Fourth quarter
2022

Prosafe

Key events

Operations, HSSE and backlog

- Q4 2022 utilisation of 56.1 (59.3) per cent, five out of seven vessels in operation during the quarter
- Full year utilization of 70.6 per cent, highest since 2014
- Good operating and HSSE performance on all vessels
- Backlog of USD 332 million (USD 126 million) at quarter end
  - Signed 650-day Petrobras contract valued at USD 73 million, commencing in May 2023

Q4 financials

- Revenue of USD 38.9 million (USD 29.4 million) and EBITDA of USD 9.6 million (USD 4.4 million)
- Earnings increase compared to Q4 2021 driven by higher day rates
- Cash flow from operations of USD 24.7 million (USD 36.0 million), positively impacted in the quarter by improved working capital as vessels came off contract
- Liquidity of USD 91.6 million (USD 73.9 million) at quarter end

Market and outlook

- Strong improvement in demand and utilisation during 2022. Market utilisation for the most advanced accommodation vessels increased from 30 to 80 per cent in the past year
- Slower 2023 North Sea market expected. This combined with capex and mobilization spend in preparation for new contracts in Brazil and US GoM will negatively impact liquidity during 2023
- Favourable demand outlook in core markets, with an all-time high number of new PDOs in Norway and multiple FPSOs expected to come on stream in Brazil over the next years
- Increased tender activity expected based on ongoing client discussions for 2024 and beyond

CEO comment

We had high operational activity in the fourth quarter. Safe Boreas, Safe Caledonia and Safe Zephyrus all completed their contracts during the period and were safely demobilised. Backlog increased further as we finalised the 650-day contract for Safe Zephyrus in Brazil.

We believe that 2023 will be weak in the North Sea with limited prospects for Safe Caledonia and Safe Boreas. In contrast, we see increasing activity in 2024 and beyond. Based on discussion with clients, we expect several additional tenders in the North Sea and Brazil for 2024 in the coming months. For the longer term, the company remains optimistic on the outlook and sees significant potential for market tightening and increasing day rates.

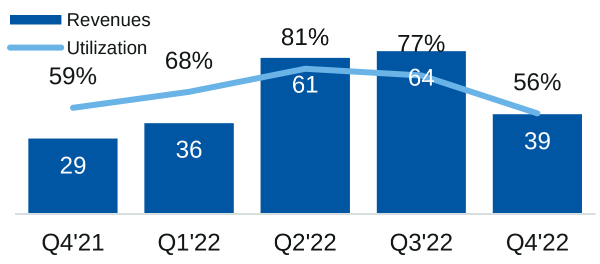
Jesper K. Andresen

Key figures

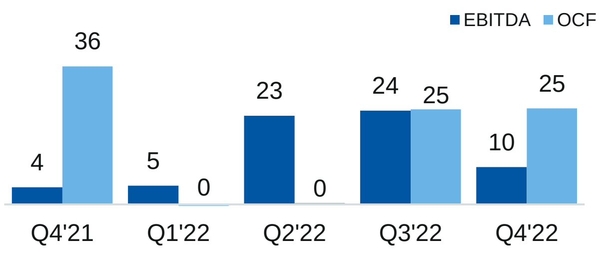
USD million	Q4 2022	Q4 2021	FY 2022	FY 2021
Operating Revenues	38.9	29.4	198.9	141.1
EBITDA	9.6	4.4	61.4	24.9
EBIT	1.9	(3.1)	31.9	(49.8)
Profit / (loss) before taxes	(5.9)	1,039.6	9.8	931.0
EPS	(0.81)	117.97	0.17	263.3
Diluted EPS	(0.81)	117.97	0.17	263.3
Cash flow from operating activities	24.7	35.6	49.2	23.4
Cash flow from investment activities	(0.9)	(3.7)	(9.5)	(14.7)
Cash flow from financing activities	(6.7)	(65.1)	(22.0)	(95.1)
Net cash flow	17.1	(33.2)	17.7	(86.4)
Liquidity[1]	92	74	92	74
Net working capital[2]	10	-1	10	-1
Interest-bearing debt[3]	422	423	422	423
Net Interest-bearing debt	331	349	331	349
Total assets	500	493	500	493
Book equity	37	36	37	36
Book equity ratio[4] %	8	7	8	7
Shares outstanding (thousand)	8,799	8,799	8,799	8 799
Backlog	331.8	126.0	331.8	126.0
Fleet utilisation rate %	56.1	59.3	70.6	54.5

