



Third quarter  
2022



**Prosafe**

## Key events

### Operations, HSSE and backlog

- All six active vessels operated in the quarter with five in full operation throughout the period
- Utilisation of 77.3 per cent
- Good operating and HSSE performance on all vessels
- Backlog of USD 293 million at quarter end
  - Options to extend charters declared for Safe Zephyrus and Safe Boreas
  - Signed USD 33 million, 330-day contract + options for Safe Concordia in the US Gulf of Mexico
- After quarter end, Prosafe was announced the most competitive bidder in a 650-day tender for Petrobras in Brazil with 2023 start-up. Contract value of USD 73 million if the post bidding process leads to a final contract award by the client

### Q3 financials

- Revenue of USD 63.6 million (USD 45.8 million in third quarter 2021)
- EBITDA increased 94 per cent YoY to USD 24.2 million (USD 12.5 million)
- Good cash conversions in the quarter with cash flow from operations of USD 24.5 million
- Liquidity of USD 74.5 million (USD 107.1 million) at quarter end

### Market and outlook

- Strong demand increase in 2022 on work related to tie-back and life extension projects
- Market utilisation for the most advanced accommodation vessels increasing from 30 to 70 per cent in the past year
- The North Sea market is expected to be weak in 2023 with low visibility and opportunities moving from 2023 to 2024
- Capex and modification costs for ongoing and new contracts will impact EBITDA and liquidity in 2023
- Favourable outlook in core Brazil and North Sea markets. Increasing tender activity and ongoing client discussions for 2024 and into 2027

## CEO comment

A strong third quarter was reflected in high utilisation, improved EBITDA and good cash conversion. I would like to thank our team for their dedication to ensuring strong operations. We continue to build backlog with the award of the contract in US Gulf of Mexico, clients declaring options and our recent submittal of the most competitive bid for a new contract in Brazil.

The demand outlook in our core markets is favourable but timing remains uncertain. We maintain our focus on securing utilisation for our open vessels in 2023. In Brazil, we see increased activity next year, while North Sea tendering activity is more focused in 2024 and beyond.

**Jesper K. Andresen**

## Key figures

USD million	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Operating Revenues	63.6	45.8	160.0	111.7	141.1
EBITDA	24.2	12.5	51.8	20.6	24.9
EBIT	16.7	4.4	30.0	(46.6)	(49.8)
Profit / (loss) before taxes	12.5	(8.1)	15.6	(108.6)	931.0
EPS	1.1	(101.2)	1.0	(1 251.3)	263.3
Diluted EPS	1.1	(101.2)	1.0	(1 251.3)	263.3
Cash flow from investment activities	(2.3)	(1.1)	(8.7)	(10.9)	(14.7)
Cash flow from financing activities	(5.3)	(29.0)	(15.3)	(30.0)	(95.1)
Net cash flow	16.9	(12.8)	0.6	(53.2)	(86.4)
Liquidity <sup>1</sup>	75	107	75	107	74
Net working capital <sup>2</sup>	26	18	26	18	-1
Interest-bearing debt <sup>3</sup>	423	1 576	423	1 576	423
Net Interest-bearing debt	348	1 469	348	1 469	349
Total assets	503	550	503	550	493
Book equity	43	(1 060)	43	(1 060)	36
Book equity ratio <sup>4</sup> %	9	(193)	9	(193)	7
Shares outstanding (thousand)	8 799	88	8 799	88	8 799
Backlog	292.5	104.0	292.5	104.0	126.0
Fleet utilisation rate %	77.3	81.0	68.1	59.3	70.9

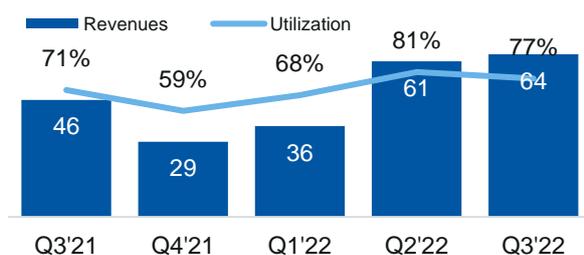
<sup>1</sup>Liquidity equals cash and deposits and includes USD 2.1 million which is not available to the Company

