SECOND QUARTER AND FIRST HALF REPORT 2021

(Figures in brackets refer to the corresponding period of 2020)

Reported EBITDA[1] for the second quarter was USD 18.1 million (USD 10.1 million negative), reflecting a high activity level with a utilization rate of 65.8%. Liquidity reserve[2] of USD 119.9 million at the end of the quarter.

As per previous press releases, the Company received formal support from a clear majority of its lenders on the comprehensive and material restructuring of the financial indebtedness of the group (the "Transaction"). On completion of the Transaction, this will result in a significant de-leveraging of the balance sheet with debt reduction, corresponding reduction in annual debt service and a more robust financial situation. Post implementation, existing banks/creditors will own 99% of the equity and current shareholders and convertible bond holders will own 1% of the equity.

Recent highlights

- Operating status and financial results:
    - Utilisation of 65.8% in Q2 (6.5%)
    - Reported EBITDA of USD 18.1 million (USD 10.1 million negative)
    - Cash flow from operations was USD 21.9 million negative (USD 5.5 million negative). Higher negative cash flow from operations for the period was mainly due to an increase in debtors, which was driven by higher vessel activities
- Liquidity reserve of USD 119.9 million (USD 177.5 million)
- Operations and commercial:
    - 5 of 7 vessels were on contract in the quarter
    - Further options for Safe Boreas, Safe Zephyrus and Safe Caledonia were exercised
    - Ongoing tenders in Brazil and the North Sea

Operations

The fleet utilisation rate in the second quarter of 2021 was 65.8 per cent (6.5 per cent).

Safe Zephyrus continued the contract for Shell at the Shearwater platform in the UK and was in full operation throughout the quarter. The contract initially had a firm period of 145 days and was extended with 16 days. Safe Zephyrus successfully completed her operations for Shell on 7 August 2021.

Safe Caledonia has been operating for TotalEnergies at the Elgin platform in the UK since 30 March 2021 and was fully utilised in the quarter. The contract has a firm duration of 162 days and two 15-day options, of which the first available option was exercised on 29 July 2021.

Safe Boreas has been operating for CNOOC at Buzzard in the UK since 20 April 2021. After two of the three 30-day options were exercised on 9 July 2021, the contract now has a firm duration of 160 days.

Safe Eurus has been providing safety and maintenance support to Petrobras during a three-year contract since November 2019 and was in full operation throughout the quarter.

[1] EBITDA = operating result before depreciation, amortisation, interests and taxes

[2] Liquidity reserve = cash and deposits + available liquidity reserve balance under a committed revolving credit facility

Safe Notos has been operating for Petrobras in Brazil throughout this quarter. The vessel is on contract until mid-November 2021.

Safe Concordia has been preparing for a 117-day contract in Trinidad and Tobago and has been on hire since 25 July 2021.

Safe Scandinavia was idle in the quarter and is laid up in Norway.

Regalia was sold for recycling in April 2021.

The impact from Covid-19 on the macro environment has been challenging, with the company also experiencing cases in the fleet. In all instances there has been close coordination with the client to ensure that any occurrence is dealt with promptly and effectively. Safety measures at workplaces and vessels to protect people and assets remain rigorously in place.

Financials

Second quarter 2021

Reported EBITDA for the second quarter was USD 18.1 million (USD 10.1 million negative). The increase in EBITDA was mainly due to higher revenues partially offset by higher operating expenses. Higher revenue and higher operating expenses were driven by higher fleet utilisation.

Depreciation and impairment were USD 10.3 million (USD 10.6 million) in the quarter.

Operating profit for the second quarter amounted to USD 7.8 million (operating loss of USD 20.7 million). Improved operating profit in 2021 was mainly due to higher activity and higher EBITDA.

Net financial costs amounted to USD 18.7 million (USD 20.2 million), while net loss equalled USD 11.2 million (net loss of USD 41.9 million) in the quarter.

Cash flow from operations was negative by USD 21.9 million (USD 5.5 million negative). Higher negative operating cash flow was mainly due to an increase in debtors in the quarter, which was mainly driven by higher vessel activities.

Total assets at 30 June amounted to USD 579.3 million (USD 614.7 million). The decrease in total assets was mostly due to the depreciation and reduction in cash balance partially offset by increase in debtors.

Other interest-free current liabilities at the end of Q2 2021 amounted to USD 84.1 million (USD 26 million). Higher interest-free current liability balance in 2021 was mainly due to the provision provided for Westcon’s claims.

