3)	(22.0)
Net cash flow	(26.2)	16.9	(42.6)	0.6	17.7
Liquidity[1]	49.0	74.5	49.0	74.5	91.6
Net working capital[2]	11.4	25.7	11.4	25.7	9.8
Interest-bearing debt[3]	419.6	422.5	419.6	422.5	422.2
Net Interest-bearing debt ("NIBD")	370.6	348.0	370.6	348.0	330.6
Total assets	472.9	503.2	472.9	503.2	500.0
Book equity	13.1	43.3	13.1	43.3	37.3
Book equity ratio[4]	2.8 %	8.6 %	2.8 %	8.6 %	7.5 %
Shares outstanding '000	11,519	8,799	11,519	8,799	8,799
Order book (Firm)	268.2	292.5	268.2	292.5	331.8
Utilisation rate %	52.3	77.3	38.0	75.5	70.6

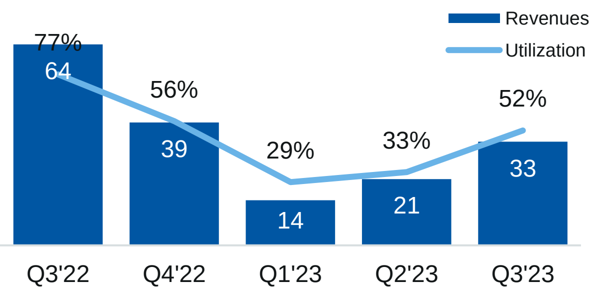
[1]*Liquidity equals cash and deposits, and includes USD 2 million in restricted cash*

[2]*Net working capital is equal to (Total current assets excl. cash – Total current liabilities excl. Tax payable and current portion long-term debt)*

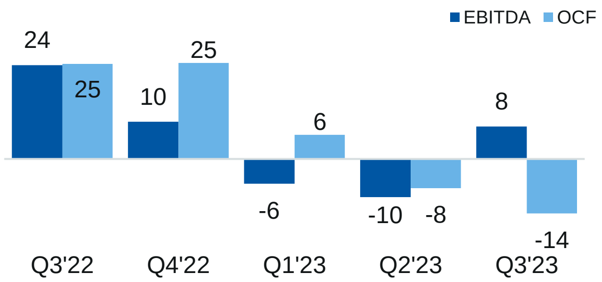
[3]*Net Interest-bearing debt (NIBD) is equal to Interest-bearing debt less liquidity. NIBD is reduced by a USD 10.4 million fair value adjustment, of which USD 3.3 million is short term.*

[4]*Book equity ratio is equal to (Book equity / Total assets) * 100*

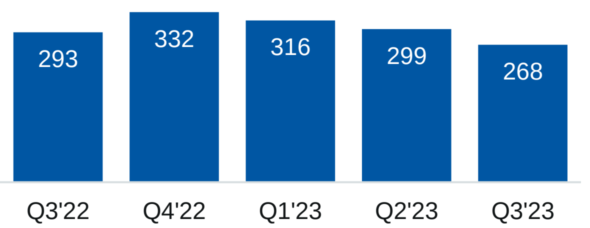
Revenues and utilisation %



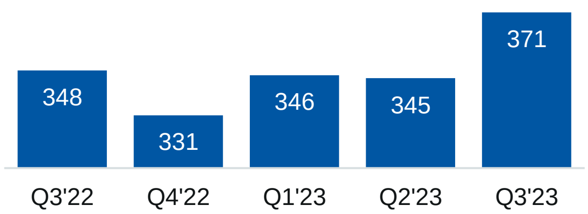
EBITDA and cash flow from operations (OCF)



Backlog



NIBD



Operational review and backlog

The fleet utilisation rate in the quarter was 52.3% (77.3%), with four out of seven vessels in operation by the end of the quarter. Backlog was USD 268.2 million at quarter end (USD 292.5 million).

Safe Notos, Safe Zephyrus and Safe Notos had 100% utilisation in the quarter, operating on long-term contracts with Petrobras. Safe Eurus will be off hire for approximately 35 days in November/December 2023 for Petrobras compliance works, hull cleaning and Special Periodic Survey (SPS).

Safe Concordia started its contract in the U.S. Gulf of Mexico (US GoM) on 9 August 2023, earning a standby rate in the period from 1 August to 8 August. The utilisation was 66.3% in the quarter.

Safe Caledonia is laid up at Scapa Flow in the UK, Safe Boreas and Safe Scandinavia are laid up in Norway, all three vessels are actively marketed.

Prosafe completed the sale of the former MSV Regalia gangway for USD 1.7 million in the quarter impacting positively both revenue and EBITDA.

