Prosafe

Q3 2023 Results

25 October 2023

Disclaimer

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Key events Q3 2023

Operations and backlog

- Utilisation of 52.3%, four out of seven vessels operating during the quarter
- Safe Eurus, Safe Notos and Safe Zephyrus on hire 100%
- Safe Concordia on hire in U.S. Gulf of Mexico from 9 August
- Good operating and safety performance on all vessels
- Order backlog at 30 September of USD 268 million

Financials

- Revenue of USD 32.8 million and EBITDA of USD 8.4 million
- Cash flow from operations of negative USD 14.0 million, impacted by working capital
- Capex for Safe Concordia, Safe Zephyrus and Safe Eurus of USD 5.7 million
- Liquidity of USD 49.0 million at quarter end

Market and outlook

- Favourable medium- and long-term demand outlook
- Controlling a significant share of open high-end accommodation capacity in 2024 and 2025
- North Sea operators planning significant maintenance/tie-in campaigns, particularly from 2025
- Strong demand in Brazil with further long-term contracts expected for high-end units which may absorb further capacity from North Sea/rest-of-world from late 2024 and onwards

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Operations

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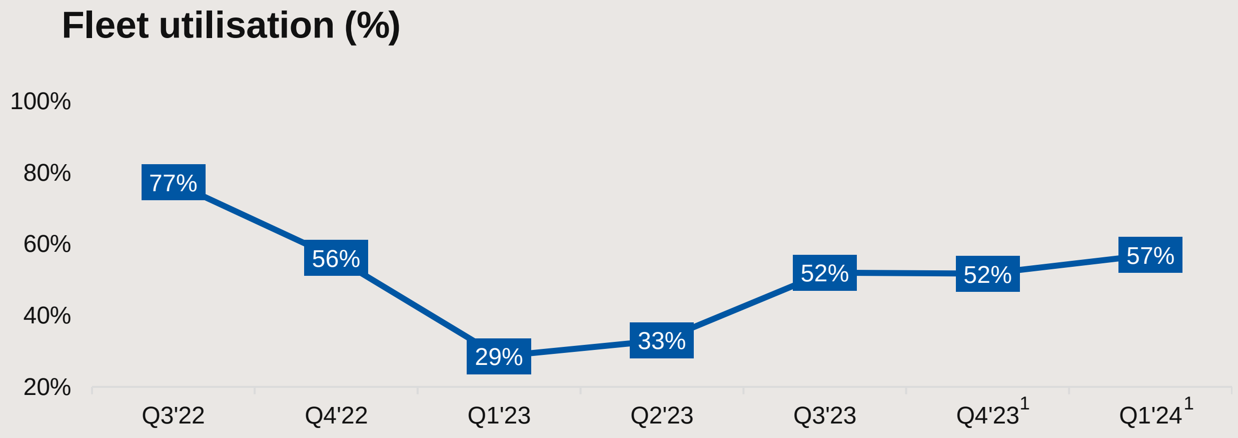
Good operating performance

- Safe Eurus, Safe Notos and Safe Zephyrus continued to work for Petrobras in Brazil
- Safe Concordia on hire in U.S. Gulf of Mexico from 9 August, received stand-by hire from 1 August
- Safe Boreas and Safe Caledonia laid up in Norway and UK, respectively, pending future work. Both vessels are marketed actively.
- TSV Safe Scandinavia laid up in Norway and actively marketed for both tender support and accommodation



1) Expected utilisation rate based on firm contracts

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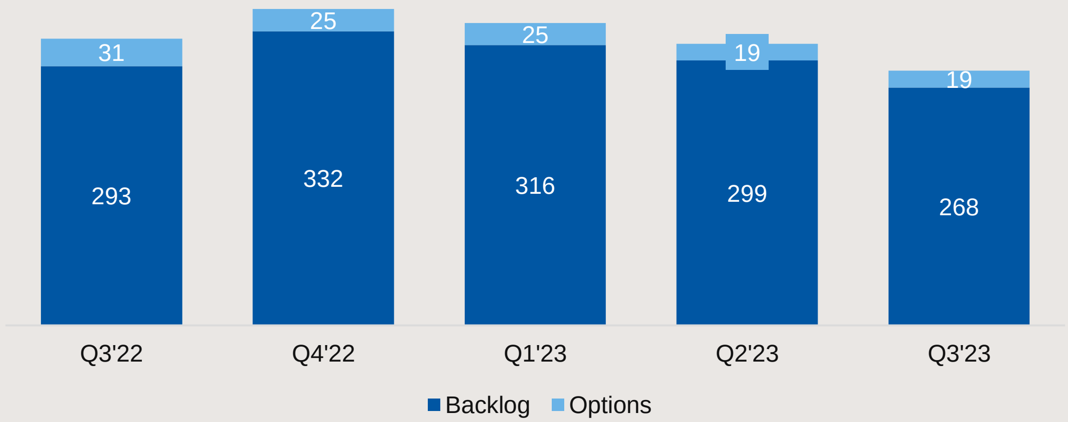
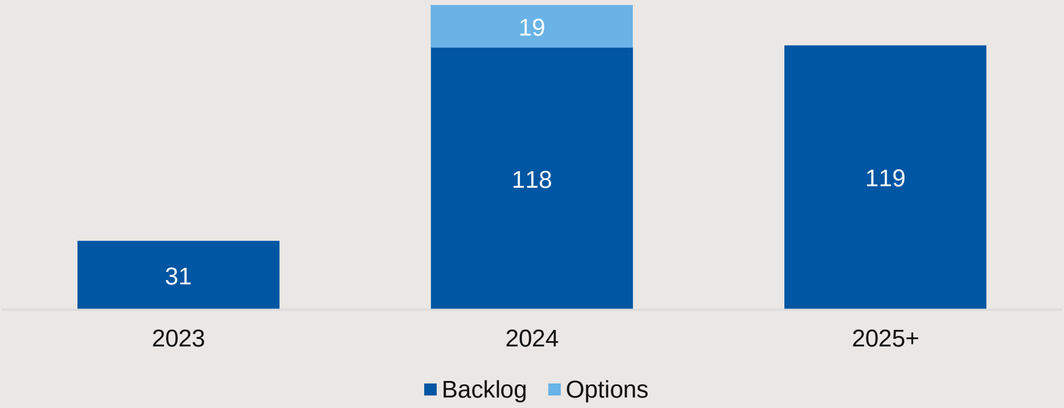
Stable backlog since Q3 2022

- Backlog of USD 268.2 million at end Q3
  - Reflecting Safe Eurus, Safe Notos, Safe Zephyrus and Safe Concordia contracts
- No additions to backlog in Q3

Order backlog (USD million)



Expected phasing of order backlog (USD million)



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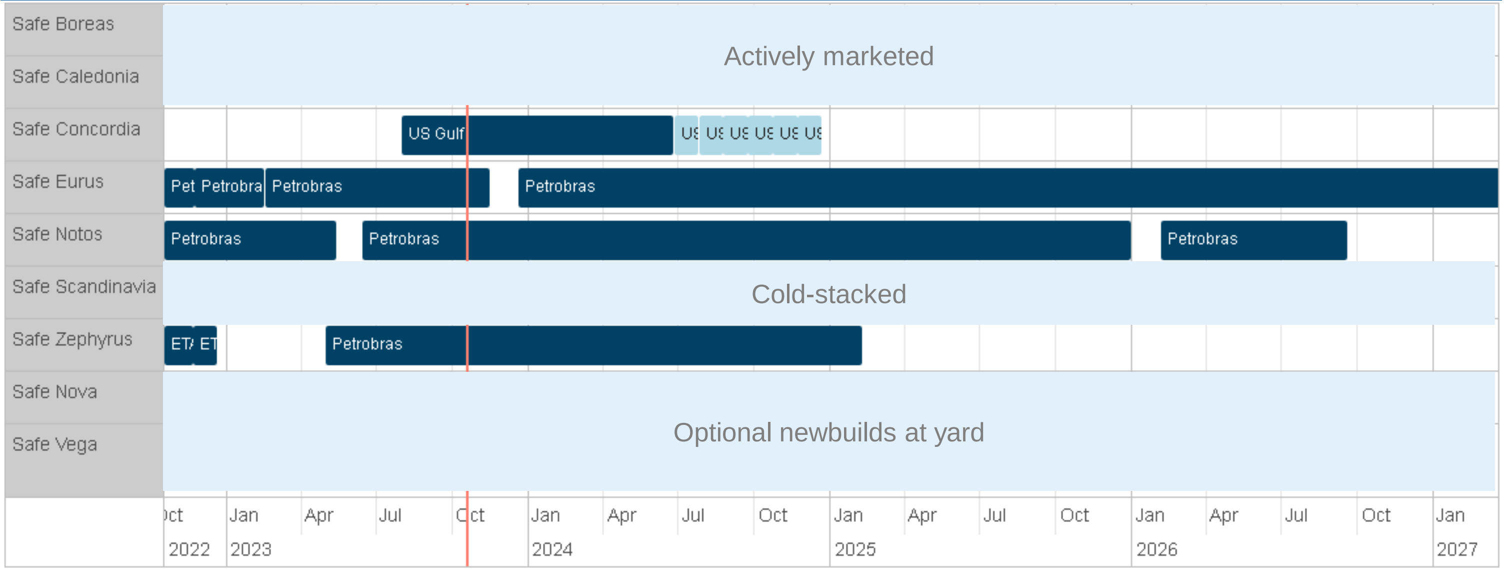
Utilisation improving with Concordia on hire