[1]Liquidity equals cash and deposits and includes USD 2.1 million which is not available to the company
[2]Net working capital is equal to (Total current assets excl. cash – Total current liabilities excl. Tax payable and current portion LT debt)
[3]Net Interest-bearing debt (NIBD) is equal to Interest-bearing debt less liquidity. NIBD is reduced by a USD 13.3 million fair value adjustment, of which USD 3.8 million is short term.
*[4]Book equity ratio is equal to (Book equity / Total assets) * 100*

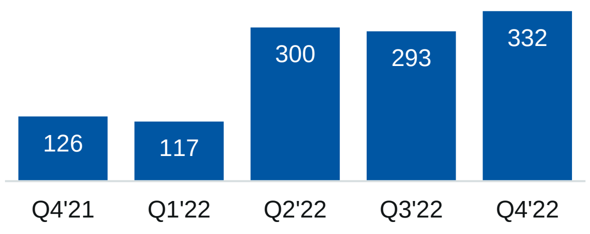
Revenues and utilisation %



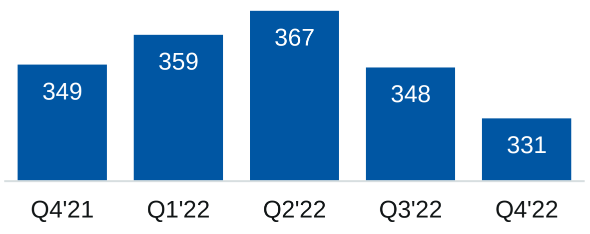
EBITDA and cash flow from operations



Backlog



NIBD



Operational review and backlog

The fleet utilisation rate in the fourth quarter of 2022 was 56.1 per cent (Q4 2021: 59.3 per cent), with five out of six active vessels in operation at some point during the quarter. Backlog was USD 332 million at quarter end (Q4 2021: USD 126 million). The 650-day Petrobras contract for Safe Zephyrus was signed in the quarter with a value of USD 73 million.

Safe Zephyrus completed its contract with bp at ETAP in the UK North Sea on 21 December. The vessel is currently enroute from Las Palmas, Canary Islands, to Brazil for contract commencement with Petrobras on 1 May 2023.

Safe Eurus began the new four-year contract with Petrobras on 17 February 2023, in direct continuation of the previous contract. The vessel is expected to be off hire for approximately 35 days in April/May 2023 for Petrobras contract compliance work and hull cleaning. Prosafe will in parallel execute the vessel's next Special Periodic Survey, originally scheduled for 2024, in the same period to optimise future utilisation. There is a potential that this off hire period and all related work may be deferred to 2024.

Safe Notos is expected to be off hire for approximately 30 days in May 2023 for Petrobras contract compliance work and hull cleaning.

Safe Concordia remains in Curaçao where preparations are underway for the upcoming project in the US Gulf of Mexico. The client has informed that the commencement window is July through September 2023.

Safe Caledonia is laid up at Scapa Flow in the UK pending future work. Safe Boreas is laid up in Norway pending future work. Safe Scandinavia is laid up in Norway and is being marketed broadly.

Prosafe is focused on the efficient execution of mobilization and preparations for the contracts in Brazil and the US Gulf of Mexico with commencement in 2023. These will require investments and working capital during the first half of 2023. In addition, the company is preparing for potential contracts in 2024 and is therefore taking appropriate measures to ensure sufficient liquidity.

Tender Update

Prosafe is currently participating in the following tenders:

Year	Firm Duration	Option(s)	Region	Expected competition
2024	4 months	4 months	UK	Semi-submersible
2024	3 months	1 months	UK	Semi-submersible
2025	3 months	2 months	North America	Semi-submersible

Newbuild status

Prosafe has the option to take delivery of the only two DP3 newbuild semis available at yard. In September 2022, both rigs were damaged by the typhoon Muifa. The yard has started to repair the vessels.

