

SIEM OFFSHORE INC.
REPORT FOR THIRD QUARTER AND FIRST NINE MONTHS 2023



On 31 October 2023 – Siem Offshore Inc. (the “Company”; Oslo Stock Exchange: SIOFF) announces results for third quarter and first nine months ended 30 September 2023.

SELECTED FINANCIAL INFORMATION

	2023	2022	2023	2022	2022
	3Q	3Q	Jan-Sep	Jan-Sep	Jan-Dec
<i>(Amounts in USD millions)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenues	85.6	73.7	250.9	210.0	274.3
Operating margin	41.5	34.1	124.4	83.0	103.8
Operating margin, %	48%	46%	50%	40%	38%
Operating profit (loss)	24.1	17.5	72.8	33.8	39.4
Net profit (loss)	12.3	10.2	73.0	36.4	27.7
Net profit (loss) attributable to shareholders	13.4	9.9	74.5	37.4	30.9
Net cash flow before debt repayment	20.5	27.2	73.3	39.0	60.0
Net interest bearing debt	405.3	489.6	405.3	489.6	474.0
Repayment of interest bearing debt	32.3	13.8	66.2	40.3	55.0
Contract Backlog	367.7	462.4	367.7	462.4	441.7
Total Equity	423.6	356.3	423.6	356.3	359.4
Cash and Cash equivalents	99.8	88.9	99.8	88.9	94.9

HIGHLIGHTS FOR THE THIRD QUARTER

- Secured a medium-term contract for two of our AHTS vessels, “Siem Aquamarine” and “Siem Amethyst” for a major operator in Australia with commencement in late 2023.
- Awarded a contract extension for the AHTS “Siem Topaz” with a local client in Taiwan, ensuring continued operations into Q4 2024. The vessel will continue to be employed within the offshore wind industry.
- Awarded a contract extension for the MPSV “Siem Dorado”, securing utilization for a period reaching towards the end of Q2 2024.

MARKET AND OUTLOOK

The third quarter was good in most regions and for most segments, but the AHTS segment is still challenging.

The North Sea spot market has been relatively strong for the PSVs, with good rates throughout the quarter, which was reflected in the few medium and long-term contracts concluded.

The AHTS market did not experience the increased summer activity that was expected, which resulted in lower utilization and correspondingly reduced day rate levels for the North Sea tonnage.

South-East Asia and Australia saw increased activity, but struggled with few and short campaigns. This resulted in low utilization, especially for the AHTS segment.

The Offshore Construction fleet had full utilization throughout the period at high daily rates.

The expected increase in activity around the world continues to strengthen, backed by a high oil price. We reiterate our positive view that our young and advanced fleet will be in demand for many years to come.

For almost all OSV segments, there is an increase in numbers of multi-year contracts hitting the market, which is a strong signal that charterers are positioning themselves strategically to reduce the risk of not having control over capable assets to carry out already booked projects and planned campaigns in the coming years.

The Company has several vessels in a position to target long-term opportunities within the PSV, AHTS and OCV segments, which is considered to be beneficial in a rising market.

The long-term outlook for our OSV fleet continues to strengthen due to need for adequate and secure energy supply. The renewable energy segment is also under parallel pressure to increase production, in addition to the long-term transition for a more sustainable energy production perspective. The Company is well-positioned to compete with its peers based on its modern fleet, relatively strong balance sheet, quality backlog, strong operating record, positive reputation and its proven ability to provide employment on a global scale both within the fossil and renewable energy segments.

RESULTS AND FINANCE

Income Statements (3Q 2023 over 3Q 2022)

Operating revenues were USD85.6 million (2022: USD73.7 million). The operating margin was USD41.5 million (2022: USD34.1 million). The increase in revenues and margin from 3Q 2022 was caused by uplift in charter rates, generated by increased demand for OSV vessels. Administrative expenses were USD5.1 million (2022: USD5.2 million).

Operating profit/(loss) was USD24.1 million (2022: USD17.5 million) after depreciation and amortization expenses of USD17.4 million (2022: USD16.6 million).