Contract overview



- Completed sale of old Regalia gangway for USD 1.7 million in Q3

2023 operational items

- **Safe Eurus:**
  - ~35 days off-hire in Nov/Dec 2023 for hull cleaning, Petrobras contract modifications and SPS
  - 2023: Expected capex[1] of USD ~6-7 million and all-in opex of ~3-4 million
- **Safe Concordia:**
  - On-hire from 09 August. Stand-by hire from 01 August
  - 330-day firm contract with 6 monthly options
  - Total combined contract preparation opex and capex cost of USD 30–32 million

1) Capex includes annual maintenance capex

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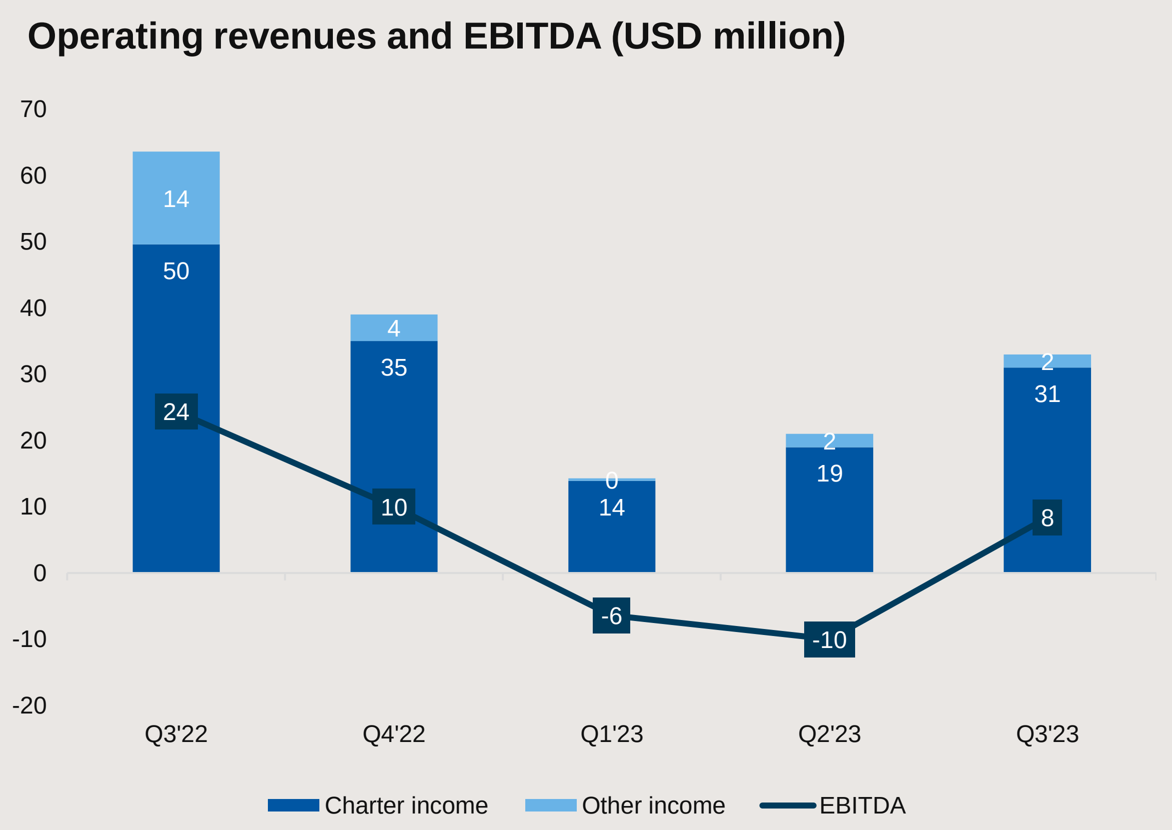
Financials

Operating revenues

- Charter income of USD 31.1 million in Q3, reflecting higher utilisation
  - USD 1.7 million gain on sale of Regalia gangway included as other revenue
- Good operational performance
  - 100% commercial uptime for Safe Eurus, Safe Notos, Safe Zephyrus and Safe Concordia since contract commencement



Income statement

- Operating result before depreciation (EBITDA) of USD 8.4 million
  - OPEX impacted by capitalised mobilisation costs in relation to Safe Concordia of USD 5.8 million in Q3
  - Includes gain from sale of Regalia gangway of USD 1.7m
- Higher interest expense due to rising interest rates

(Unaudited figures in USD million)	Q3 2023	Q3 2022	9M 2023	9M 2022	12M2022
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**

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Balance sheet

- Total assets of USD 472.9 million
- Cash position of USD 49.0 million
- Equity ratio of 2.8%
- Q3 NIBD[1] of USD 370.6 million whereof USD 3.4 million is short-term debt

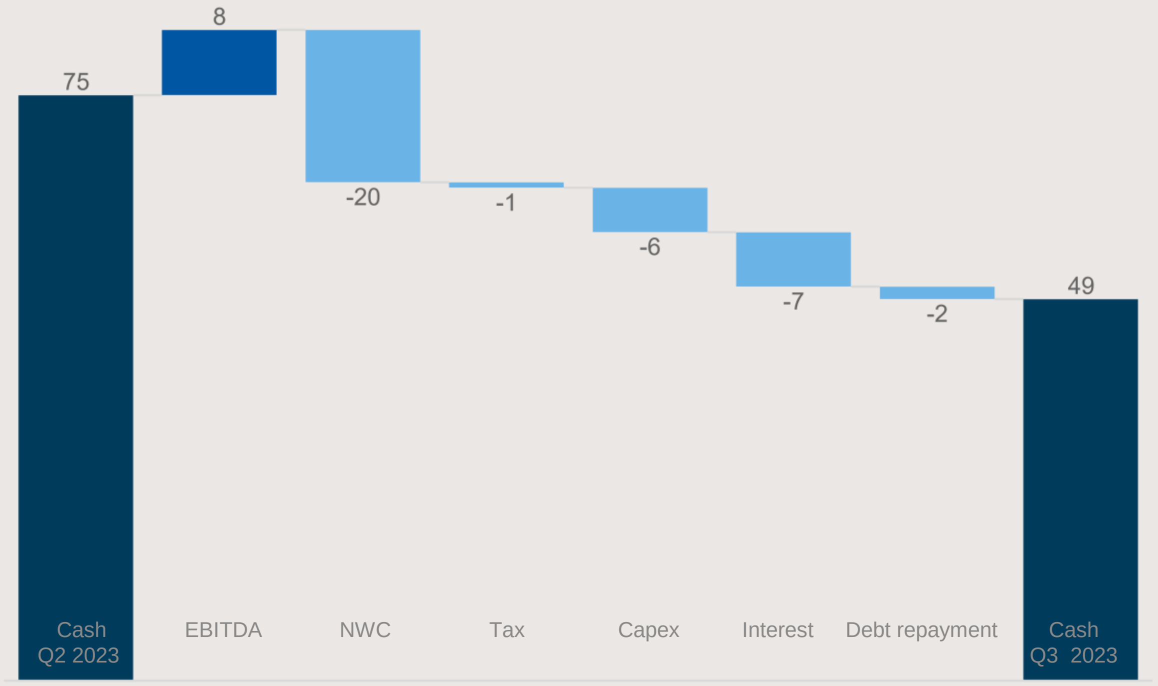
(Unaudited figures in USD million)	30.09.23	30.09.22	31.12.22
Vessels	388.9	383.2	376.8
New builds	0.0	0.0	0.0
Other non-current assets	1.2	1.3	1.2
Total non-current assets	**390.1**	**384.5**	**378.0**
Accounts and other receivables	26.8	39.8	24.1
Other current assets	7.0	4.4	6.3
Cash and deposits	49.0	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**