Net interest-bearing debt equalled USD 1,422.4 million (USD 1,295.1 million). The increase in net interest-bearing debt was mostly due to a decrease in liquidity reserve and an increase in interest-bearing debt. Over and above, the increase in interest-bearing debt was mainly the consequence of accumulated interests and termination of swaps in 2020, which amounted to approx. USD 40 million.

At the end of this quarter, the book equity ratio stayed negative at 181.1 per cent (negative 146.3 per cent). As per previous press releases, Prosafe received formal support from a clear majority of its lenders on the comprehensive and material restructuring of the financial indebtedness of the group (the “Transaction”). A moratorium protection has also been granted in the Singapore Court until 30 September 2021 as part of the ongoing financial process. This is to facilitate the protection of going concern value pending finalisation of term sheet with its major creditors and, thereafter, implementation of an agreed solution. On 14 July 2021, the Company together with its subsidiary Prosafe Rigs Pte. Ltd. have each made an application to the High Court of the Republic of Singapore pursuant to section 210(1) of the Singapore Companies Act to seek permission to convene meetings of its creditors to vote on proposed schemes of arrangement (the "Singapore Scheme Applications"). At the Convening Applications hearing on 2 August, the Singapore Court granted the Convening Applications in full. The Singapore Scheme Applications are further supported by applications on foot for recognition of the existing Singapore Moratorium in other relevant jurisdictions.

The Company anticipates to be able to complete the overall restructuring transaction before or around year-end 2021. On completion of the Transaction, this will result in significant de-leveraging of the balance sheet with debt reduction, corresponding reduction in annual debt service and a more robust financial situation. Pending finalisation, Prosafe continues to operate on a business-as-usual basis (refer to Note 4 - Refinancing and going concern for further details).

As such, the interim report is prepared on a going concern assumption, which is based on the Board of Directors’ view that concluding a long-term and sustainable financial solution is achievable in the near term.

Year-to-date 2021

Fleet utilisation was 46 per cent (20 per cent). EBITDA YTD amounted to USD 8 million (a negative of USD 9.1 million). The increase in EBITDA was mainly due to higher revenue partially offset by higher operating expenses, which were driven by an increase in vessel activities.

Depreciation and impairment amounted to USD 59.1 million (USD 839.3 million). The higher value last year was due to impairments of USD 810.5 million made to the book value of vessels reflecting the dramatic change in market conditions and economic outlook. In 2021, there was also a one-off impairment loss of USD 40.7 million recognised in Q1 2021 which was driven by the judgement of the Westcon dispute case in Gulating Court of Appeal.

Operating loss equalled USD 51.1 million (operating loss of USD 848.4 million) mainly due to the impairment changes.

Net financial costs YTD amounted to USD 49.4 million (USD 46.6 million).

Net loss YTD equalled USD 101.2 million (net loss of USD 897 million).

Update on refinancing process

For details, please refer to Note 4 - Refinancing and going concern.

Outlook

Despite the impacts of the pandemic, it is expected that energy consumption will continue to increase in the longer term, with oil and gas remaining an important part of the energy mix. In addition, the oil price has recovered from the low levels triggered by the pandemic. With an oil price above USD 50 per barrel, it is anticipated that the oil and gas companies generally will generate positive cash flow from their oil and gas activities. These are positive indicators for continued oil and gas activity through the energy transition. The energy transition may among others lead to a relatively higher focus on optimization from existing fields versus exploration and new developments which again may lead to more need for life extensions, maintenance and modifications.

On the other hand, the industry's focus on more efficient ways of working, digitalization and new methods for field development are anticipated to lead to lower manpower intensive work processes and generally lower demand for semi-submersible offshore accommodation vessels over time. It is difficult to predict how this will impact the demand for semi-submersible offshore accommodation vessels going forward.

In the short term, the current activity level is relatively high. Further, based on the current market view, there are good prospects for a decent activity level also in 2022. However, specific visibility for the medium and longer term remains low and in line with historic relative short visibility in the offshore accommodation industry. Prosafe expects a continued need for semi-submersible accommodation vessels in key markets in the future. Further, the Company remains of the opinion that the industry is in need of further consolidation and vessel recycling.

With regards to financing, the Company is making good progress towards implementing an expected sustainable financial solution in agreement with a clear majority of its lenders and creditors. The solution is anticipated to be implemented before or around year-end 2021, thereby leaving Prosafe in a better position to optimize opportunities to protect and create value for all stakeholders.

The Board 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.