Net financial items were USD-11.8 million (2022: USD-7.7 million) and include a net revaluation gain/(loss) of non-USD currency items of USD-5.3 million (2022: USD-3.8 million), of which USD-2.3 million was unrealized (2022: USD-3.2 million). The financial expenses were USD8.1 million (2022: USD4.4 million). Non-USD currency items are held to match short- and long-term liabilities in similar currencies.

The net profit/(loss) attributable to shareholders was USD13.4 million (2022: USD9.9 million), representing USD0.06 per share (2022: USD0.04 per share).

Statements of Financial Position and Cash Flows

Shareholders' equity was USD428.8 million before non-controlling interest on 30 September 2023 (31 December 2022: USD363.1 million), equivalent to USD 1.80 per share (2022: USD 1.52 per share). Non-controlling interest is USD -5.2 million. Total equity ratio was 42% (31 December 2022: 35%). Net cash flow from operating activities for the first nine months 2023 was USD90.3 million and the cash position on 30 September 2023 was USD99.8 million.

The gross interest-bearing debt was equivalent to USD505.1 million. In the first nine months 2023, the Company made principal repayments of USD66.2 million. In the same period, the Company made interest payments of USD18.6 million.

The weighted average cost of debt for the Company was approximately 6.7% p.a. on 30 September 2023 (30 September 2022: 4.7%). The Company has no debt-related derivatives such as interest rate swaps and cross currency swaps. 37% of interest-bearing debt has fixed interest rate.

The share capital is USD238.852 million, representing a total of 238,852,052 shares with a nominal value of USD1.00 per share.

Health, Safety, Environment & Quality (HSEQ)

The Company has not experienced any serious injuries nor any serious environmental incidents in the third quarter of 2023.

The quarterly HSEQ Environmental campaign has focused on "Ship Energy Efficiency in Everyday Life Onboard". This has been rolled out to the whole fleet, to all offices and to clients.

The increased frequency of long-term contracts gives opportunities for closer cooperation between the Company and our partners – to provide a safe workplace for all our employees, clients and subcontractors.

Feedbacks from clients are excellent, which reflect professional crew and a well-developed safety culture throughout the Company.

Ethics, Compliance, and Integrity are key to our business; Siem Offshore is committed to carrying out its business in an ethical manner and in strict compliance with applicable laws wherever we operate. This has been a focus area also in Q3, where we have further earned the trust of our clients, business partners, suppliers, and other stakeholders by acting consistently and reliably in accordance with these principles.

The Fleet

On 30 September 2023, the fleet totaled 27 vessels (2022: 28 vessels), including partly owned vessels. 2 vessels were in lay-up at the end of the quarter (2022: 3). In addition to the owned fleet of 27 vessels, the Company performs ship-management services for 3 vessels. The overall fleet utilization in the quarter was 87% (2022: 93%), excluding vessels in lay-up.

Results for the Third Quarter 2023

Re-arranging of segments

As from 1 January 2023, the reporting segments have been changed, in order to reflect how the management is following up the segments. The Scientific Core-drilling segment has been included in the segment OSCV and WIV, and the segment was renamed and is now referred to as Subsea. The Canadian-owned AHTS fleet segment is now included under the segment AHTS. The Brazilian-flagged fleet segment was renamed and is now referred to as Fast Crew & Oil Spill Recovery Vessels. The comparable figures of previous periods have been updated.

Platform Supply Vessels (PSVs)

The Company had 6 PSVs in the fleet at the end of the quarter (2022: 6). The PSVs recorded operating revenues of USD13.4 million and had 97% utilization (2022: USD10.8 million and 100%). The operating margin before administrative expenses for the PSVs was USD5.7 million (2022: USD3.6 million). The margin was increased from 2022 mainly due to increased charter rates.