1) Net Interest-bearing is equal to Interest-bearing debt less cash. NIBD is reduced by a USD 10.4 million fair value adjustment of which USD 3.3 million is short-term

Operating cash flow in Q3 2023

- Operating cash flow of negative USD 14 million
- Capex spend of USD 6 million
- USD 6 million in capitalised mobilisation costs, USD 4 million increase in account receivable and accrued revenue, and USD 10 million decrease in accounts payable and other payables, negatively impacting NWC
- Higher interest expenses due to increased interest rates
- Cash position of USD 49 million at quarter end

Cash flow in the quarter (USD million)



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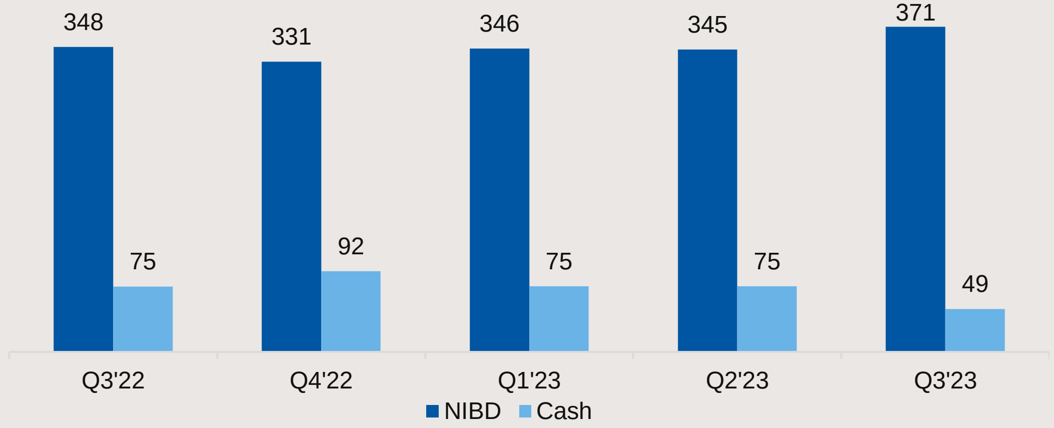
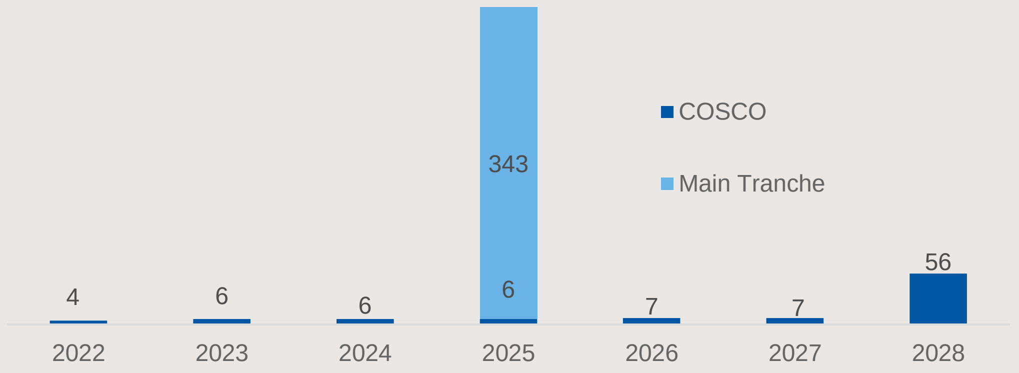
Debt profile with first major maturity end-2025

- Favourable terms on debt facilities with limited fixed amortization and low interest rate
  - Main-tranche: 2.5%+ Credit Adjustment Spread + SOFR, maturing 31 December 2025[1]
  - COSCO (Safe Eurus): 0% (increasing to 2% in 2026)
  - COSCO minimum amortization of USD 6 million
  - Quarterly liquidity covenant in 2023 of USD 23 million and USD 28 million from 2024
  - Year-end cash sweep if 12 month forward looking liquidity balance >USD 67 million
- Major corporate actions including M&A, new indebtedness, waivers and delivery of new vessels require 2/3 approval by the lenders

NIBD development (USDm)



Debt maturity profile (USDm)



1) Change from LIBOR to SOFR resulted in a Credit Adjustment Spread of 0.26%

Market and outlook

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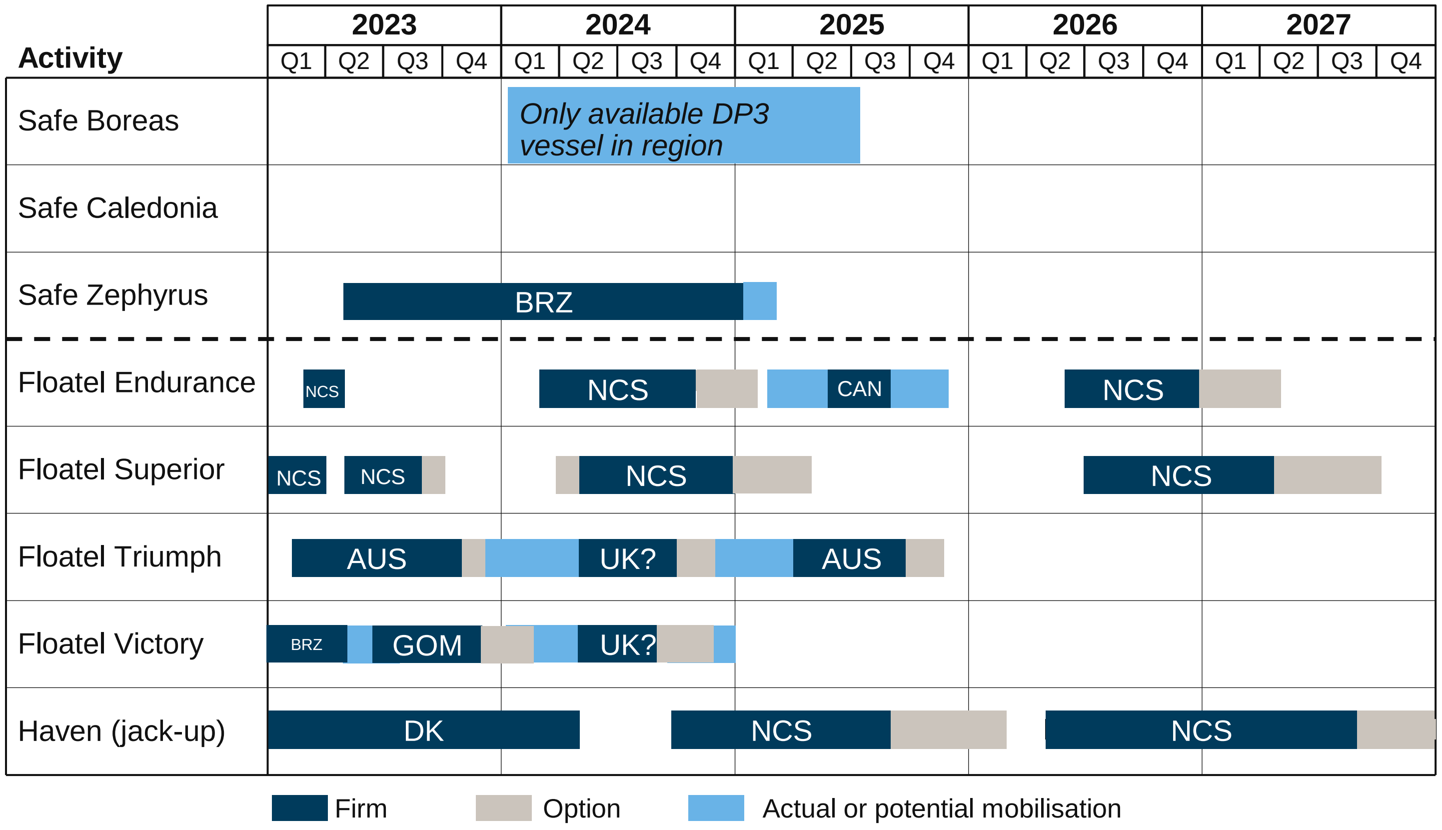
Tight North Sea market as clients plan significant campaigns for 2025