Financials

Fourth quarter 2022

EBITDA for the fourth quarter was USD 9.6 million (Q4 2021: USD 4.4 million). The increase in EBITDA was mainly driven by the increased average day rate (USD 108k per day vs USD 77k per day), partially offset by higher operating expenses. Activity was high with five vessels in operation during the quarter.

Depreciation was USD 7.7 million (USD 7.5 million) in the quarter.

Operating profit for the fourth quarter amounted to USD 1.9 million (operating loss of USD 3.1 million). The improvement in operating result was mainly due to the increase in EBITDA.

Interest expenses amounted to USD 6.3 million (USD 1.8 million). Prior year interest expenses were impacted by the financial restructuring in December 2021 which led to a reduction of interest-bearing debt and the average interest rate.

Other financial costs were USD 1.8 million (gain of USD 1,044.5 million), reflecting currency losses in the quarter. The prior year was impacted by a one-off financial gain, arising from the completion of the financial restructuring.

Net loss equalled USD 7.1 million (net gain of USD 1,038 million) in the quarter.

Cash flow from operations was USD 24.7 million in the quarter (USD 35.6 million). Lower operational cashflow versus prior year was mainly driven by a larger reduction in working capital in the same period last year.

Total assets per 31 December amounted to USD 500 million (Q4 2021: USD 492.8 million). Total liquidity at the end of the quarter was USD 91.6 million (USD 73.9 million). The year-over-year increase in total assets was mainly due to increased liquidity and working capital, partially offset by depreciation. The improved cash position was mainly the result of improved EBITDA partially offset by increased working capital.

Net interest-bearing debt was USD 330.6 million (USD 349.4 million) and the book equity ratio was 7.5 per cent (7.4 per cent). The reduction to net interest-bearing debt was mainly a consequence of improved operating results in 2022.

Full year 2022

Fleet utilisation was 70.6 per cent (2021: 54.5 per cent). EBITDA amounted to USD 61.4 million (USD 24.9 million). The increase in EBITDA was mainly driven by an increase in vessel utilization.

Depreciation and impairment amounted to USD 29.5 million (USD 74.7 million). The prior year included a non-recurring impairment of USD 40.7 million following the final judgement in the Westcon dispute.

Operating profit was USD 31.9 million (operating loss of USD 49.8 million). The increase in operating result was mainly due to the increase in EBITDA and lower depreciation and impairments.

Net financial costs were USD 22.1 million (net financial gain of USD 980.8 million). The prior year included a one-off gain, arising from the completion of the financial restructuring in December 2021, partially offset by higher interest expenses.

Taxes were USD 8.3 million (USD 3.1 million). Higher taxes were mainly due to Safe Concordia operations in Trinidad and Tobago during the year.

Full year net profit equalled USD 1.5 million (net profit of USD 927.9 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 new platforms and FPSOs. Investments in oil and gas activity are expected to increase in coming years and drive offshore activity and demand for accommodation vessels. The transition to new energy sources, particularly offshore wind, may also lead to future opportunities for the accommodation rig market.

At the same time, the scrapping of legacy vessels has reduced the fleet by 21% since 2016, improving the market balance. The segment for high specification accommodation vessels consists of only 12-15 vessels of which Prosafe owns four and has options on two newbuilt units in China.

During 2022, accommodation market activity increased and the utilisation of high specification vessels reached 80 per cent for the first time since 2015. This reflects what Prosafe considers to be the early phase of a likely new long-term oil and gas investment cycle. For 2023, the company maintains a focus on capturing relevant market opportunities and on the efficient execution of mobilization and preparations for the new contracts in Brazil and the US Gulf of Mexico. Given the significant investments needed to prepare for the new contracts in 2023, there is uncertainty as to whether Prosafe will be in compliance with the minimum liquidity covenant from late 2023. Prosafe is pursuing different initiatives to mitigate a potential shortfall and with the objective to remain in compliance.