Subsea Vessels

The Company had 4 Offshore Subsea Construction Vessels (OSCVs), 2 Well-Intervention Vessels (WIVs) and 1 Scientific Core-drilling vessel at the end of the quarter (2022: 4 OSCVs, 2 WIVs and 1 Scientific core-drilling vessel). The Subsea vessels earned operating revenues of USD49.0 million and had 100% utilization (2022: USD38.1 million and 96%). The operating margin before administrative expenses was USD33.1 million (2022: USD23.8 million). The revenues and margin increased from 2022 due to increased charter rates and increased utilization.

Anchor-Handling Tug Supply (AHTS) Vessels

The Company had 8 large AHTS vessels and 1 small AHTS vessel at the end of the quarter (2022: 8 + 1). The AHTS fleet earned operating revenues of USD19.2 million and had 66% utilization excluding vessels in lay-up (2022: USD20.5 million and 83%). The operating margin before administrative expenses was USD6.2 million (2022: USD9.2 million). No vessels were in lay-up at the end of the quarter (2022: 1 vessel). The revenues and margin decreased from 2022 due to reduced utilization.

Other Vessels

The Company had a fleet of 5 smaller Fast Crew & Oil Spill Recovery Vessels at the end of the quarter (2022: 5). Two vessels were in lay-up at the end of the quarter (2022: 2 vessels). Two vessels operated under term contracts in Brazil. One vessel (“Siem Caetes”) is on a Bareboat contract. The fleet earned operating revenues of USD3.8 million and had 100% utilization excluding vessels in lay-up (2022: USD4.0 million and 99%). The operating margin before administrative expenses for the fleet was USD1.1 million (2022: USD2.0 million). The Bareboat charterer of “Siem Caetes”, has exercised its option to purchase the vessel. The vessel is expected to be formally sold and delivered in Q4 2023. The sale will have an insignificant effect on the consolidated income statement and the cash position.

The 41%-ownership in the 1984 built Well Stimulation Vessel “Big Orange XVIII” recorded a share of profit of USD0.0 million (2022: USD0.2 million). These results are recorded in accordance with the equity method. “Big Orange XVIII” was sold for green recycling in August 2023.

Environmental, Social and Governance

Environmental, Social and Governance (ESG) has a high priority for the Company. Siem Offshore continuously strives to meet and exceed expectations from its stakeholders in all areas, including sustainability.

Environment

For fleet emissions, Siem Offshore reports on the Carbon Intensity Indicator (CII), a proxy that measures grams CO₂ per hour in operation. The CII was 136.6g/kWh for the quarter (Q2 23: 134.7g/kWh), slightly above target compared to the goal of 50% reduction in 2030 compared to 2008 (Scope 1 emissions for the fleet). This goal has been set by Siem Offshore in line with recommendations given by the Norwegian Shipowners Association.

As part of the Company's ambition towards reaching 50% emission reduction in 2030, several projects and studies are ongoing on alternative fuel and new energy technology onboard.

Social

The Company's main KPI on safety, Total Recordable Injury Frequency (TRIF), was 1.82 for the quarter and 2.48 YTD (excl. four vessels in Brazil). This was slightly above target of 2.4.

In the quarter there were zero Lost Time Incidents (LTI), now 14 months since last LTI.

At end of the quarter, Siem Offshore had 38% women onshore and 4.7% women offshore in total. As per our Human Rights policy, Siem Offshore is committed to the principles of non-discrimination and equal opportunity, regardless of gender, nationality, beliefs, or other factors.

Governance

The Company is aligned with the requirements in the Norwegian Transparency Act (Norwegian: "Åpenhetsloven"). Further work will be to perform specific audits of high-risk activities and publish relevant results from such.

Preparation for the upcoming EU's Corporate Sustainable Reporting Directive (CSRD), a regulation on sustainability reporting, is ongoing. As a large, listed company, Siem Offshore will be eligible under this regulation from fiscal year 2024.

No governance incidents or whistleblower reports were registered during the quarter.

In the quarter a total of 32 internal and external audits, vettings, class surveys, and port state controls (excluding four vessels in Brazil) have been satisfactory completed.

Contract Backlog

The total contract backlog on 30 September 2023 was USD368 million and is allocated as follows:

<i>(Amounts in USD millions)</i>	2023	2024	2025 and onwards	Total
Total Backlog	70	188	110	368

On behalf of the Board of Directors of Siem Offshore Inc.