North Sea capable accommodation rigs (UK+NCS)[1]



- Safe Boreas only DP3 semi in region available for 2024 summer work, low visibility on demand
- Controlling most of open capacity in 2025 and 2026 adjusted for vessel location/mobilisation
- Operators are planning significant maintenance/tie-in campaigns for 2025 and beyond, discussions ongoing
- Additional long-term work in Brazil for high-end units could reduce available capacity further from H2'24 and 2025
- Upside potential in rates from latest high fixture of USD 190,000 per day

1) Source: Prosafe, company and market reports

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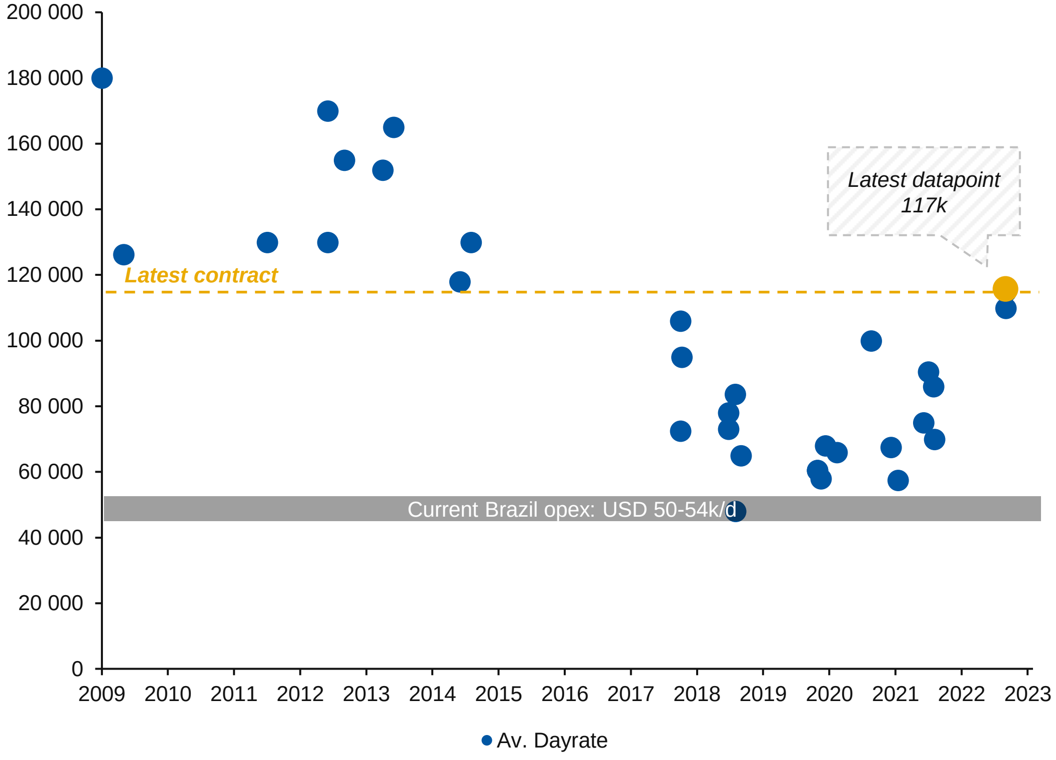
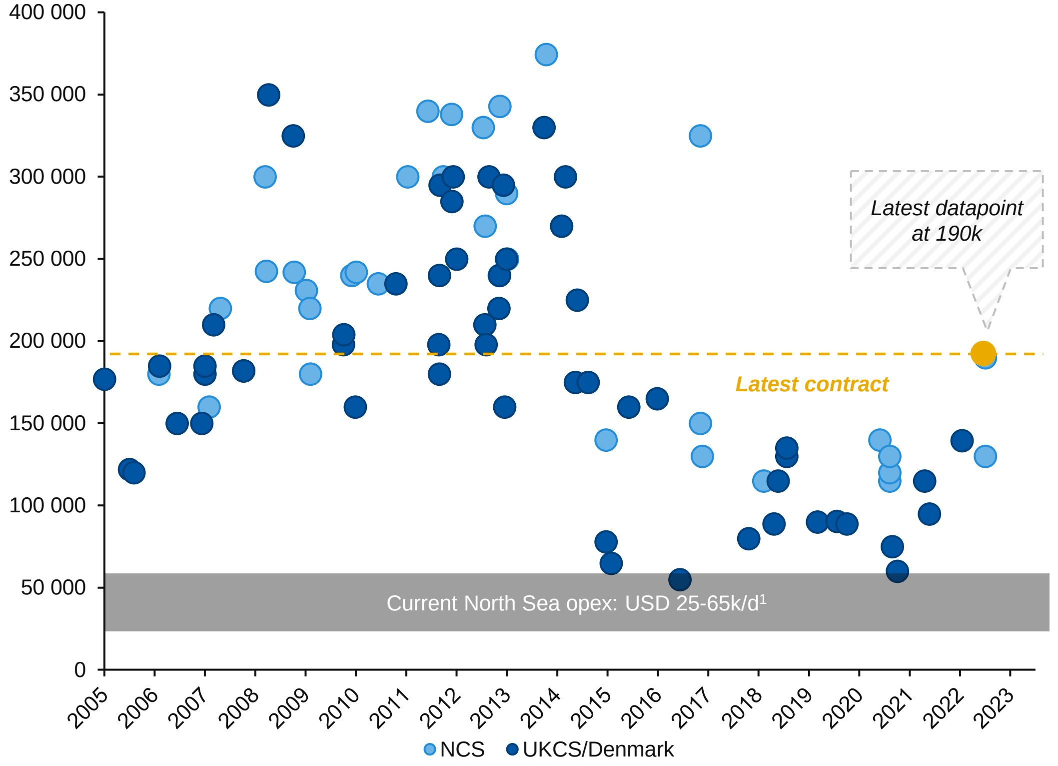
Day rates are picking up as the market is tightening

Brazil day rate development (USD/d)



Avg day rate of USD 130k/day would equate to approx. USD 30m EBITDA

North Sea day rate development (USD/d)



Avg day rate of USD 250k/day for 6 months[2] would equate to approx. USD 36m EBITDA

[1] Depends on region and if the vessel is moored, DP or non-DP
[2] Assuming only summer work in the North Sea

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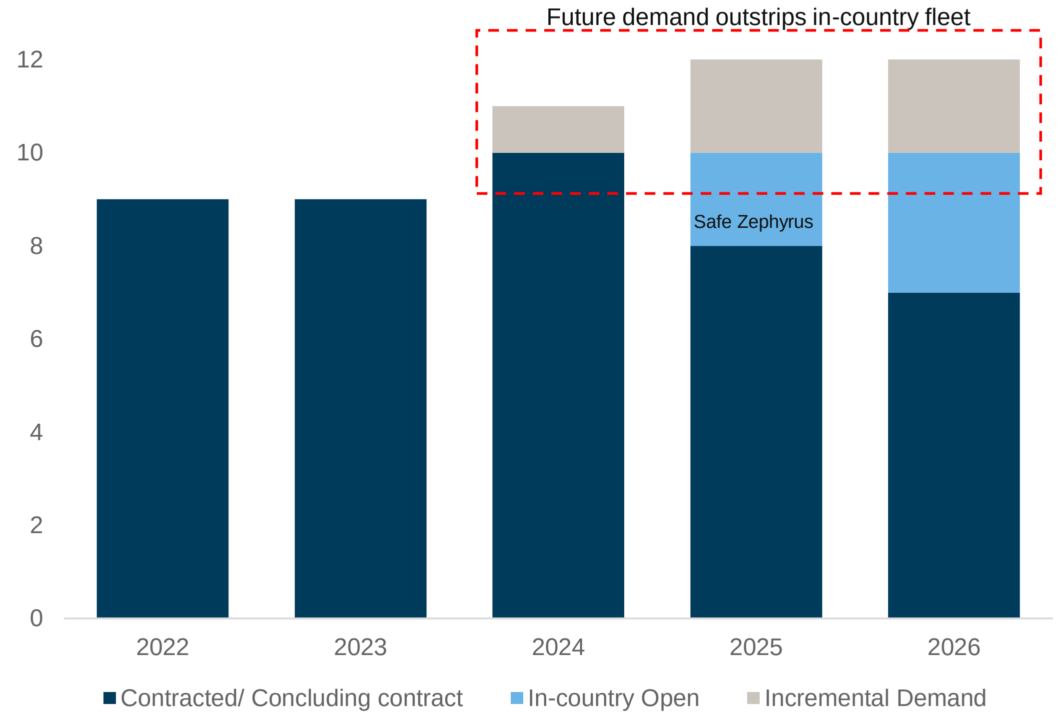
Improving Brazil market with in-country units re-contracted at near double day rates and increased durations