Responsibility statement

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2021 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Prosafe Group's assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements, any major related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

19 August 2021
The Board of Directors of Prosafe SE

………………………..	………………………..
Glen O. Rødland	Birgit Aagaard-Svendsen
Non-executive Chairman	Non-executive Director
………………………..	………………………..
Nina Udnes Tronstad	Alf C. Thorkildsen
Non-executive Director	Non-executive Director

CONDENSED CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Note	Q2 2021	Q2 2020	6M 2021	6M 2020	Full Year 2020
Operating revenues		49.9	4.5	65.9	29.5	56.7
Operating expenses		(31.8)	(14.6)	(57.9)	(38.6)	(66.2)
Operating results before depreciation		**18.1**	**(10.1)**	**8.0**	**(9.1)**	**(9.5)**
Depreciation		(9.2)	(10.6)	(17.4)	(28.8)	(44.5)
Impairment	3	(1.1)	0.0	(41.7)	(810.5)	(810.3)
Operating profit/(loss)		**7.8**	**(20.7)**	**(51.1)**	**(848.4)**	**(864.3)**
Interest income		1.0	0.1	1.0	0.5	0.5
Interest expenses		(14.2)	(15.1)	(28.2)	(33.8)	(61.8)
Other financial items	3	(5.5)	(5.2)	(22.2)	(13.3)	(22.1)
Net financial items		**(18.7)**	**(20.2)**	**(49.4)**	**(46.6)**	**(83.4)**
Loss before taxes		**(10.9)**	**(40.9)**	**(100.5)**	**(895.0)**	**(947.7)**
Taxes		(0.3)	(1.0)	(0.7)	(2.0)	(2.4)
Net loss		**(11.2)**	**(41.9)**	**(101.2)**	**(897.0)**	**(950.1)**
EPS		**(0.13)**	**(0.48)**	**(1.15)**	**(10.19)**	**(10.80)**
Diluted EPS		**(0.13)**	**(0.48)**	**(1.15)**	**(10.19)**	**(10.80)**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in USD million)	Q2 2021	Q2 2020	6M 2021	6M 2020	Full Year 2020
Net loss for the period	**(11.2)**	**(41.9)**	**(101.2)**	**(897.0)**	**(950.1)**
Foreign currency translation	0.9	1.4	0.4	(4.8)	(0.8)
Pension remeasurement	0.0	0.0	0.0	0.0	(0.1)
Other comprehensive income	**0.9**	**1.4**	**0.4**	**(4.8)**	**(0.9)**
Total comprehensive income	**(10.3)**	**(40.5)**	**(100.8)**	**(901.8)**	**(951.0)**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)	**Note**	**30.06.21**	**30.06.20**	**31.12.20**
Vessels	3	407.3	426.2	412.3
New builds		0.0	1.1	1.1
Other non-current assets		2.5	3.3	2.1
Total non-current assets		**409.8**	**430.6**	**415.5**
Cash and deposits		119.9	177.5	160.3
Other current assets		49.6	6.6	11.9
Total current assets		**169.5**	**184.1**	**172.2**
Total assets		**579.3**	**614.7**	**587.7**
Share capital		9.1	9.0	9.1
Other equity		(1,058.4)	(908.4)	(957.6)
Total equity		**(1,049.3)**	**(899.4)**	**(948.5)**
Interest-free long-term liabilities		2.2	15.5	6.0
Interest-bearing long-term debt		80.6	79.2	78.7
Total long-term liabilities		**82.8**	**94.7**	**84.7**
Other interest-free current liabilities	3	84.1	26.0	20.8
Current portion of long-term debt	4	1,461.7	1,393.4	1,430.7
Total current liabilities		**1,545.8**	**1,419.4**	**1,451.5**
Total equity and liabilities		**579.3**	**614.7**	**587.7**

KEY FIGURES IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)	**30.06.21**	**30.06.20**	**31.12.20**
Total assets	579.3	614.7	587.7
Working capital	(1,376.3)	(1,235.3)	(1,279.3)
Liquidity reserve	119.9	177.5	160.3
Interest-bearing debt	1,542.3	1,472.6	1,509.4
Net Interest-bearing debt	1,422.4	1,295.1	1,349.1
Book equity	(1,049.3)	(899.4)	(948.5)
Book equity ratio	(181.1)%	(146.3)%	(161.4)%

Notes:

1. Working capital = Currents Assets-Current Liabilities
2. Liquidity reserve = Cash and deposits + available liquidity reserve balance under a committed revolving credit facility
3. Net Interest-bearing debt = Interest-bearing debt - Cash and deposits
4. Book equity ratio = (Book equity / Total asset) * 100

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		Q2		6M		Full Year
(Unaudited figures in USD million)	**Note**	**2021**	**2020**	**2021**	**2020**	**2020**
Loss before taxes		(10.9)	(40.9)	(100.5)	(895.0)	(947.7)
(Gain)/Loss on sale of non-current assets		(0.8)	0.3	(0.9)	0.5	0.4
Depreciation		9.2	10.6	17.4	28.8	44.5
Impairment	3	1.1	0.0	41.7	810.5	810.3
Financial income		(1.0)	(0.1)	(1.0)	(0.5)	(0.5)
Financial costs		14.2	15.1	28.2	33.8	61.8
Change in working capital		(35.4)	0.0	(15.6)	(13.3)	(22.0)
Other items from operating activities		1.9	11.6	1.1	21.1	26.8
Taxes paid		(0.2)	(2.1)	(0.1)	(4.4)	(6.7)
Net cash flow used in operating activities		**(21.9)**	**(5.5)**	**(29.7)**	**(18.5)**	**(33.1)**
Acquisition of tangible assets		(1.8)	0.0	(12.2)	(1.2)	(2.9)
Net proceeds/(payments) from sale of tangible assets		1.4	(0.2)	1.5	(0.4)	(0.3)
Interests received		1.0	0.1	1.0	0.5	0.5
Net cash flow from/(used in) investing activities		**0.6**	**(0.1)**	**(9.7)**	**(1.1)**	**(2.7)**
Repayment of interest-bearing debt		(0.5)	(0.5)	(1.0)	(1.0)	(2.0)
Net cash flow used in financing activities		**(0.5)**	**(0.5)**	**(1.0)**	**(1.0)**	**(2.0)**
Net cash flow		**(21.8)**	**(6.1)**	**(40.4)**	**(20.6)**	**(37.8)**
Cash and deposits at beginning of period		141.7	183.6	160.3	198.1	198.1
Cash and deposits at end of period		**119.9**	**177.5**	**119.9**	**177.5**	**160.3**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Q2		6M		Full Year
(Unaudited figures in USD million)	**2021**	**2020**	**2021**	**2020**	**2020**
Equity at beginning of period	**(1,039.0)**	**(858.9)**	**(948.5)**	**2.4**	**2.4**
New share issue	0.0	0.0	0.0	0.0	0.1
Comprehensive income for the period	(10.3)	(40.5)	(100.8)	(901.8)	(951.0)
Equity at end of period	**(1,049.3)**	**(899.4)**	**(1,049.3)**	**(899.4)**	**(948.5)**

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 second quarter of 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 19 August 2021. 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: WESTCON DISPUTE UPDATE

With reference to the Prosafe press release on 15 April 2021, the Gulating Court of Appeal in Norway had decided that Prosafe shall pay to Westcon NOK 302,510,457 plus interest and legal costs, in total about NOK 465 million (USD 54.5 million).

The judgement implied full payment to Westcon of the amount claimed. Compared to the judgement in the first instance by the Stavanger District Court, the result in the Gulating Court of Appeal was a complete reversal of the result.

In Q1 2021, the Company had accrued for the USD 54.5 million payable to Westcon. The Company had recognised USD 40.7 million as a fixed asset acquisition cost and USD 13.8 million as other financial cost. Consequently, the Company had further recognised an impairment loss of USD 40.7 million based on the valuation-in-use (VIU) calculation disclosed in the 2020 annual report. There was no change for assumptions applied in the VIU calculation model since last quarter. An additional USD 0.5 million of other financial costs payable to Westcon is recorded in Q2 2021.

As per the press release dated 12 May 2021, Prosafe had decided to address the shortcomings of the judgement by the Gulating Court of Appeal through an appeal to the Supreme Court and is waiting for their judgement.

NOTE 4: REFINANCING AND GOING CONCERN

In consideration of the outlook and the financial implications including anticipated breach of the facilities agreements, the Board of Directors initiated a dialogue with its lenders in December 2019 with a view to ensure sufficient financial flexibility for the longer term. As at the date of the report, Prosafe received formal support from a clear majority of its lenders on the comprehensive and material restructuring of the financial indebtedness of the group (the “Transaction”). On completion of the Transaction, which is anticipated to occur before or around year end 2021, this will result in a significant de-leveraging of the balance sheet with debt reduction, corresponding reduction in annual debt service, and a more robust financial situation.