<sup>2</sup>Net working capital is equal to (Total current assets excl. cash – Total current liabilities excl. Tax payable and current portion LT debt)

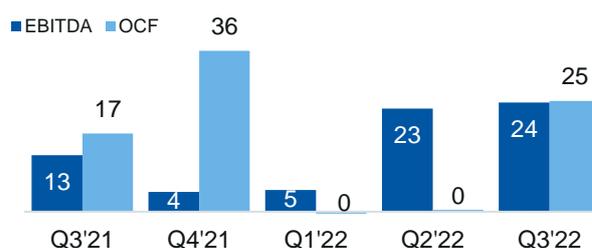
<sup>3</sup>Net Interest-bearing debt (NIBD) is equal to Interest-bearing debt less liquidity. NIBD is reduced by a USD 14.2 million fair value adjustment, of which USD 3.8 million is short term.

<sup>4</sup>Book equity ratio is equal to (Book equity / Total assets) \* 100

### Revenues and utilisation %



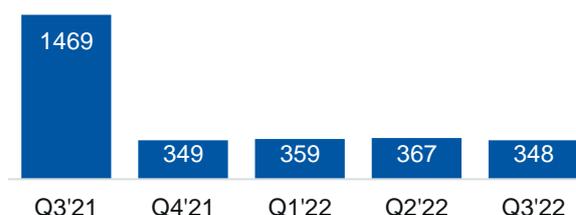
### EBITDA and cash flow from operations



### Backlog



### NIBD



## Operational review and backlog

The fleet utilisation rate in the third quarter of 2022 was 77.3 per cent (Q3 2021: 70.9 per cent), with five out of seven vessels in full operation throughout the quarter. One vessel operated for part of the quarter and one was in lay-up. This is the highest third-quarter utilisation since 2016.

Two vessels are on long-term contracts in Brazil, while the rest are working on shorter term contracts.

Safe Zephyrus has been operating for bp at ETAP in the UK North Sea since 22 January 2022 on a 10-month contract with up to four months of options. On 22 September 2022, bp exercised the first of four one-month options taking the firm period through 21 December 2022. On 15 October 2022, Prosafe announced that they have submitted the most competitive offer in a bidding process for a 650-day firm period contract by Petrobras, commencing within 2023. The contract value is approximately USD 73 million (equivalent to USD 112,500 per day). Contract award and commencement are subject to a formal clarification process during which Petrobras is under no formal obligation to conclude a contract and other bidders may appeal.

Safe Caledonia has been operating for TotalEnergies at the Elgin platform in the UK since 7 March 2022. The vessel will be on contract until early December 2022 with one 30-day option.

Safe Boreas operated on the Norwegian Continental Shelf until 29 July 2022. On 22 September 2022, the vessel started a 21-day contract to support a platform shutdown in the UK North Sea. The client exercised the first of two available 15-day options plus an additional 5 days. The vessel is now off hire and will be in lay-up pending future work.

Safe Eurus has been providing safety and maintenance support to Petrobras in Brazil since November 2019 on a contract with a firm duration until February 2023. On 25 May 2022, Safe Eurus was awarded a four-year contract with Petrobras with planned start-up in Q1 2023 following on from the expiry of the current contract. Safe Eurus is expected to be off hire for 30 days in April 2023 during which period Petrobras contract modification work and hull cleaning will be conducted. Prosafe also intends to advance and conduct the SPS originally scheduled for 2024 for Eurus during the same off-hire window, avoiding the need for a further off-hire period in 2024.

Safe Notos has been operating for Petrobras in Brazil since December 2016. Safe Notos commenced a new four-year contract with Petrobras on 18 July 2022, in direct continuation of the previous contract. Safe Notos is expected to be off hire in February 2023 during which Petrobras contract modification and hull cleaning will be conducted.

Safe Concordia completed operations in Trinidad and Tobago during the quarter. On 27 July 2022, the client exercised all four one-week options, taking the contract through to end September 2022. On 13 October 2022, Prosafe announced that a contract had been signed with a major operator to provide accommodation support in the US Gulf of Mexico. The firm duration of the contract, commencing within a window of July through October 2023, is 330 days with up to 6 months of options. The value of the contract firm duration is approximately USD 33 million. A standby rate of USD 28 thousand per day has been agreed for the period from 01 August 2023 until commencement latest 31 October 2023. The value of the 6 months options is USD 19 million. Safe Concordia will be laid up in the region pending new work and the start of the contract in the US Gulf of Mexico.