Brazil market balance (units)[1]



- 4 major Petrobras tenders pending award
- Further tenders expected from Petrobras and other operators late 2023 with start-up from late 2024
- Incremental demand likely to favour high-end units
- Potential "sold out" position emerging with additional vessels required from the North Sea or other regions

Winning bids – recent Petrobras Brazil tenders in 2023[2]

	Day rates (USDk/d)			Duration (years)	
	New	Old	Change	New	Old
POSH Arcadia	115	60.5	+ 90%	4	3
POSH Xanadu	115	-	Est. + 90%	4	3
Aquarius Brazil	110	66	+ 69%	4	1.7
CSS Venus	117	-	Est. + 90%	1.6	0.5
Average day rates + 85%				**Average duration + 67%**	

1) Source: Prosafe, market reports
2) Source: Petrobras, market reports

FPSO growth in Brazil drive increased accommodation demand

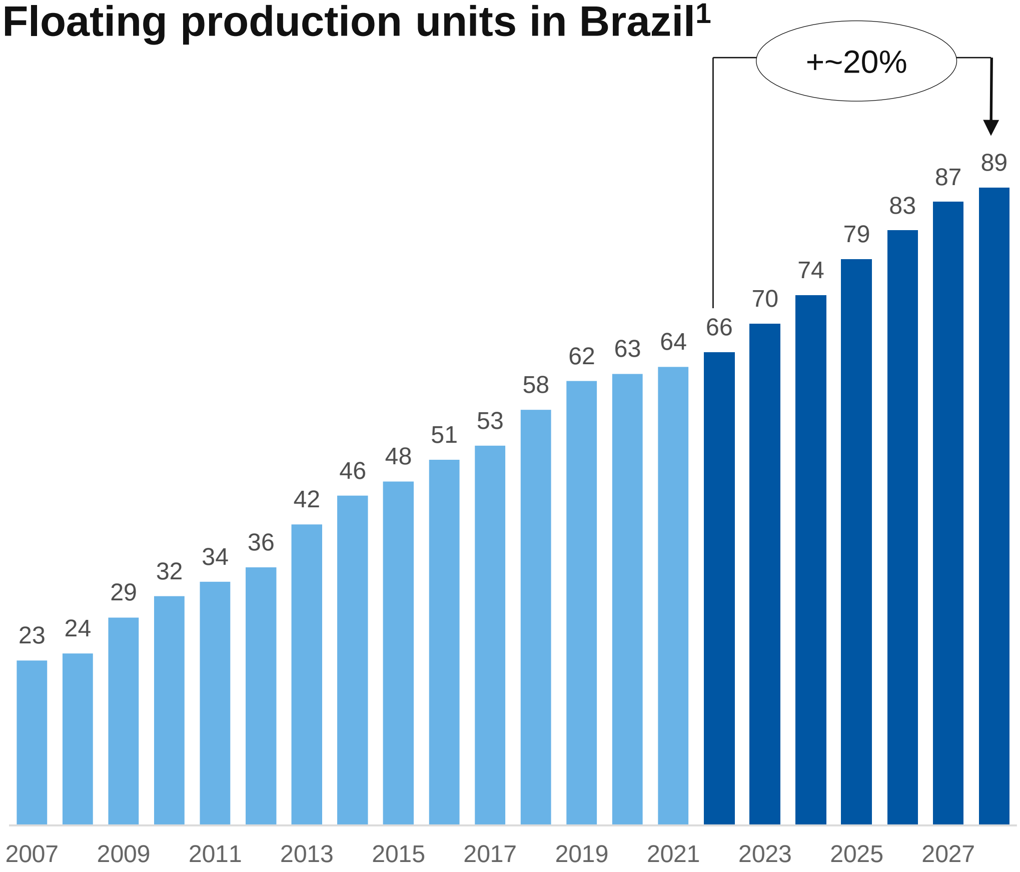
- Petrobras and other E&P companies increasing investments to drive oil production growth
- Petrobras to install 23 new FPSOs by 2030 (18 are part of Strategic Plan 2023-27), decommission older units
- FPSOs require maintenance after ~2 - 5 years, new and large units favor high-end accommodation rigs
- At least 2 tenders for high-end vessels expected in 2023 with start-up from 2H'24 onward

A two-tier market in Brazil

High-end serving large FPSOs

Mid-range serving older assets

Floating production units in Brazil[1]



1) Includes FPSOs, semi-submersible production units and TLPs. Source: Pareto Securities Research, Petrobras Strategic Plan 2023-27

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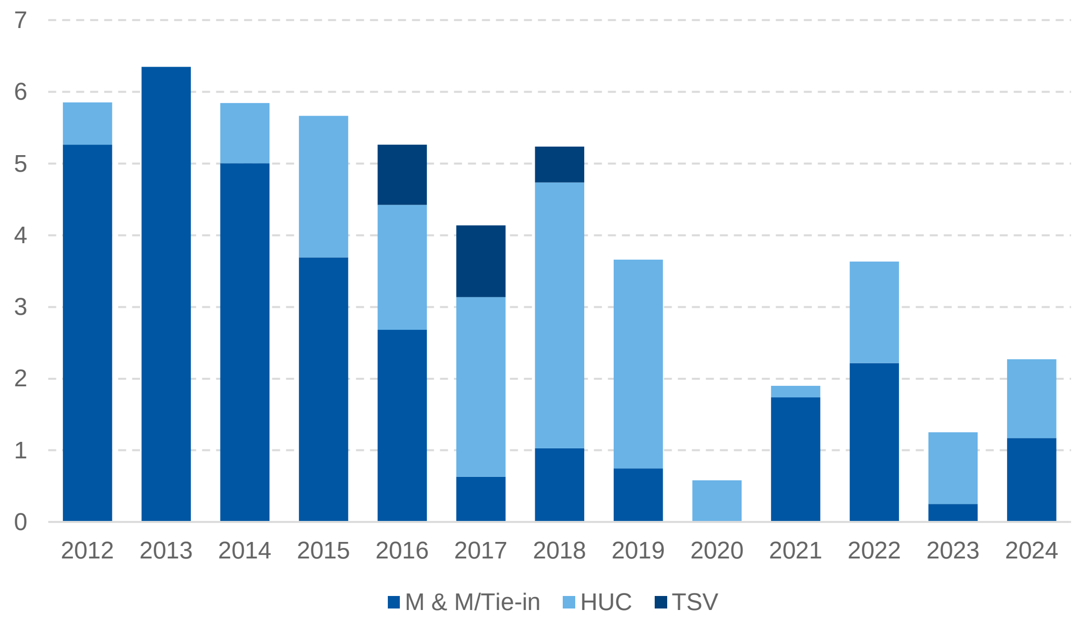
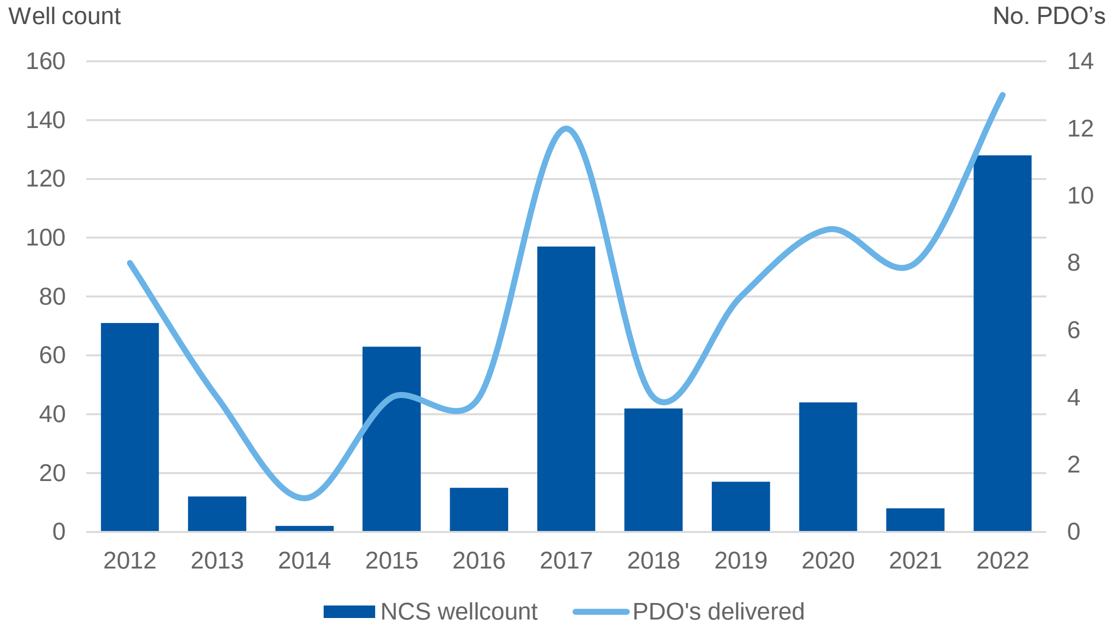
Expecting significant up tick in North Sea activity on back of record number of newly sanctioned Norwegian projects