Tender Update

Prosafe expects further tenders in Brazil from Petrobras and other operators with contract commencements from late 2024.

Post recent awards, contract visibility for 2024 in the North Sea remains limited. Prosafe is seeing an increase in enquiries from potential clients and is optimistic that there will be additional tenders and/or direct awards in the North Sea in the coming months.

Newbuild status

Prosafe has the right to take delivery of the only two DP3 newbuild semis available at yards. In September 2022, both rigs were damaged by the typhoon Muifa. The yard has since progressed with repairs, and Prosafe continues to market both vessels.

Financials

Third quarter 2023

EBITDA for the third quarter was USD 8.4 million (USD 24.2 million). The decrease in EBITDA was mainly driven by lower utilisation during the quarter compared to 2022. Prosafe completed the sale of the former MSV Regalia gangway for USD 1.7 million in the quarter impacting positively both revenue and EBITDA.

Depreciation was USD 6.7 million (USD 7.5 million) in the quarter. Operating profit for the third quarter amounted to USD 1.7 million (USD 16.7 million), reflecting mainly the decrease in EBITDA.

Interest expenses amounted to USD 8.1 million (USD 5.0 million). Higher interest expenses were primarily due to higher interest rates. Other financial income was USD 0.3 million (USD 0.5 million).

The net loss was USD 5.7 million (net profit of USD 9.9 million) in the quarter.

Cash flow from operations was negative USD 14.0 million in the quarter (USD 24.5 million), impacted by lower operating results and a negative development of working capital due to the capitalisation of mobilisation costs, an increase in accounts receivable and payments to suppliers after recent mobilisations. The net cash flow in the quarter also reflected investments in Safe Concordia, Safe Zephyrus and Safe Eurus of USD 5.7 million.

Total assets per 30 September was USD 472.9 million (USD 503.2 million). Total liquidity at the end of the quarter was USD 49.0 million (USD 74.5 million).

Net interest-bearing debt was USD 370.6 million (USD 348.0 million), and the book equity ratio was 2.8% (8.6%). The increase in net interest-bearing debt was mainly a consequence of the decrease in the cash balance.

Year-to-date 2023

Fleet utilisation was 38.0% (75.5%). EBITDA YTD amounted to negative USD 7.8 million (USD 51.8 million). The decrease in EBITDA was mainly driven by lower utilisation.

Depreciation amounted to USD 21.2 million (USD 21.8 million). The operating loss was USD 29.0 million (operating profit of USD 30.0 million). The decrease in operating result was mainly due to the decrease in EBITDA.

Net financial costs YTD amounted to USD 23.0 million (USD 14.4 million), mainly reflecting higher interest rates. Tax expense declined to USD 1.1 million (USD 7.0 million) due to no operations in Trinidad and Tobago in 2023.

Net loss YTD was USD 53.1 million (net profit of USD 8.6 million).

Outlook

Prosafe sees increased vessel demand going forward which is expected to lead to higher utilisation, improved day rates and earnings growth. The Company is focused on capturing relevant market opportunities which provide sustainable day rates in the tightening market.

As communicated, the 2023 North Sea market has been characterised by low activity with limited potential for additional work, while visibility for 2024 is currently limited following recent contract awards. However, Prosafe is well positioned for opportunities that may emerge. Safe Boreas is the only DP3 semi-submersible accommodation vessel available in the North Sea for 2024. With Safe Caledonia also available and Safe Zephyrus coming off contract in Brazil in early 2025, the Company controls a significant share of the open North Sea capable capacity in 2024 and 2025.

Based on discussions, we believe operators in the North Sea are planning significant maintenance/tie-in campaigns for 2025 and beyond. The timing of demand will ultimately depend on several factors including, amongst others, capacity in the offshore industry supply chain, the timing of project investment decisions and execution, the oil price and the regulatory environment.

In Brazil, Prosafe expects continued demand growth for accommodation, maintenance and safety vessels driven by an increasing number of FPSOs and new oil and gas operators. This has already resulted in high contracting activity and substantially increased day rates in Brazil over the past year. Prosafe is expecting further demand from Petrobras and other operators with start-up from late 2024 and early 2025. Additional long-term work in Brazil for high-end units could further reduce available capacity in the North Sea and other markets from the second half of 2024 and onwards.

Liquidity is impacted by investments and mobilisation costs incurred to date for Safe Zephyrus, Safe Notos and Safe Concordia in addition to the upcoming SPS for Safe Eurus. This is partly offset by the net proceeds from the successful private placement completed in May. Additional capital will be required in early 2024 to remain in compliance with the minimum liquidity covenant.