Safe Scandinavia is laid up in Norway and is being marketed broadly.

## Newbuild status

Prosafe has the option to take delivery of the only two DP3 newbuild semis available at yard. In September 2022, the typhoon Muifa caused material damage that must be repaired prior to delivery. The yard is in the process of estimating timeline of repairs.

## Financials

### Third quarter 2022

EBITDA for the third quarter was USD 24.2 million (Q3 2021: USD 12.5 million). The increase in EBITDA was mainly driven by increased fleet utilisation of 77.3 per cent (70.9 per cent). Activity level was high with five out of six active vessels in full operation throughout the quarter and one vessel working part of the quarter.

Depreciation was USD 7.5 million (USD 8.1 million) in the quarter.

Operating profit for the third quarter amounted to USD 16.7 million (USD 4.4 million). The improvement in operating result was mainly due to the increase in EBITDA and lower depreciation.

Interest expenses amounted to USD 5.0 million (USD 7.9 million). Lower interest expenses are mainly the result of the significant debt reduction following the completion of the financial restructuring in December 2021.

Other financial items were USD 0.5 million positive (USD 4.6 million negative), reflecting currency gains in the quarter. The year-ago quarter was impacted by costs associated with the financial restructuring.

Net profit equalled USD 9.9 million (net loss of USD 8.9 million) in the quarter.

Cash flow from operations was USD 24.5 million in the quarter (USD 17.3 million). The improvement in operational cashflow was mainly driven by increased vessel utilisation.

Total assets per 30 September amounted to USD 503.2 million (Q3 2021: USD 549.7 million). Total liquidity at the end of the quarter was USD 74.5 million (USD 107.1 million). The year-over-year decrease in total assets was mainly due to depreciation of vessels and a reduction in the cash balance. The decrease in cash position was mainly due to repayment of debts and refinancing costs tied to the financial restructuring in 2021, partially offset by cash generated from operations.

At the end of the quarter, net interest-bearing debt was USD 348.0 million (USD 1,468.8 million) and the book equity ratio was 8.6 per cent (negative 192.8 per cent). The significant net interest-bearing debt reduction and positive equity ratio are mainly a result of the successful completion of the financial restructuring in December 2021.

### Year-to-date 2022

Fleet utilisation year-to-date was 75.5 per cent (YTD 2021: 53.1 per cent). EBITDA amounted to USD 51.8 million (USD 20.6 million). The increase in EBITDA was mainly driven by an increase in vessel activity.

Depreciation and impairment amounted to USD 21.8 million (USD 67.2 million). The year-ago period included a non-recurring impairment of USD 40.7 million following judgement in the Westcon dispute appeal.

Operating profit was USD 30.0 million (operating loss of USD 46.6 million). The increase in operating result was mainly due to the increase in EBITDA and lower depreciation and impairments.

Net financial costs were USD 14.4 million (USD 62.0 million). The reduction compared to the year-ago period mainly reflects lower interest expenses and lower other financial costs as a consequence of the financial restructuring in December 2021.

Net profit for the period was USD 8.6 million (net loss of USD 110.1 million).

## Outlook

The market for offshore accommodation vessels is driven by maintenance, modification and life extension of existing oil and gas infrastructure as well as the hook-up and installation of platforms and FPSOs. Investments in oil and gas activity are expected to increase significantly in coming years and lead to higher offshore activity and demand for accommodation vessels. Transition to new energy sources, particularly offshore wind, may also lead to future opportunities for the accommodation rig market. The long-term market outlook is positive.

Prosafe expects growing demand in Brazil for accommodation, maintenance and safety vessels driven by an increasing number of FPSOs and new oil and gas operators. In the North Sea, the company expects higher maintenance and tie-back activity in the UK and hook-up operations in Norway in the coming years, particularly from 2024 and 2025 onwards.