North Sea activity (# of vessel years)



- Activity returned to the North Sea in 2022 on back of catch-up in maintenance works
- Slow 2023 before ramp up of activity from 2024 and onwards

Historical PDO's[1)] delivered and well-count on the NCS



- Number of PDO's[1)] delivered is reaching all-time highs after a temporary tax incentive schemes for PDO's delivered before YE'22
- 13 PDOs have been sanctioned so far in 2023
- Higher maintenance and tie-back activity in the UK and Norway, particularly from 2024 and 2025 onwards

1) Plan for Development and Operation
Source: Prosafe, Pareto Securities Equity Research, Clarksons, Petrobras, IEA

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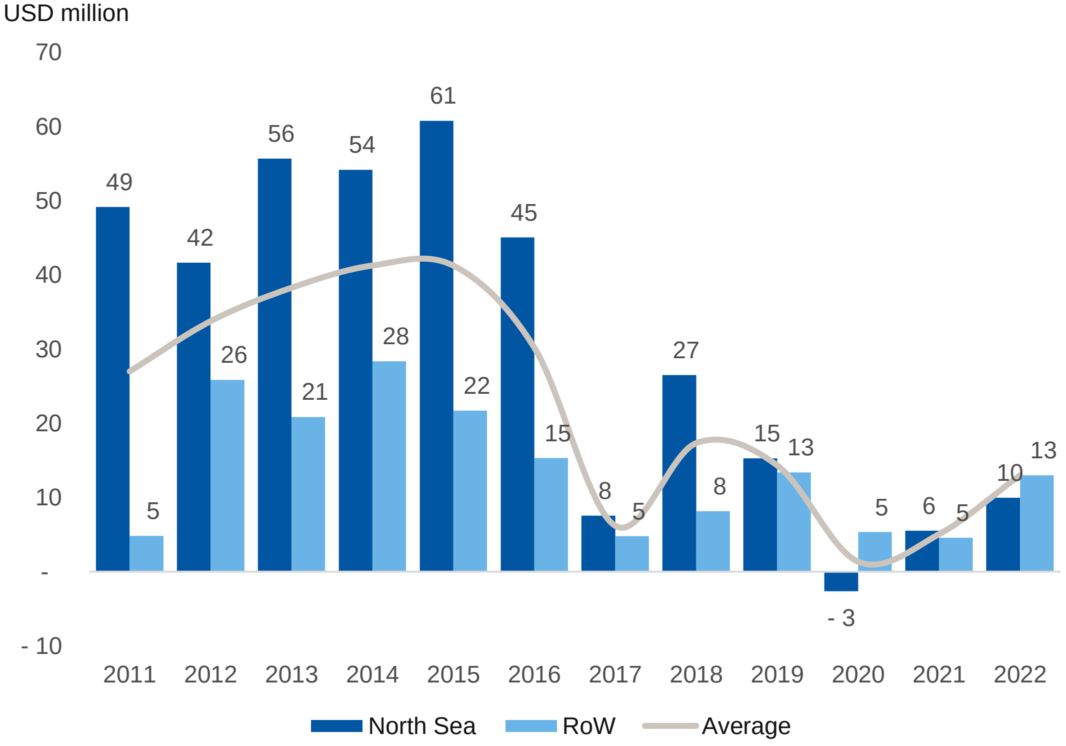
Indicative earnings potential in an improving market

Current fleet EBITDA potential

USD million	Current market *	Average[1] 2011-22	Average[1] 2011-16	Peak[1] 2014-15
EBITDA/vessel	17	22	35	41
# of vessels on long-term charter in Brazil	2	2	2	2
# remaining fleet[2]	5	5	5	5
EBITDA ex. long term charters	86	110	175	205
EBITDA Safe Eurus & Safe Notos	24	24	24	24
Selling, General & Administrative (SG&A)[3]	(17)	(17)	(17)	(17)
Illustrative EBITDA	**93**	**117**	**183**	**212**
Current NIBD/EBITDA [4]	**4.0x**	**3.1x**	**2.0x**	**1.7x**

* Based on latest observable and relevant fixtures

Historical EBITDA/vessel[1] for Prosafe vessels per region



1) Excluding Mexico and Safe Scandinavia during TSV operation; 2) Excludes newbuilds Nova and Vega; 3) Expected underlying SG&A run rate, 4) NIBD as per Q3'23, Calculations exclude potential mobilisation and reactivation costs

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Summary

Summary

- Good operating and safety performance on all vessels, with 4 vessels on hire during the quarter
- Utilisation expected to remain above 50% in Q4 and into 2024
- Positive development in mid-and long-term demand drivers in Brazil and North Sea (UK and Norway)
- Prosafe controlling a significant share of open high-end accommodation capacity in 2024 and 2025 in improving market

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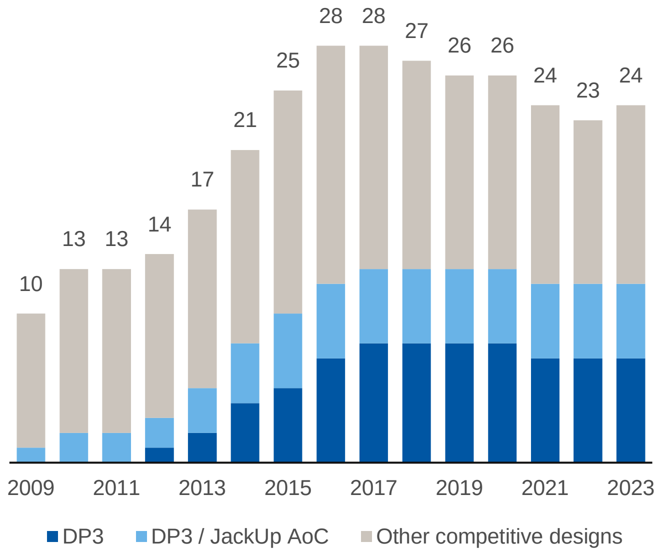
Appendix