Prosafe is optimistic on the market outlook and expects increased demand for accommodation vessels in the future and is actively looking at opportunities for consolidation and fleet growth. This includes potentially taking delivery of the two vessels at the COSCO yard, Safe Nova and Safe Vega. Prosafe continues to pursue multiple opportunities for Safe Boreas, Safe Caledonia and Safe Scandinavia for 2024 and beyond. Given the tightening market globally and expected future demand, particularly in Brazil, Prosafe foresees substantial further increases in day rates and utilisation going forward.

Oslo, 25 October 2023

The Board of Directors and Chief Executive Officer of Prosafe SE

Glen O. Rødland
Non-executive Chair

Birgit Aagaard Svendsen
Non-executive Director

Nina Udnes Tronstad
Non-executive Director

Simen Flaaten
Non-executive Director

Reese McNeel
Interim CEO and CFO

Interim condensed consolidated statement of profit or loss

(Unaudited figures in USD million)	Q3		9M		Full Year
	2023	2022	2023	2022	2022
Operating revenues	32.8	63.6	68.1	160.0	198.9
Operating expenses	(24.4)	(39.4)	(75.9)	(108.2)	(137.5)
Operating results before depreciation	**8.4**	**24.2**	**(7.8)**	**51.8**	**61.4**
Depreciation	(6.7)	(7.5)	(21.2)	(21.8)	(29.5)
Operating profit/(loss)	**1.7**	**16.7**	**(29.0)**	**30.0**	**31.9**
Interest income	0.4	0.3	1.6	0.3	0.7
Interest expenses	(8.1)	(5.0)	(22.9)	(12.4)	(18.7)
Other financial items	0.3	0.5	(1.7)	(2.3)	(4.1)
Net financial items	**(7.4)**	**(4.2)**	**(23.0)**	**(14.4)**	**(22.1)**
(Loss)/Profit before taxes	**(5.7)**	**12.5**	**(52.0)**	**15.6**	**9.8**
Taxes	0.0	(2.6)	(1.1)	(7.0)	(8.3)
Net (loss)/profit	**(5.7)**	**9.9**	**(53.1)**	**8.6**	**1.5**
EPS	**(0.49)**	**1.13**	**(5.26)**	**0.98**	**0.17**
Diluted EPS	**(0.49)**	**1.12**	**(5.26)**	**0.97**	**0.17**

Interim condensed consolidated statement of comprehensive income

(Unaudited figures in USD million)	Q3		9M		Full Year
	2023	2022	2023	2022	2022
Net (loss)/profit for the period	**(5.7)**	**9.9**	**(53.1)**	**8.6**	**1.5**
Foreign currency translation	(0.7)	(1.3)	0.7	(2.3)	(1.3)
Pension remeasurement	0.0	0.0	0.0	0.0	(0.1)
Other comprehensive income	**(0.7)**	**(1.3)**	**0.7**	**(2.3)**	**(1.4)**
Total comprehensive income	**(6.4)**	**8.6**	**(52.4)**	**6.3**	**0.1**

Interim condensed consolidated statement of financial position

(Unaudited figures in USD million)	30.09.23	30.09.22	31.12.22
Vessels	388.9	383.2	376.8
New builds	0.0	0.0	0.0
Other non-current assets	1.2	1.3	1.2
Total non-current assets	**390.1**	**384.5**	**378.0**
Accounts and other receivables	26.8	39.8	24.1
Other current assets	7.0	4.4	6.3
Cash and deposits	49.0	74.5	91.6
Total current assets	**82.8**	**118.7**	**122.0**
Total assets	**472.9**	**503.2**	**500.0**
Share capital	16.0	12.4	12.4
Other equity	(2.9)	30.9	24.9
Total equity	**13.1**	**43.3**	**37.3**
Interest-free long-term liabilities	1.6	1.7	1.9
Interest-bearing long-term debt	416.2	419.3	418.5
Total long-term liabilities	**417.8**	**421.0**	**420.4**
Accounts and other payables	22.4	18.5	20.6
Tax payable	16.2	17.2	18.0
Current portion of long-term debt	3.4	3.2	3.7
Total current liabilities	**42.0**	**38.9**	**42.3**
Total equity and liabilities	**472.9**	**503.2**	**500.0**