The supply of high specification accommodation vessels remains limited, with Prosafe controlling the two only remaining high specification semi-submersible newbuilds and a decline in the fleet of second tier vessels through the downturn.

Activity in 2022 has been high with the market utilisation of high specification accommodation vessels increasing to over 70 per cent. This has been driven by a catch-up in maintenance works as well as increased oil and gas activity reflecting the early phase of a likely new long-term investment cycle.

Contracting activity in Brazil is high. As normal even in a strong market, visibility in the North Sea remains low, and some opportunities are moving from 2023 to 2024. Prosafe remains focused on securing further work for its vessels in 2023 and beyond. Increased activity is expected from 2024 and based on active tendering. The company is optimistic on the market outlook and maintains its strategy of having some vessels on long-term contracts, predominately in Brazil, and others available for short-term opportunities, mainly in the North Sea.

The Company will seek to play an active role in any future consolidation of the market. The Company may also consider adjacent business development opportunities within energy sector niches as well as other ocean industries where Prosafe can on a sustainable basis create superior shareholder value.

The Board of Directors emphasizes that valuations in the financial statements and forward-looking statements contained in this report are based on various assumptions made by management, which could depend on factors beyond its control, and are subject to risks and uncertainties. Accordingly, actual results may differ materially.

02 November 2022  
The Board of Directors of Prosafe SE

.....  
Glen O. Rødland  
Non-executive Chairman

.....  
Alf C. Thorkildsen  
Deputy Chairman

.....  
Birgit-Aagaard Svendsen  
Non-executive Director

.....  
Nina Udnes Tronstad  
Non-executive Director

.....  
Halvard Idland  
Non-executive Director

.....  
Jesper Kragh Andresen  
CEO

## Condensed consolidated income statement

(Unaudited figures in USD million)	Q3		9M		Full Year
	2022	2021	2022	2021	2021
Operating revenues	63.6	45.8	160.0	111.7	141.1
Operating expenses	(39.4)	(33.3)	(108.2)	(91.1)	(116.2)
<b>Operating results before depreciation</b>	<b>24.2</b>	<b>12.5</b>	<b>51.8</b>	<b>20.6</b>	<b>24.9</b>
Depreciation	(7.5)	(8.1)	(21.8)	(25.5)	(33.0)
Impairment	0.0	0.0	0.0	(41.7)	(41.7)
<b>Operating profit/(loss)</b>	<b>16.7</b>	<b>4.4</b>	<b>30.0</b>	<b>(46.6)</b>	<b>(49.8)</b>
Interest income	0.3	0.0	0.3	1.0	1.0
Interest expenses	(5.0)	(7.9)	(12.4)	(36.1)	(37.9)
Other financial items	0.5	(4.6)	(2.3)	(26.9)	1,017.7
<b>Net financial items</b>	<b>(4.2)</b>	<b>(12.5)</b>	<b>(14.4)</b>	<b>(62.0)</b>	<b>980.8</b>
<b>Profit/(Loss) before taxes</b>	<b>12.5</b>	<b>(8.1)</b>	<b>15.6</b>	<b>(108.6)</b>	<b>931.0</b>
Taxes	(2.6)	(0.8)	(7.0)	(1.5)	(3.1)
<b>Net profit/(loss)</b>	<b>9.9</b>	<b>(8.9)</b>	<b>8.6</b>	<b>(110.1)</b>	<b>927.9</b>
<b>EPS</b>	<b>1.13</b>	<b>(101.15)</b>	<b>0.98</b>	<b>(1,251.32)</b>	<b>263.27</b>
<b>Diluted EPS</b>	<b>1.12</b>	<b>(101.15)</b>	<b>0.97</b>	<b>(1,251.32)</b>	<b>263.27</b>

## Condensed consolidated statement of comprehensive income

(Unaudited figures in USD million)	Q3		9M		Full Year
	2022	2021	2022	2021	2021
<b>Net profit/(loss) for the period</b>	<b>9.9</b>	<b>(8.9)</b>	<b>8.6</b>	<b>(110.1)</b>	<b>927.9</b>
Foreign currency translation	(1.3)	(1.6)	(2.3)	(1.2)	(2.3)
Pension remeasurement	0.0	0.0	0.0	0.0	(0.1)
<b>Other comprehensive income</b>	<b>(1.3)</b>	<b>(1.6)</b>	<b>(2.3)</b>	<b>(1.2)</b>	<b>(2.4)</b>
<b>Total comprehensive income</b>	<b>8.6</b>	<b>(10.5)</b>	<b>6.3</b>	<b>(111.3)</b>	<b>925.5</b>