In the North Sea, the company expects higher maintenance and tie-back activity in the UK and hook-up operations in Norway from 2024-2025 onwards on the back of increased oil and gas activity and a record number of new projects planned in Norway. The activity in the North Sea for 2023 is expected to be at a record low due to a lack of mature projects both for maintenance and installation. In Brazil, Prosafe expects continued demand growth for accommodation, maintenance and safety vessels driven by an increasing number of FPSOs and new oil and gas operators. This has already resulted in high contracting activity in Brazil. With a reduced fleet of accommodation rigs available globally and increasing demand, Prosafe expects increasing day rates and activity from 2024 onwards.

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

27 February 2023
The Board of Directors of Prosafe SE

………………………..	………………………..
Glen O. Rødland	Alf C. Thorkildsen
Non-executive Chairman	Deputy Chairman
………………………..	………………………..
Birgit-Aagaard Svendsen	Nina Udnes Tronstad
Non-executive Director	Non-executive Director
………………………..	………………………..
Halvard Idland	Jesper Kragh Andresen
Non-executive Director	CEO

Condensed consolidated income statement

(Unaudited figures in USD million)	Q4 2022	Q4 2021	12M 2022	12M 2021
Operating revenues	38.9	29.4	198.9	141.1
Operating expenses	(29.3)	(25.0)	(137.5)	(116.2)
Operating results before depreciation	**9.6**	**4.4**	**61.4**	**24.9**
Depreciation	(7.7)	(7.5)	(29.5)	(33.0)
Impairment	0.0	0.0	0.0	(41.7)
Operating profit/(loss)	**1.9**	**(3.1)**	**31.9**	**(49.8)**
Interest income	0.3	0.0	0.7	1.0
Interest expenses	(6.3)	(1.8)	(18.7)	(37.9)
Other financial items	(1.8)	1,044.5	(4.1)	1,017.7
Net financial items	**(7.8)**	**1,042.7**	**(22.1)**	**980.8**
(Loss)/Profit before taxes	**(5.9)**	**1,039.6**	**9.8**	**931.0**
Taxes	(1.2)	(1.6)	(8.3)	(3.1)
Net (loss)/profit	**(7.1)**	**1,038.0**	**1.5**	**927.9**
EPS	**(0.81)**	**117.97**	**0.17**	**263.27**
Diluted EPS	**(0.81)**	**117.97**	**0.17**	**263.27**

Condensed consolidated statement of comprehensive income

(Unaudited figures in USD million)	Q4 2022	Q4 2021	12M 2022	12M 2021
Net (loss)/profit for the period	**(7.1)**	**1,038.0**	**1.5**	**927.9**
Foreign currency translation	1.0	(1.1)	(1.3)	(2.3)
Pension remeasurement	(0.1)	(0.1)	(0.1)	(0.1)
Other comprehensive income	**0.9**	**(1.2)**	**(1.4)**	**(2.4)**
Total comprehensive income	**(6.2)**	**1,036.8**	**0.1**	**925.5**

Condensed consolidated statement of financial position

(Unaudited figures in USD million)	31.12.22	31.12.21
Vessels	376.8	397.0
New builds	0.0	0.0
Other non-current assets	1.2	2.2
Total non-current assets	**378.0**	**399.2**
Accounts and other receivables	24.1	17.6
Other current assets	6.3	2.1
Cash and deposits	91.6	73.9
Total current assets	**122.0**	**93.6**
Total assets	**500.0**	**492.8**
Share capital	12.4	497.5
Other equity	24.9	(461.2)
Total equity	**37.3**	**36.3**
Interest-free long-term liabilities	1.9	2.2
Interest-bearing long-term debt	418.5	422.4
Total long-term liabilities	**420.4**	**424.6**
Accounts and other payables	20.6	20.3
Tax payable	18.0	10.7
Current portion of long-term debt	3.7	0.9
Total current liabilities	**42.3**	**31.9**
Total equity and liabilities	**500.0**	**492.8**