31 October 2023

Kristian Siem, Chairman

Bernt Omdal, Chief Executive Officer

CONSOLIDATED INCOME STATEMENTS

		2023	2022	2023	2022	2022
<i>(Amounts in USD 1,000)</i>	Note	3Q	3Q	Jan-Sep	Jan-Sep	Jan-Dec
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenues	4	85,624	73,740	250,866	209,961	274,306
Operating expenses	8	-38,997	-34,488	-110,895	-110,992	-147,934
Administrative expenses	8	-5,132	-5,165	-15,584	-15,947	-22,596
Operating margin	4	41,495	34,087	124,386	83,023	103,776
Depreciation and amortization	4,5,8	-17,439	-16,596	-51,622	-49,152	-64,305
Gain / (loss) on sales of fixed assets	5	-	-	-1	-38	-95
Operating profit/(loss)		24,056	17,491	72,763	33,833	39,376
Financial income	9	1,652	505	5,888	2,026	4,300
Financial expenses	8,9	-8,126	-4,417	-18,518	-15,340	-24,375
Net currency gain/(loss) on revaluation	9	-5,295	-3,815	11,967	14,831	7,736
Net financial items		-11,769	-7,728	-663	1,517	-12,340
Result from associated companies		31	180	625	244	446
Profit/(loss) before taxes		12,318	9,944	72,724	35,594	27,482
Tax benefit/(expense)	7	32	281	293	789	250
Net profit/(loss)		12,349	10,225	73,017	36,383	27,732
<i>Attributable to non-controlling interest</i>		-1,030	307	-1,500	-968	-3,165
Attributable to shareholders of the Company		13,380	9,918	74,517	37,352	30,897
Weighted average number of outstanding shares(000's)		238,852	238,852	238,852	238,852	238,852
Earnings/(loss) per share (basic and diluted)		0.06	0.04	0.31	0.16	0.13
Statements of Comprehensive Income		2023	2022	2023	2022	2022
<i>(Amounts in USD 1,000)</i>		3Q	3Q	Jan-Sep	Jan-Sep	Jan-Dec
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net profit (loss)		12,349	10,225	73,017	36,383	27,732
Other comprehensive income / (expense)						
Items that will not be reclassified to the Income Statement:						
Pension re-measurement gain/(loss)		-	-	-	-	-446
Items that may be subsequently reclassified to the Income Statement:						
Cash flow hedges		-1,413	4,985	2,445	9,937	11,753
Currency translation differences		5,149	-10,455	-11,213	-30,335	-19,959
Total comprehensive profit / (loss) for the period		16,085	4,755	64,249	15,985	19,080
<i>Attributable to non-controlling interest</i>		-1,030	307	-1,500	968	3,165
Attributable to shareholders of the Company		17,115	4,448	65,749	16,953	22,245

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(Amounts in USD 1,000)</i>	Note	30.09.2023	31.12.2022
ASSETS		<i>Unaudited</i>	<i>Audited</i>
Non-current assets			
Vessels and equipment	5,8	775,598	804,918
Capitalized project cost	5	1,568	1,811
Investment in associates and other long-term receivables		33,850	32,319
CIRR loan deposit ¹⁾		13,759	20,638
Deferred tax asset	7	12,716	8,636
Total non-current assets		837,491	868,323
Current assets			
Trade receivables and other current assets		77,618	56,619
Cash and cash equivalents	6	99,771	94,949
Total current assets		177,388	151,568
Total Assets		1,014,879	1,019,891
EQUITY			
Share capital		238,852	238,852
Other reserves ²⁾		189,977	124,229
Total Shareholders' equity		428,829	363,081
Non-controlling interest		-5,203	-3,703
Total Equity		423,626	359,377
LIABILITIES			
Non-current liabilities			
Borrowings	6	412,305	509,994
CIRR loan ¹⁾		13,759	20,638
Other non-current liabilities	8	17,272	14,574
Total non-current liabilities		443,337	545,206
Current liabilities			
Current portion of borrowings	6	92,810	58,978
Accounts payable and other current liabilities	7,8	55,106	56,330
Total current liabilities		147,916	115,307
Total liabilities		591,253	660,514
Total Equity and Liabilities		1,014,879	1,019,891