## Condensed consolidated statement of financial position

(Unaudited figures in USD million)

	30.09.22	30.09.21	31.12.21
Vessels	383.2	400.4	397.0
Other non-current assets	1.3	2.4	2.2
<b>Total non-current assets</b>	<b>384.5</b>	<b>402.8</b>	<b>399.2</b>
Accounts and other receivables	39.8	38.0	17.6
Other current assets	4.4	1.8	2.1
Cash and deposits	74.5	107.1	73.9
<b>Total current assets</b>	<b>118.7</b>	<b>146.9</b>	<b>93.6</b>
<b>Total assets</b>	<b>503.2</b>	<b>549.7</b>	<b>492.8</b>
Share capital	12.4	9.7	497.5
Other equity	30.9	(1,069.5)	(461.2)
<b>Total equity</b>	<b>43.3</b>	<b>(1,059.8)</b>	<b>36.3</b>
Interest-free long-term liabilities	1.7	2.1	2.2
Interest-bearing long-term debt	419.3	80.1	422.4
<b>Total long-term liabilities</b>	<b>421.0</b>	<b>82.2</b>	<b>424.6</b>
Accounts and other payables	18.5	22.3	20.3
Tax payable	17.2	9.2	10.7
Current portion of long-term debt	3.2	1,495.8	0.9
<b>Total current liabilities</b>	<b>38.9</b>	<b>1,527.3</b>	<b>31.9</b>
<b>Total equity and liabilities</b>	<b>503.2</b>	<b>549.7</b>	<b>492.8</b>

## Condensed consolidated cash flow statement

(Unaudited figures in USD million)	Q3		9M		Full Year
	2022	2021	2022	2021	2021
Profit/(Loss) before taxes	12.5	(8.1)	15.6	(108.6)	931.0
Gain from extinguishment of debt	0.0	0.0	0.0	0.0	(1,030.5)
Loss/(Gain) on sale of non-current assets	0.0	0.0	0.5	(0.8)	(1.0)
Depreciation	7.5	8.1	21.8	25.5	33.0
Impairment	0.0	0.0	0.0	41.7	41.7
Financial income	(0.3)	0.0	(0.3)	(1.0)	(1.0)
Financial costs	5.0	7.9	12.4	36.1	37.9
Share-based payment expense	0.3	0.0	0.7	0.0	0.0
Change in working capital	2.4	12.0	(26.2)	(3.6)	14.6
Other items (used in)/from operating activities	(1.8)	(1.5)	0.3	(0.4)	(1.0)
Taxes paid	(1.1)	(1.1)	(0.2)	(1.2)	(1.3)
<b>Net cash flow from/(used in) operating activities</b>	<b>24.5</b>	<b>17.3</b>	<b>24.6</b>	<b>(12.3)</b>	<b>23.4</b>
Acquisition of tangible assets	(2.6)	(1.1)	(9.0)	(13.3)	(17.3)
Net proceeds from sale of tangible assets	0.0	0.0	0.0	1.4	1.6
Interests received	0.3	0.0	0.3	1.0	1.0
<b>Net cash flow used in investing activities</b>	<b>(2.3)</b>	<b>(1.1)</b>	<b>(8.7)</b>	<b>(10.9)</b>	<b>(14.7)</b>
Repayment of interest-bearing debt	(1.5)	(29.0)	(2.8)	(30.0)	(77.6)
Refinancing cost	0.0	0.0	(3.5)	0.0	(17.5)
Interests paid	(3.8)	0.0	(9.0)	0.0	0.0
<b>Net cash flow used in financing activities</b>	<b>(5.3)</b>	<b>(29.0)</b>	<b>(15.3)</b>	<b>(30.0)</b>	<b>(95.1)</b>
<b>Net cash flow</b>	<b>16.9</b>	<b>(12.8)</b>	<b>0.6</b>	<b>(53.2)</b>	<b>(86.4)</b>
Cash and deposits at beginning of period	57.6	119.9	73.9	160.3	160.3
<b>Cash and deposits at end of period</b>	<b>74.5</b>	<b>107.1</b>	<b>74.5</b>	<b>107.1</b>	<b>73.9</b>