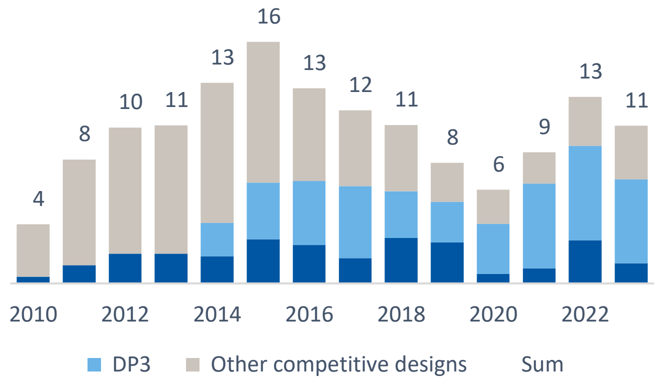
Significant tightening of market balance for high end vessels

Stable fleet[1]



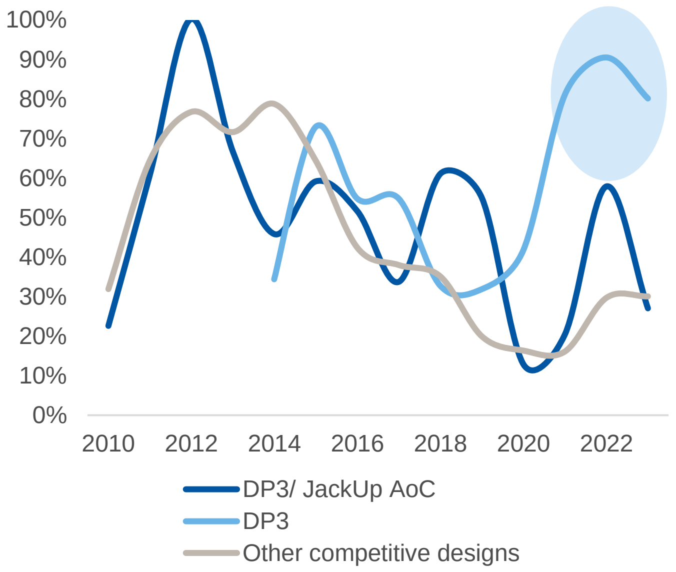
- Older less competitive vessels were recycled during market downturn in 2016-2020. Deliveries since 2020:
  - 1 new DP3 monohull in 2023
- Limited orderbook, Prosafe controlling the high specification vessels:
  - 2x DP3 semis (Safe Nova and Safe Vega)
  - Non-DP3 vessels in orderbook: 1 jack-up

Increasing demand (# of vessel years)[1]



- High activity in 2022
- Slower 2023 market materializing as expected
- Overall increased oil and gas activity reflecting the early phase of a likely new long-term investment cycle

Global accommodation vessel utilisation[2]



- Market utilisation of high specification accommodation vessels increasing to over 70% in 2022
- COVID19 left the market in standstill with utilisation of high-spec DP3 units below 30% and the remaining market bottomed out at approx. 10% utilisation
- Peak total utilisation in 2011-14 period of ~70%

1) *DP3 = DP3 semis or equivalent. Excluding Mexico vessels. DP3 / Jackup AoC = DP vessels with Acknowledgement of Compliance for Norway operation and includes Haven Jack-up*
2) Source: Prosafe, excluding Mexico

Option to take delivery of two newbuilds available at yard

- Prosafe has option to take delivery of the only two DP3 newbuild semis available at yard
  - 500 POB and suited for Petrobras requirements
  - Long-term contracts at higher than prevailing day rates required to justify delivery
  - Ongoing dialogue with the yard on how to facilitate delivery in expected future Petrobras tenders
  - Typhoon in late September 2022 caused material damage that must be repaired prior to delivery
  - The yard is in the process of undertaking repairs

Agreed delivery terms with COSCO (under discussion):

- Remaining purchase price for vessels:
  - $210m (Nova), $212m (Vega), total $422m, includes mobilisation costs of ~$20m each
- Funding at favorable credit terms:
  - Sellers Credit: $165m (Nova), $167m (Vega)
  - Cash/equity requirement: $45m (Nova), $45m (Vega), total for both vessels of $90m

Fixed interest rate mechanism

Average day rate	Year 1-2	Year 3-5	Year 6 to maturity
< USD 99k	-	-	2 %
USD 100k - 124k	-	2 %-3%	3 %-5%
USD 125k - 149k	-	3 %-4%	5 %-8%
> USD150k	-	4 %	8 %

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Analytical information

Item	2023 (USDm)	Comment
SG&A	~17-18[1]	In a tightening market SG&A is likely to increase somewhat
Depreciation	~30-33	Straight line depreciation
Interest expense	~30	Exposed to rising interest rates
Tax	~2	Norwegian deferred tax asset base of USD 1.7bn, local and contract specific taxes
Net working capital build	~10-20	Unwind of sales and increasing payables in H1 2023, followed by sales ramp up and payables unwind in H2 2023
Maintenance / contract specific capex	~35-37	Capex in 2023 mainly for Safe Eurus, Safe Notos, Safe Concordia, Safe Zephyrus.

1) Expected underlying run rate level

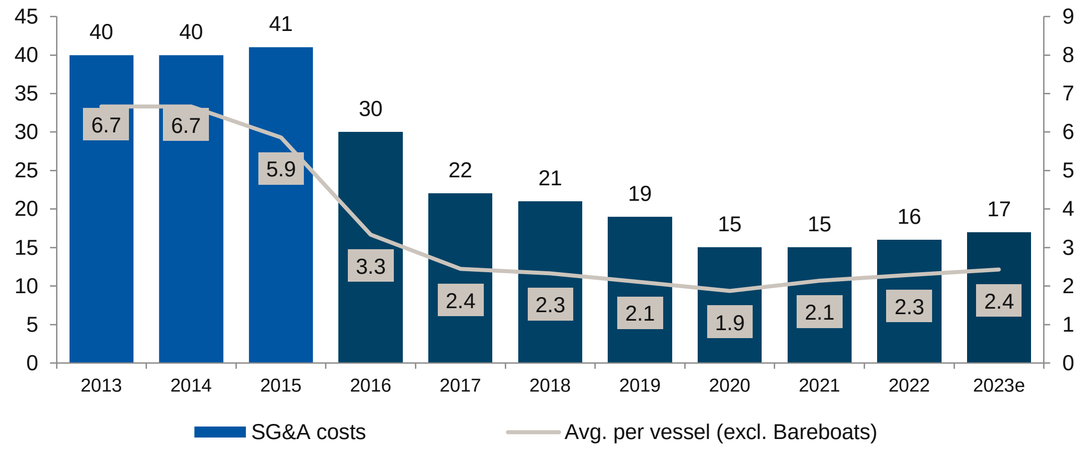
Prosafe recent firm period fixtures

Vessel	Client	Award date	Start	Finish	# months	Region	Positioning	Work type	Day rate	Total Award
Safe Zephyrus	Petrobras	Des-22	May-23	Feb-25	21	Brasil	DP	H & M	$112 500	$73 125 000
Safe Concordia	Confidential	Oct-22	Jul/Oct-23	Jun/Sep-24	11	US GoM	DP	HUC	$93 500	$33 364 900
Safe Eurus	Petrobras	Jun-22	Mar-23	Mar-27	48	Brasil	DP	M & M	$86 000	$125 560 000
Safe Boreas	RepsolSinopec	Jun-22	Sep-22	Oct-22	1	UKCS	DP	M & M	$139 500	$3 729 500
Safe Notos	Petrobras	May-22	Oct-22	Sep-26	48	Brasil	DP	M & M	$75 000	$109 500 000
Safe Concordia	bp	Feb-22	Mar-22	Aug-22	5	Trinidad	DP	HUC	$121 500	$19 440 000
Safe Notos	Petrobras	Nov-21	Nov-21	Jul-22	8	Brasil	DP	M & M	$67 500	$16 200 000
Safe Caledonia	TotalEnergies	Oct-21	Mar-22	Dec-22	9	UKCS	Moored	M & M	$95 000	$26 340 000
Safe Zephyrus	bp	Sep-21	Jan-22	Nov-22	10	UKCS	DP	M & M	$115 000	$35 960 000
Safe Boreas	CNOOC	Jan-21	Apr-21	Jul-21	3	UKCS	DP	HUC	$75 000	$8 500 000
Safe Concordia	McDermott	Dec-20	Jul-21	Oct-21	4	Trinidad	DP	HUC	$84 000	$10 828 000
Safe Notos	Petrobras	Nov-20	Nov-20	Nov-21	12	Brasil	DP	M & M	$68 000	$25 363 000
Safe Boreas	ConocoPhillips	Oct-20	May-22	Jul-22	3	NCS	DP	Tie-in	$140 000	$13 600 000
Safe Caledonia	TotalEnergies	Jul-19	Mar-21	Aug-21	5	UKCS	Moored	M & M	$90 000	$15 580 000
Safe Eurus	Petrobras	May-19	Nov-19	Nov-22	36	Brasil	DP	M & M	$73 100	$80 044 500
Safe Zephyrus	Shell	Dec-18	Feb-21	Aug-21	4	UKCS	DP	M & M	$138 000	$17 770 000