1) Commercial Interest Reference Rate

2) Share premium reserves have been included in Other reserves

The accompanying Notes are in integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2023	2022	2022
<i>(Amounts in USD 1,000)</i>	Jan-Sep	Jan-Sep	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash flow from operating activities			
Net profit/(loss)	73,017	36,383	27,732
Interest expense	23,362	16,366	23,370
Interest income	-5,894	-1,972	-4,245
Cash flow hedge	-	-6,232	-6,232
Tax expense	-293	-789	-250
Results from associated companies	-625	-244	-446
Loss/(gain) on sale of assets	1	38	95
Reversal of impairment related to long-term receivables	-5,770	-	-
Depreciation and amortization	51,622	49,152	64,305
Unrealized currency gain/(loss)	-15,054	-10,456	-1,358
Changes in short-term receivables, payables and other accruals	-17,144	-10,370	-2,648
Other changes	1,447	-3,165	-531
Cash flow from operating activities	104,670	68,710	99,792
Interest paid	-18,614	-12,779	-17,432
Interest received	3,995	2,137	2,599
Taxes paid	253	-251	-786
Net Cash flow from operating activities	90,303	57,817	84,172
Cash flow from investing activities			
Capital expenditure in vessels and equipment	-21,787	-19,861	-24,923
Proceeds from sale of fixed assets	-	-	97
Change in other non-current receivables	5,641	815	763
Cash flow from investing activities	-16,147	-19,046	-24,062
Cash flow from financing activities			
Contribution from non-controlling interests	874	1,791	1,791
Paid leases	-1,346	-1,333	-1,812
Changes in other non-current liabilities	-395	-212	-126
Repayment of long-term borrowings	-66,215	-40,341	-54,963
Cash flow from financing activities	-67,082	-40,096	-55,109
Net change in cash and cash equivalents	7,075	-1,325	5,000
Cash and cash equivalents, beginning of period	94,949	91,839	91,839
Effect of exchange rate differences	-2,254	-1,651	-1,890
Cash and cash equivalents, end of period	99,771	88,862	94,949

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(Amounts in USD 1,000)</i>	Total no. of shares	Share capital	Share premium reserves	Other reserves	Retained earnings	Share- holders' equity	Non- Contr. interest	Total equity
Equity at 1 January 2022	238,852,052	238,852	582,875	-30,725	-450,166	340,836	-538	340,298
Net profit/(loss) for the period	-	-	-	-	37,352	37,352	-968	36,383
Cash flow hedge	-	-	-	9,937	-	9,937	-	9,937
Currency translation differences	-	-	-	-30,335	-	-30,335	-	-30,335
Equity at 30 September 2022	238,852,052	238,852	582,875	-51,124	-412,814	357,789	-1,507	356,282

<i>(Amounts in USD 1,000)</i>	Total no. of shares	Share capital	Share premium reserves	Other reserves	Retained earnings	Share- holders' equity	Non- Contr. interest	Total equity
Equity at 1 January 2022	238,852,052	238,852	582,875	-30,725	-450,166	340,836	-538	340,298
Net profit/(loss) for the period	-	-	-	-	30,897	30,897	-3,165	27,732
Pension re-measurement	-	-	-	-	-446	-446	-	-446
Cash flow hedge	-	-	-	11,753	-	11,753	-	11,753
Currency translation differences	-	-	-	-19,959	-	-19,959	-	-19,959
Reallocation of retained loss	-	-	-419,715	-	419,715	-	-	-
Equity at 31 December 2022	238,852,052	238,852	163,160	-38,931	-	363,081	-3,703	359,377