## Condensed consolidated statement of changes in equity

(Unaudited figures in USD million)	Q3		9M		Full Year
	2022	2021	2022	2021	2021
<b>Equity at beginning of period</b>	<b>34.4</b>	<b>(1,049.3)</b>	<b>36.3</b>	<b>(948.5)</b>	<b>(948.5)</b>
Share based payment	0.3	0.0	0.7	0.0	0.0
New share issue	0.0	0.0	0.0	0.0	59.3
Comprehensive income for the period	8.6	(10.5)	6.3	(111.3)	925.5
<b>Equity at end of period</b>	<b>43.3</b>	<b>(1,059.8)</b>	<b>43.3</b>	<b>(1,059.8)</b>	<b>36.3</b>

## Selected notes to the quarterly financial statements

### NOTE 1: GENERAL INFORMATION

Prosafe SE is a public limited company domiciled in Stavanger, Norway. Prosafe SE is listed on the Oslo Stock Exchange with ticker code PRS. The consolidated financial statements for the third quarter of 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 02 November 2022. 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: Employee Share Based Payment

On 11 May 2022, the Company initiated a long-term incentive program where executive management and selected employees were granted options to subscribe for ordinary shares of the Company.

The fair value of an option granted was estimated using the Black Scholes option-pricing model and the transactions are accounted for as equity-settled share-based payment. The key terms and conditions are as follows

	Executive Management	Executive Management	Selected Employees
Number of share options issued	250,000	100,000	100,000
Commencement date	10 February 2022	19 August 2022	11 May 2022
Grant date	11 May 2022	19 August 2022	11 May 2022
Fair value at grant date	NOK 98.85	NOK 58.77	NOK 42.40
Share price at grant date	NOK 178.00	NOK 237.50	NOK 178.00
Exercise price	NOK 83.00	NOK 237.50	NOK 178.00

The options are vested equally over 24, 36 and 48 months from commencement date, respectively. Any options not exercised 60 months after the commencement date will be cancelled.

A share-based payment expense of USD 0.3 million was recognised for this quarter (USD 0.7 million for the 9 months ended 30 September 2022). As at 30 September 2022, a total of 450,000 options are issued, each option allowing the holder to subscribe to one ordinary share in the Company.

### NOTE 4: SUBSEQUENT EVENTS

#### Safe Concordia contract

On 13 October, Prosafe announced that the previously disclosed contract with a major operator to provide accommodation services using the Safe Concordia in the US Gulf of Mexico was signed. The value of the contract firm duration is approximately USD 33 million and is in the Q3 2022 backlog.

#### Petrobras Tender

On 14 October 2022, Prosafe submitted the most competitive offer in a bidding process for a 650-day firm period contract by Petróleo Brasileiro SA ("Petrobras"). The contract value is approximately USD 73 million (equivalent to USD 112,500 per day). Contract award and timing are subject to a formal clarification process during which Petrobras is under no formal obligation to conclude a contract and other bidders may appeal.

- A contract, if awarded, would deploy the Safe Zephyrus semi-submersible vessel for safety and maintenance support offshore Brazil within 2023

## Address

**Headquarters**  
Forusparken 2  
N-4031 Stavanger  
Norway

**Organisation number**  
823 139 772

**Contact:**  
E-mail: [mail@prosafe.com](mailto:mail@prosafe.com)

[www.prosafe.com](http://www.prosafe.com)

## Management

**Jesper Kragh Andersen**  
CEO

**Ryan Stewart**  
COO

**Reese McNeel**  
CFO

## Board of directors

**Glen Ole Rødland**  
Chairman

**Alf C. Thorkildsen**  
Deputy Chairman

**Birgit Aagaard-Svendsen**  
Board Member

**Nina Udnes Tronstad**  
Board Member

**Halvard Idland**  
Board Member