Source: Prosafe

SG&A and Opex increasing driven by inflationary pressure

SG&A[1] cost development (USDm)



- Adapted cost base and structure to be more flexible
- Reduction in number of active vessels (from 14 to 7)
- Reduced onshore headcount (from ~150 to 60)
- Further re-organization of the group and improvements in systems and processes expected to have short term one-off cost while improving long term SG&A profile

Opex per day (USDk/day)

UK (DP – Boreas/Zephyrus)	$35 – 45k
UK (Moored - Caledonia)	$25 – 30k
Brazil**	$50 – 54k (incl. fuel)
Norway (DP – Boreas/Zephyrus)	$60 – 65k
RoW (Concordia)	$35 – 45k
US GoM (Concordia)***	$45 – 50k
Scandinavia (cold)	$2.5 – 3k
Stacking (warm)*	$10-20k

1) Excluding one-off costs. *Ramp-up and ramp-down of approx. 3 - 4 weeks before and after contract at full operational cost. Stacking cost highly dependent on time in lay-up and region. **Excluding amortisation of mobilisation cost. Including approximately $5 to 10 per day in fuel cost. ***Excluding amortisation of mobilisation cost

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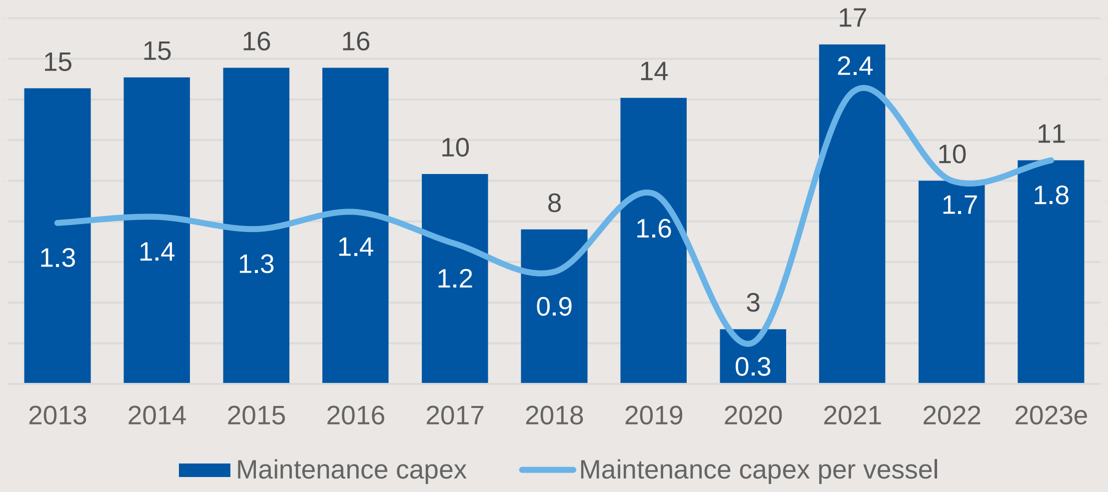
Historic SPS and maintenance capex

- Maintenance capex of ~USD 1-2 million per vessel per year. Higher in Brazil than North Sea and increasing over time
- 5-year SPS cost of USD 5 to 7 million per vessel, excluding life extension works
- 10-year thruster overhaul cost of USD 6 to 7 million may be required in the future
- SPS usually takes 1-2 months to complete and is targeted to be completed in off hire season in North Sea or between contracts in Brazil
- Reactivation of Safe Scandinavia is estimated to require USD ~20 million. Cost is highly dependent on whether for accommodation, TSV and contract location

SPS and maintenance capex (USDm)[1]



SPS Schedule

	2022	2023	2024	2025	2026
Boreas				Or 2024 before contract	
Zephyrus					
Eurus		Nov/Dec			
Notos					
Caledonia			*Before contract*		
Concordia				*Before contract*	
Scandinavia		*Currently layup*			

1) 2021 includes USD 11m for SPS for Boreas and Zephyrus
2) 2023 excludes USD 24m for Concordia and Zephyrus in mobilisation cost and contract compliance work

Prosafe

Tax

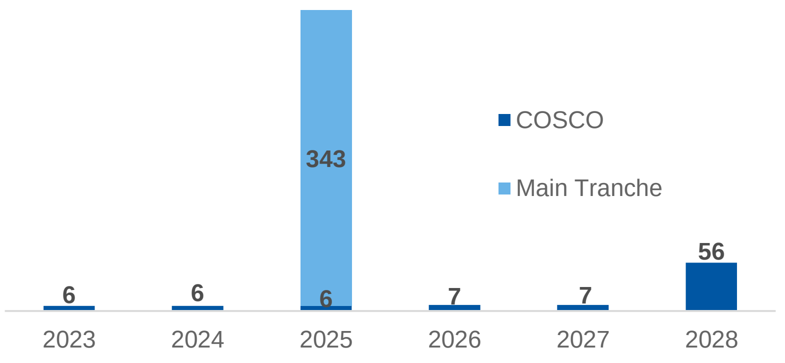
- Prosafe SE is a permanent tax resident in Norway. As at end 2022, the company has a base for deferred tax assets of approximately USD 1.7 billion, which can be utilized as tax deduction in the future and is not recognized in the accounts
- The company will from time to time operate in countries where local taxes will apply. These taxes are included in the opex assumptions in this presentation where applicable. In relation to the historical Concordia contract in Trinidad and Tobago, a tax provision of USD 6 million is provided for in the 2022 accounts
- Prosafe and OSM Thome have jointly received a Tax Assessment from the Brazilian Tax Authorities imposing import taxes and customs penalties related to the challenging of the special customs regimes used to import the Safe Concordia for the Modec contract in the period from October 2018 to July 2019. Prosafe presented an administrative defense on 11 August 2023, challenging the view of the Brazilian Tax Authorities. Based on external advice, Prosafe is of the view that the enquiry has no merit, hence it has not made any provisions in the financial statements

Outstanding debt

Two tranches

	Main tranche	COSCO Sellers Credit
Outstanding debt	$343m (250m + 93m Notos)	$93m
Pledged vessels	Boreas, Zephyrus, Caledonia, Concordia, Scandinavia, Notos	Eurus
Interest rate	SOFR + Credit Adjustment Spread* + 2.5%. Unhedged	0% (increase to 2% from 2026)
Amortizations	Cash sweep above $67m forecasted liquidity on 12-month forward basis	50-50 EBITDA split. Minimum $6m/year, $7m/year from Q3 2026
Maturity	2025	~Q3 2028 or when debt reaches ~$50m
PCG	PSE fully liable	$60m
Financial Covenant	2022 cash > $18 million 2023 cash > $23 million 2024 cash > $28 million	
	Cash held in the COSCO tranche shall be deducted when calculating compliance with the cash covenant. At 30 September, approximately USD ~5.2m was held in the COSCO tranche	*Newbuilds (Nova and Vega) could be added to the COSCO silo* *Delivery of newbuilds requires 2/3 approval of lenders in main tranche*
	Major corporate actions including M&A, new indebtedness and delivery of new vessels require 2/3 approval by the lenders	

Debt maturity profile



Ringfenced structure with annual upstreaming to main tranche.

Cash flow on COSCO tranche coming from Safe Eurus which is contracted with Petrobras to 2027

*Change from LIBOR to SOFR resulted in a Credit Adjustment Spread of 0,26%

Prosafe

Prosafe

We are headquartered in Norway and have offices in the UK, Brazil and Singapore

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