<i>(Amounts in USD 1,000)</i>	Total no. of shares	Share capital	Share premium reserves	Other reserves	Retained earnings	Share- holders' equity	Non- Contr. interest	Total equity
Equity at 1 January 2023	238,852,052	238,852	163,160	-38,931	-	363,081	-3,703	359,377
Net profit/(loss) for the period	-	-	-	-	74,517	74,517	-1,500	73,017
Cash flow hedge	-	-	-	2,445	-	2,445	-	2,445
Currency translation differences	-	-	-	-11,213	-	-11,213	-	-11,213
Equity at 30 September 2023	238,852,052	238,852	163,160	-47,699	74,517	428,829	-5,203	423,626

Note 1 – Basis of Preparation

The financial statements have been prepared under the assumption that the Company and the Parent are going concerns. The assumption is based on the terms of the financing facilities, contract backlog, Company's strong equity position, cash position and forecasted cash flows.

The consolidated financial information for the period 1 January to 30 September 2023 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The consolidated interim financial information should be read in conjunction with the audited annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS standards.

Note 2 – Accounting Policies

The accounting policies applied are consistent with those of the audited annual financial statements for the year ended 31 December 2022 and with new standards, amendments to standards and interpretations that have become effective in 2023.

Note 3 –Key Risks

The Company is exposed to financial, commercial and operational risks that affect the financial position, earnings and cash flow of the Company.

3.1 Interest Risk

The Company is exposed to changes in interest rates as approximately 63% of the long-term interest-bearing debt was subject to floating interest rates at the end of September 2023. The remaining portion of the debt is subject to fixed interest rates.

3.2 Currency Risk

The Company is exposed to currency risk as revenues and costs are denominated in various currencies. See Note 6 for details. The Company is also exposed to currency risk on long-term debt and cash position held in non-USD currencies. The Company has closed all of its currency hedging derivatives in compliance with the financial restructuring agreements. A natural currency hedging accounting arrangement is held in Brazil for vessels operating under USD financing.

3.3 Inflation Risk

The Company is exposed to inflation risk. The revenues may not be inflated at levels that could compensate for inflated operating cost. In addition to general inflation-rates, the operating expenses related to spare parts, service-personnel and logistics within the shipping industry are further exposed to inflation.

3.4 Liquidity Risk

No debt will mature till end of 2024, except for debt that will be subject to cash sweep if applicable. See Annual Report note 12 for further details.

3.5 Commercial and operational risk

The Company is exposed to commercial risk as it operates in the cyclical oil and gas service markets and in the offshore renewables market with significant volatility in charter rates. Operational risk is related to availability of experienced crew and technical incidents with vessels and equipment.

Note 4 – Segment Reporting

<i>(Amounts in USD 1,000)</i>	2023	2022	2023	2022	2022
	3Q	3Q	Jan-Sep	Jan-Sep	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenue by segments					
Platform Supply Vessels	13,419	10,779	36,839	26,740	36,157
Subsea Vessels	48,998	38,133	141,236	118,532	158,911
Anchor Handling Tug Supply Vessels	19,165	20,528	61,287	51,403	61,568
Fast Crew & Oil Spill Recovery Vessels	3,775	3,973	10,594	12,302	16,126
Other/Intercompany elimination	266	327	910	984	1,543
Total operating revenue	85,624	73,740	250,866	209,961	274,306
Operating margin by segments					
Platform Supply Vessels	5,723	3,647	14,345	5,646	7,410
Subsea Vessels	33,103	23,838	93,689	67,897	91,561
Anchor Handling Tug Supply Vessels	6,159	9,216	23,308	17,388	17,126
Fast Crew & Oil Spill Recovery Vessels	1,099	2,005	3,044	6,150	7,541
Other/Intercompany elimination	543	546	5,584	1,889	2,733
Administrative expenses	-5,132	-5,165	-15,584	-15,947	-22,596
Total operating margin from segments	41,495	34,087	124,386	83,023	103,776
Depreciation by segments					
Platform Supply Vessels	-2,542	-2,513	-7,486	-7,337	-9,330
Subsea Vessels	-9,196	-8,743	-27,351	-25,505	-34,283
Anchor Handling Tug Supply Vessels	-4,618	-4,054	-13,605	-12,374	-16,435
Fast Crew & Oil Spill Recovery Vessels	-744	-951	-2,177	-2,929	-2,883
Other/Intercompany elimination	-340	-335	-1,004	-1,007	-1,374
Total depreciation by segments	-17,439	-16,596	-51,622	-49,152	-64,305