Interim condensed consolidated statement of cash flows

(Unaudited figures in USD million)	Q3 2023	Q3 2022	9M 2023	9M 2022	Full Year 2022
(Loss)/Profit before taxes	(5.7)	12.5	(52.0)	15.6	9.8
(Gain)/Loss on sale of non-current assets	(1.7)	0.0	(1.7)	0.5	0.5
Depreciation	6.7	7.5	21.2	21.8	29.5
Financial income	(0.4)	(0.3)	(1.6)	(0.3)	(0.7)
Financial costs	8.1	5.0	22.9	12.4	18.7
Share-based payment expense	0.2	0.3	0.1	0.7	0.9
Change in working capital	(19.6)	2.4	(1.6)	(26.2)	(10.4)
Other items from operating activities	(0.9)	(1.8)	0.3	0.3	1.9
Taxes paid	(0.7)	(1.1)	(2.9)	(0.2)	(1.0)
Net cash flow (used in)/from operating activities	**(14.0)**	**24.5**	**(15.3)**	**24.6**	**49.2**
Acquisition of tangible assets	(5.7)	(2.6)	(32.9)	(9.0)	(10.2)
Net proceeds from sale of tangible assets	1.7	0.0	1.7	0.0	0.0
Interests received	0.4	0.3	1.6	0.3	0.7
Net cash flow used in investing activities	**(3.6)**	**(2.3)**	**(29.6)**	**(8.7)**	**(9.5)**
Repayment of interest-bearing debt	(1.6)	(1.5)	(4.8)	(2.8)	(4.4)
Refinancing cost	0.0	0.0	0.0	(3.5)	(3.5)
Issuance of ordinary shares	0.0	0.0	28.1	0.0	0.0
Interests paid	(7.0)	(3.8)	(21.0)	(9.0)	(14.1)
Net cash flow (used in)/from financing activities	**(8.6)**	**(5.3)**	**2.3**	**(15.3)**	**(22.0)**
Net cash flow	**(26.2)**	**16.9**	**(42.6)**	**0.6**	**17.7**
Cash and deposits at beginning of period	75.2	57.6	91.6	73.9	73.9
Cash and deposits at end of period	**49.0**	**74.5**	**49.0**	**74.5**	**91.6**

Interim condensed consolidated statement of changes in equity

(Unaudited figures in USD million)	Q3 2023	Q3 2022	9M 2023	9M 2022	Full Year 2022
Equity at beginning of period	**19.3**	**34.4**	**37.3**	**36.3**	**36.3**
Share based payment	0.2	0.3	0.1	0.7	0.9
New share issue	0.0	0.0	28.1	0.0	0.0
Comprehensive income for the period	(6.4)	8.6	(52.4)	6.3	0.1
Equity at end of period	**13.1**	**43.3**	**13.1**	**43.3**	**37.3**

Selected notes to the quarterly financial statements

NOTE 1: GENERAL INFORMATION

Prosafe SE is a public limited company domiciled in Norway, it is listed on the Oslo Stock Exchange with ticker code PRS. The consolidated financial statements for Q3 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 25 October 2023. The accounting figures are unaudited.

NOTE 2: ACCOUNTING PRINCIPLES

This interim financial report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU IAS 34 Interim Financial Reporting. The accounting principles adopted are consistent with those of the previous financial year.

NOTE 3: GOING CONCERN

The company continues to closely monitor compliance with the minimum liquidity covenant of USD 23 million.

The existing credit facilities contain a quarterly minimum liquidity covenant of (i) USD 23 million from and including 1 January 2023 to and including 31 December 2023 and (ii) USD 28 million from and including 1 January 2024 to and including 31 December 2024. The calculation of the minimum liquidity covenant shall exclude any cash held in relation to the “New Group” (the “New Group” comprises the rig owning companies of Safe Eurus, Safe Nova, Safe Vega and their immediate holding company) which at 30 September 2023 was USD 5.2 million. As of 30 September 2023, the Group had an unrestricted liquidity reserve of USD 47.0 million, and excluding the New Group had minimum liquidity of USD 41.8 million and was compliant with the minimum cash covenant on 30 September 2023.

In response to a tight liquidity situation, management continues to consider several initiatives to remain in compliance with the minimum liquidity covenant.

The Board has determined that the actions taken are sufficient to mitigate the uncertainty and has therefore prepared the third quarter and nine months 2023 financial reporting on a going concern basis.

NOTE 4: RELATED PARTY TRANSACTIONS

There were no material related party transactions in the third quarter and nine months of 2023. For the same periods in 2022, there were also no material related party transactions.

NOTE 5: EVENTS AFTER THE REPORTING DATE

On 6 October, the Board of Directors approved a share option program for part of the senior management team. The incoming CEO (Terje Askvik) was granted 220,000 options, and four others were granted 20,000 options. The strike price for all options is NOK 109.13 per share. The vesting period is three years, vesting one-third after 12 months, 24 months and 36 months. At the same date, the Board of Directors changed the strike price on 80,000 options earlier awarded to certain employees from NOK 178 per share to NOK 109.13 per share.

On 18 October 2023, Alf C. Thorkildsen resigned as member of the Board of Directors.

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