ANNUAL REPORT 2022

Prosafe

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HIGHLIGHTS

Revenues
198.9
million USD
2021: 141.1

EBITDA
61.4
million USD
2021: 24.9

Employees
182
2021: 103

Safety
0
Lost Time Injury Incidents
2021: 0

Fleet utilisation
70.6%
2021: 54.5%

Health
1.31%
sickness absence
2021: 0.27%

Biodiversity
0
spills
2021: 0

Operations
1,738
operating days
2021: 1,407

KEY FIGURES

		Note	2022	2021	2020	2019	2018
Profit							
Operating revenues	MUSD		198.9	141.1	56.7	225.4	330.8
EBITDA	MUSD	1	61.4	24.9	(9.5)	97.1	166.6
Operating profit (loss)	MUSD		31.9	(49.8)	(864.3)	(342.6)	53.0
Net profit (loss)	MUSD		1.5	927.9	(950.1)	(399.9)	(114.5)
Earnings per share (fully diluted)	USD	2	0.17	263.3	(10,798.2)	(4,540.0)	(1,300.0)
Balance sheet							
Total assets	MUSD		500.0	492.8	587.7	1,480.2	1,736.8
Interest-bearing debt	MUSD		422.2	423.3	1,509.4	1,397.9	1,243.0
Net interest-bearing debt	MUSD	3	330.6	349.4	1,349.1	1,199.8	1,102.7
Book equity	MUSD		37.3	36.3	(948.5)	2.4	400.2
Book equity ratio	%	4	7.5	7.4	(161.4)	0.2	23.0
Liquidity reserve	MUSD	5	91.6	73.9	160.3	198.1	277.3
Net cash flow	MUSD		17.7	(86.4)	(37.8)	57.8	(91.6)
Net working capital	MUSD	6	79.7	61.7	(1,279.3)	(1,158.2)	58.7
Valuation							
Market capitalisation at year-end	MUSD		1,128.0	158.0	10.4	19.7	126.7
Share price	NOK	7	128.2	158.4	1,080.0	2,110.0	13,400.0
Operations							
Fleet utilisation rate	%		70.6	54.5	20.4	50.9	47.3
Employees							
Number of employees at year-end	Employees in direct employment		182	103	99	150	417
HSSE							
Lost time injuries	Per million worked hours		0	0	0	0	1
Total recordable injury frequency	Per million worked hours		0	0	1.81	0.82	2.54
Sick leave	% of total working hours		1.31	0.27	0.46	2.26	2.07

Notes:
1. Operating profit before depreciation and impairment
2. Net profit / Average number of outstanding and potential shares.
3. Interest-bearing debt - Cash and deposits
4. (Book equity / Total assets) * 100
5. Cash and deposits
6. Currents Assets - Current Liabilities
7. On 27 January 2022, Prosafe completed a 1,000:1 reverse split of the company's shares. As a result, the calculation of the earnings per share and share price for prior year presented/restated was based on the new number of shares

ABOUT PROSAFE

Prosafe is a leading owner and operator of semi-submersible accommodation, safety and support vessels.

At year-end, Prosafe owned and/or operated six semi-submersible accommodation, safety and support vessels and one Tender Support Vessel (TSV). In addition, the company has options to take delivery of two new build vessels at the yard.

The company's versatile fleet of five dynamically positioned, two anchor moored and one passive position moored vessels are capable of operating in the most demanding offshore environments.

Prosafe's vessels are serving energy companies on various offshore projects, primarily in global offshore oil and gas areas, but can also serve offshore wind installations. Prosafe's operations are related to the support of the lifecycle of offshore installations such as maintenance and modification of installations on fields already in production, hook-up and commissioning of new fields, tie-backs to existing infrastructure and decommissioning.

Prosafe has experience from operations offshore Norway, United Kingdom, US and Mexican Gulf of Mexico, Brazil, Australia, South East Asia and West Africa.

The vessels are operated in dynamic positioning (DP) mode by use of own engines and thrusters or in a moored mode, while being gangway connected via a telescopic gangway to the client's installation so that personnel can safely walk to work. The vessels are normally provided on a time charter basis where Prosafe mans and operates the vessels directly.

Prosafe's vessels have accommodation capacity for up to 500 people and offer high quality welfare and catering facilities, storage, workshops, offices, a cinema, medical services, deck cranes and lifesaving and firefighting equipment.

Prosafe has a long track record from demanding operations world-wide, with leading operational performance and good safety results. The company has extensive experience from operating gangway connected to fixed installations, FPSOs, TLPs, Semis and Spars.

Prosafe has experience from operations offshore Norway, United Kingdom, US and Mexican Gulf of Mexico, Brazil, Australia, South East Asia and West Africa.

Prosafe is listed on the Oslo Stock Exchange with ticker code PRS.

Vision

To be a leading and innovative provider of technology and services in selected niches of the global offshore energy industry.

Mission

To provide customers with innovative and cost-efficient solutions in order to maximize shareholder value and to create a challenging and motivating workplace.

Strategy

To be the preferred provider of high-end accommodation vessels globally.

Values

Profitability, Respect, Innovation, Safety, Ambition, Focus, the Environment

MAIN EVENTS
IN 2022

- Good health, safety and environmental results with zero Lost Time Injuries and zero accidental discharges to the natural environment.

- The fleet utilisation for the year was 70.6 per cent (2021: 54.5 per cent), the highest utilisation rate since 2014.

- Secured new contracts for Safe Concordia in Trinidad and in the US Gulf of Mexico, and two four-year contracts for Safe Notos, Safe Eurus and a 650-day contract for Safe Zephyrus in Brazil.