The key terms of Transaction are as follows:

Amended and Restated USD1,300 million facility and USD 144 million facility[2]

USD 38 million and USD 9 million subject to registered security interests/set-off rights are to be utilised as cash repayment at par at completion for the USD 1,300 million facility and the USD 144 million facility respectively. Significant de-leveraging is expected with approximately USD 1,100 million of total debt reduction (amount subject to timing of closing and accrued interest to that date) to be equitised with

[2] USD 144 million credit facility (previously known as the “USD 288 credit facility”)

approximately 92% of Prosafe SE shares (assuming full equitisation of USD 45 million Westcon Tranche). There will be debt reinstatement under the USD 1,300 million facility and the USD 144 million facility to USD 250 million and USD 93 million respectively. Interest rate is at USD 3 Month Libor +2.50% per annum payable in cash and there will be no mandatory debt maturities until December 2025.

Westcon Tranche and Westcon Claim

A Westcon Tranche of USD 45 million payable to the lenders (contingent liability) relating to the Westcon dispute is included in the agreement with lenders. Prosafe shall make cash payments on the Westcon Tranche only to the extent it receives any proceeds from the Westcon Court case while any remaining portion would be fully equitised. If the judgement in the Gulating Court of Appeal in favour of Westcon (the "Westcon Claim") becomes final pending the decision by the Supreme Court, the Westcon Tranche is likely to be equitised in favour of the lenders in the USD 1,300 million facility. As mentioned in Note 3 above, in April 2021, the Gulating Court of Appeal had decided that Prosafe shall pay to Westcon NOK 302.5 million plus interest and legal costs of NOK 162.2 million, which in aggregate amounts to approximately NOK 464.7 million. In May 2021, Prosafe had filed an appeal to the Supreme Court. NOK 245 million of NOK 464.7 million of the Westcon Claim is secured by a bank guarantee and is expected to be covered from cash in Prosafe following a final binding judgement in favour of Westcon up to this amount. Any unsecured portion of the Westcon Claim over and above the NOK 245 million guaranteed amount provided to Westcon is expected to be equitised with approximately 3% of Prosafe SE shares.

Interest Rate Swap Liabilities which were terminated by lenders in 2020

50% of the total swap claims are expected to be fully equitised with approximately 2% of Prosafe SE shares.

Cosco Seller's Credit for the Safe Notos

Cosco Seller's Credit for Safe Notos of approximate USD 20 million to be fully equitised in exchange with approximately 2% of Prosafe SE shares.

Cosco Seller's Credit for the Safe Eurus

There are no changes to the terms of the Eurus Promissory Note as restructuring does not include the borrowing entity.

Convertible Bonds and Existing Shareholders

Convertible bonds shall be converted into shares. In sum the effect is that existing shareholders and holders of convertible bonds will be retaining about 1% of the shares on a fully diluted basis.

Implementation

A moratorium protection has been granted in the Singapore Court until 30 September 2021 as part of the ongoing financial process. This is to facilitate the protection of going concern value pending finalisation of term sheet with its major creditors and, thereafter, implementation of an agreed solution.

On 14 July 2021, the company together with its subsidiary Prosafe Rigs Pte. Ltd. have each made an application to the High Court of the Republic of Singapore pursuant to section 210(1) of the Singapore Companies Act to seek permission to convene meetings of its creditors to vote on proposed schemes of arrangement (the "Singapore Scheme Applications"). The Singapore Scheme Applications are further supported by applications on foot for recognition of the existing Singapore Moratorium in other relevant jurisdictions.

At the Convening Applications hearing on 2 August, the Singapore Court granted the Convening Applications in full. In the event that the Schemes are approved (with or without modifications) by the Scheme Creditors, on the satisfaction of the conditions set out in the Singapore Companies Act, Prosafe SE and PRPL be at liberty to apply to the Singapore Court, by summons in the proceedings, that the

Schemes be approved by order of Court so as to be binding on Prosafe SE, PRPL and on all the Scheme creditors.

The Company anticipates to be able to complete the overall restructuring transaction before or around year-end 2021. Pending finalisation of term sheet negotiations and implementation of an agreed solution, Prosafe continues to operate on a business as usual basis to protect and create value through challenging market conditions. As such, the interim report is prepared on a going concern basis and the going concern assumption is considered appropriate as it is based on the Board's view that concluding a long term and sustainable financial solution is achievable in the near term.