Condensed consolidated cash flow statement

(Unaudited figures in USD million)	Q4 2022	Q4 2021	12M 2022	12M 2021
(Loss)/Profit before taxes	(5.9)	1,039.6	9.8	931.0
Gain from extinguishment of debt	0.0	(1,030.5)	0.0	(1,030.5)
(Gain)/Loss on sale of non-current assets	0.0	(0.1)	0.5	(1.0)
Depreciation	7.7	7.5	29.5	33.0
Impairment	0.0	0.0	0.0	41.7
Financial income	(0.3)	0.0	(0.7)	(1.0)
Financial costs	6.3	1.8	18.7	37.9
Share-based payment expense	0.2	0.0	0.9	0.0
Change in working capital	15.8	18.1	(10.4)	14.6
Other items from/(used in) operating activities	1.7	(0.7)	1.9	(1.0)
Taxes paid	(0.8)	(0.1)	(1.0)	(1.3)
Net cash flow from operating activities	**24.7**	**35.6**	**49.2**	**23.4**
Acquisition of tangible assets	(1.2)	(3.9)	(10.2)	(17.3)
Net proceeds from sale of tangible assets	0.0	0.2	0.0	1.6
Interests received	0.3	0.0	0.7	1.0
Net cash flow used in investing activities	**(0.9)**	**(3.7)**	**(9.5)**	**(14.7)**
Repayment of interest-bearing debt	(1.6)	(47.6)	(4.4)	(77.6)
Refinancing cost	0.0	(17.5)	(3.5)	(17.5)
Interests paid	(5.1)	0.0	(14.1)	0.0
Net cash flow used in financing activities	**(6.7)**	**(65.1)**	**(22.0)**	**(95.1)**
Net cash flow	**17.1**	**(33.2)**	**17.7**	**(86.4)**
Cash and deposits at beginning of period	74.5	107.1	73.9	160.3
Cash and deposits at end of period	**91.6**	**73.9**	**91.6**	**73.9**

Condensed consolidated statement of changes in equity

(Unaudited figures in USD million)	Q4 2022	Q4 2021	12M 2022	12M 2021
Equity at beginning of period	**43.3**	**(1,059.8)**	**36.3**	**(948.5)**
Share based payment	0.2	0.0	0.9	0.0
New share issue	0.0	59.3	0.0	59.3
Comprehensive income for the period	(6.2)	1,036.8	0.1	925.5
Equity at end of period	**37.3**	**36.3**	**37.3**	**36.3**

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 fourth quarter of 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 27 February 2023. The accounting figures are unaudited.

NOTE 2: ACCOUNTING PRINCIPLES

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

NOTE 3: 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 0.2 million was recognised for this quarter (USD 0.9 million for the year ended 31 December 2022). As of 31 December 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: GOING CONCERN

During the year, the company has won three long-term contracts for Safe Zephyrus, Safe Notos and Safe Eurus with Petrobras in Brazil, in addition to a contract for Safe Concordia in the US Gulf of Mexico. With these new contracts, the Group has increased its order books significantly from last year. The order books as of 31 December 2022 are shown below.

USD (Million)	2023	2024-2025	2025 beyond	Total
Order book	96.8	116.4	118.7	331.9

The new contracts require working capital and investments during H1 2023 to prepare the vessels for contract. With 75% of the 2023 orderbook to be realised in the second half of the year, the company is monitoring closely compliance with the minimum liquidity covenant of USD 23 million. The existing credit facilities contain a quarterly minimum liquidity covenant of (i) USD 18 million to and including 31 December 2022; (ii) USD 23 million from and including 1 January 2023 to and including 31 December 2023; (ii) USD 28 million from and including 1 January 2024 to and including 31 December 2024. The calculation of the minimum liquidity covenant shall exclude any cash held in relation to Safe Eurus which at 31 December 2022 was USD 10.7 million. As of 31 December 2022, the Group had an unrestricted liquidity reserve of USD 89.4 million, and excluding the Safe Eurus had minimum liquidity of USD 78.7 million and is compliant with the minimum cash covenant on 31 December 2022.

In response to the situation, management are working on the following initiatives to remain in compliance with the minimum liquidity covenant:

- Additional cost savings/deferrals, potential asset disposals, improvements in working capital and potential fund raising to ensure sufficient liquidity.

Although it is too early to conclude what the outcome will be, the Board has determined that the actions taken are sufficient to mitigate the uncertainty and has therefore prepared the Q4 2022 financial reporting on a going concern basis.

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Board of directors

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Alf C. Thorkildsen
Deputy Chairman

Birgit Aagaard-Svendsen
Board Member

Nina Udnes Tronstad
Board Member

Halvard Idland
Board Member

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