Note 5 - Vessels, Equipment and Project Cost

<i>(Amounts in USD 1,000)</i>	Land and buildings	Vessels and equipment	Capitalized project cost	Total
Purchase cost at 1 January 2023	3,560	2,189,776	8,240	2,201,576
Capital expenditure	-	21,787	-	21,787
Movement between groups	-	-38,165	-	-38,165
The period's disposal at cost	-	-1	-	-1
Effect of exchange rate differences	35	1,622	-167	1,490
Purchase cost at 30 September 2023	3,595	2,175,020	8,073	2,186,687
Accumulated depreciation at 1 January 2023	-2,818	-838,321	-6,429	-847,568
Accumulated impairment at 1 January 2023	-	-547,279	-	-547,279
Movement between groups	-	38,165	-	38,165
The period's depreciation	-371	-51,014	-238	-51,622
Effect of exchange rate differences	-29	-1,351	161	-1,218
Accumulated depreciation and impairment at 30 September	-3,217	-1,399,799	-6,505	-1,409,522
Net book value at 30 September 2023	377	775,221	1,568	777,165

The balance of capitalized project costs relates to specific contracts. The costs are amortized over the term of the specific charter contracts.

The Company did not identify indicators of impairment, nor of reversal of impairment at the end of Q3 2023. The Company concluded not to recognize any impairment, nor any reversal of impairment. The market outlook has improved, and if this trend continues it could trigger reversal of impairment for certain vessels in the future.

Note 6 – Interest-Bearing Debt

<i>(Amounts in USD 1,000)</i>	30.09.2023	31.12.2022
	<i>Unaudited</i>	<i>Audited</i>
Total cash and cash equivalents	99,771	94,949
Current portion of borrowings	-92,810	-58,978
Non-current portion of borrowings	-412,305	-509,994
Gross interest-bearing debt	-505,116	-568,972
Net interest-bearing debt	-405,345	-474,023

The interest-bearing debt is denominated in currencies as follows: USD 95% and NOK 5 %. The cash position is denominated in USD at 71% and other currencies at 29%. Restricted funds were USD5.6 million.

The long-term interest bearing-debt per 30 September 2023 includes a shareholder's loan from the minority shareholder in Siem AHTS Pool AS at USD5.5 million. The loan is subordinated to other financial debt and any debt servicing is contingent on lending bank's approval. The current portion of borrowings includes a cash sweep estimate of USD53.5 million.

Note 7 – Taxes

The Company is subject to taxes in several jurisdictions where significant judgement is required in calculating the tax provision for the Company. There are several transactions for which the ultimate tax cost is uncertain and for which the Company makes provisions based on internal estimates, tax treaties and tax regulations in countries of operation and appropriate external advice. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the tax charge in the period in which the outcome is determined. The Company holds a significant taxable position of losses carried forward that may be offset against future tax positions, provided that the Company earns taxable profits and that current tax regulations are maintained. As the timing and valuation of the tax positions are uncertain, the Company has included only a minor share of its potential deferred tax asset in the Balance sheet.

Note 8 - Leases

The Company has entered into various operating leases for office premises, office machines and communication satellite equipment for the vessels. The lease period for the lease agreements varies and most of the leases contain an option for extension. The interest rates in the calculation of net present values are in the range of 3%-13% depending on the base currency, the nature of the lease and the length of the leasing agreement.

Consolidated Statements of Financial Position:

(Amounts in USD 1,000)

Right of use assets at 1 January 2023	1,712
The period's depreciation	-1,097
Effect of exchange rate differences	8
Right of use assets at 30 September 2023	623

The balance sheet shows the following amounts relating to leases:

<i>(Amounts in USD 1,000)</i>	30.09.2023	31.12.2022
Right of use assets*		
Office premises	379	735
Vessels and Equipment	244	977
Total	623	1,712

*included in the line item "Vessels and equipment" in the Consolidated Statements of Financial Position.

(Amounts in USD 1,000)

Lease liability at 1 January 2023	1,961
Lease payments	-1,346
Interest cost	91
Effect of exchange rate differences	11
Lease liability at 30 September 2023	717

<i>(Amounts in USD 1,000)</i>	30.09.2023	31.12.2022
Lease liabilities**		
Current	675	1,666
Non-Current	42	294
Total lease liabilities	717	1,961

**included in the line item "other liabilities" for current and non-current liabilities respectively in the Consolidated Statements of Financial Position.

Note 9 – Financial Items

	2023	2022	2023	2022	2022
<i>(Amounts in USD 1,000)</i>	3Q	3Q	Jan-Sep	Jan-Sep	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Interest income	1,659	468	5,894	1,972	4,245
Other financial income	-7	37	-7	53	54
Total financial income	1,652	505	5,888	2,026	4,300
Interest expenses	-7,784	-6,154	-23,362	-16,366	-23,370
Reversal of impairment related to Seller's credit Siem Marlin	-	-	5,771	-	-
Other financial expenses	-342	1,737	-927	1,026	-1,005
Total financial expenses	-8,126	-4,417	-18,518	-15,340	-24,375
Net currency gain/(loss)	-5,295	2,417	11,967	21,063	13,968
Hedge accounting recycling	-	-6,232	-	-6,232	-6,232
Total currency gain/ (loss) on revaluation	-5,295	-3,815	11,967	14,831	7,736
Net financial items	-11,769	-7,728	-663	1,517	-12,340

Net currency effects including other comprehensive income (OCI) was USD-1.559 million in 3Q 2023 and USD3.198 million YTD 2023.

ALTERNATIVE PERFORMANCE MEASUREMENT (APM)

The Company has identified several APMs that are consistently applied for the reporting periods. The APMs are supplementary to the Financial Statements that are disclosed in compliance with IFRS. The APMs are disclosed to give a broader understanding of the operations, financial position, and associated risk of the Company.

Operating margin - Operating margin is the net of operating revenue and operating expenses. For 2022 operating revenues USD274.3 million less operating and administrative expenses at totally USD170.5 million equals operating margin at USD103.8 million. The Company considers the operating margin to be a key number when analyzing the fleets operating performance and the margin that can be applied to the finance of capital expenditures, debt service and other cash disbursements.

Operating margin percentage – Operating Margin, % is the nominal operating margin calculated as a percentage of operating revenue. For 2022 the operating margin at USD103.8 million equals 38% of the operating revenue at USD274.3 million. The operating margin percentage is used to compare, period by period, the development in relative margin from operations. The operating margin-% is also used for comparing segments' relative performance.

Equity Ratio – Total Equity (including Non-controlling interest) relative to Total Equity and Liabilities.

OTHER DEFINITIONS

Contract backlog – the total, nominal value of future revenues from firm contracts, excluding optional periods. The contract backlog is categorized per year, and reflects coming years' operating revenues that are considered firm following contracts agreed with clients.

Utilization – vessels' effective time on hire relative to total time available in the reporting period, excluding vessels in lay-up. The relative utilization is reflecting the time that a vessel or the fleet has been on hire with clients. Zero utilization is reported when a vessel is off-hire caused by technical issues or when idle, awaiting employment.

Capital expenditure - gross capital expenditure related to tangible assets at acquisitions, upgrades, class renewals (Dry-docking) and major periodic maintenance.

Earnings per share - Result attributable to the shareholders divided by weighted average number of shares.

Comprehensive income per share – Comprehensive income for the period for the Group divided by weighted average number of shares at the end of the reporting period.

Interest-bearing debt – Current and long-term interest-bearing debt.

Net interest-bearing debt – Interest-bearing debt less cash and cash equivalents.

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