- Certified to the ISO 50001 Energy Management standard in January 2022.

- Further increased focus on energy management and emissions reduction and established an Energy Management team to drive the effort.

CEO LETTER
2022 – TAILWINDS FOR OFFSHORE ENERGY

2022 was a very busy year for Prosafe with the highest fleet utilisation since 2014.

Global events turned the focus to security of energy supply which may provide tailwinds for the offshore service industry for the coming years.

The global energy agenda pivoted around February 2022 and changed direction with 180 degrees in 180 days - from focusing on leaving hydrocarbons in the ground at COP26 in Glasgow in November 2021, to ensuring security of energy supply from dependable sources in the spring of 2022.

Although the energy transition is both inevitable and desirable, 2022 was a stark reminder of the need for a stable and dependable supply of energy to ensure an orderly transition. This will likely create tailwinds for the oil services industry in the years to come and generally take time. It also demonstrates the industry's valuable contribution to the security and economic well-being of our societies.

The society's requirement to businesses to reduce their environmental impact has further intensified in 2022. We have done the same in Prosafe and will play our part. The first important reduction steps were taken in 2022 when a new engine configuration reduced CO_2 emissions by 15-20 % for a dynamically positioned rig. To further improve, we have set a target of 50% emission reduction by 2030 and established an Energy Management team to drive the effort. Meeting the target will require harnessing our decades of competence with tomorrow's technology and ways of working, as well as support from our customers. Our vessels are the main driver behind the emission reduction targets.

The strategy in Prosafe stands on a number of strategic pillars which aim at maximizing the value of our existing assets and growing our fleet and our business to remain the leading player within our niche. We have included the organisation in setting the strategic priorities and have improved our performance management tools. Prosafe is managed with the aim to create competitive shareholder value, opportunities for our employees and a positive impact on our surroundings.

In 2022, we saw revenue grow by 41% and EBITDA increase by 147%. We added almost 10 years of contract backlog for our vessels working for Petrobras in Brazil. We had 6 of our 7 vessels working for all or part of the year in Norway, UK, Trinidad & Tobago and Brazil. We had high operational and commercial activity, and our co-workers have been very busy in 2022. Their contribution has been vital to our ability to operate safe and cost-efficiently. Thank you!

In 2022, we saw revenue grow by 41% and EBIDTA increase by 147%. We added almost 10 years of contract backlog for our vessels working for Petrobras in Brazil.

The focus on security of energy supply bodes well for the activity in our core markets in the North Sea and Brazil. In Brazil, the production infrastructure will grow in the years to come with a number of new FPSOs coming on stream. Our activities in Brazil are mainly linked to the regular maintenance and modification of the production infrastructure. In the North Sea, 2022 has seen a record high number of Plans for Development and Operation submitted in Norway and many projects sanctioned in the UK.

High activity in the early parts of the value chain traditionally translate into demand for our services / vessels during implementation, although it is too early to say when and where. We expect day rates to continue to further improve and deem it likely that situations of scarce supply of our services may occur in the coming years as activity looks to be increasing with supply remaining stable or declining.

Health and safety lies at the heart of what we do and we promote a zero-mindset philosophy which means that no accidents or incidents are acceptable. Our health and safety statistics in 2022 are very good and include zero Lost Time Incidents (LTI) and sick leave of just 1.31%. The key is the continued daily focus on the activities which form the basis for achieving and maintaining excellence in health and safety.

We continued our increasingly more important ESG work in 2022. Main projects were the ongoing emission reduction project, a climate risk review in accordance with the Task Force on Climate-related Financial Disclosures, a reassessment of our material impact, the implementation of required actions to comply with the Norwegian Transparency Act and an adaptation of our Environmental, Social and Governance (ESG) reporting to comply with the Sustainability Accounting Standards Board reporting standard. Overall, both the quality and transparency of our ESG efforts have increased.

The year 2022 has also been characterized by inflationary cost pressure, longer lead times on equipment and increasing interest rates. Prosafe is not immune to these effects. Our lean operating model and flexible cost structure provide some cushion against the inflationary cost pressures. We remain unhedged on our interest expenses.

The outlook for 2023 is somewhat mixed. We will have three vessels on contract with Petrobras in Brazil for most of the year and one vessel commencing working in the USA. The outlook for the North Sea following a year with very high activity is more uncertain and may only pick up from 2024 when we have 2-3 vessel available for hire.

Finally, I would like to thank our shareholders and lenders for their confidence in and continued support of Prosafe. We are confident in our ability to benefit from the tailwind in the industry and thereby protect and create value for our stakeholders in the years ahead.

Stay safe,
Jesper Kragh Andresen, CEO

CORPORATE GOVERNANCE

Prosafe SE is committed to ensuring that high standards of corporate governance are maintained to ensure the greatest possible value creation over time in the best interests of shareholders, employees and other stakeholders.

Prosafe SE is a European public company (Societas Europaea) listed on the Oslo Stock Exchange. The corporate governance framework forms the basis for a transparent business model with a clear segregation of roles, responsibilities and accountabilities between shareholders, the Board of Directors and executive management. Corporate governance in the company follows the principles contained in the Norwegian Code of Practice for Corporate Governance in its latest version of 14 October 2021 (the "Code of Practice").

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

This report on Corporate Governance accounts for the company's corporate governance principles and practices as required by the Accounting Act Section 3-3b and how Prosafe complies with the Code of Practice. Application of the Code of Practice is based on the "comply or explain" principle, which stipulates that any deviations from the Code should be explained. In the company's own assessment, Prosafe did not deviate from any sections of the Code of Practice at year-end 2022.

The Code of Practice covers 15 topics which are designed to ensure that the division of roles between shareholders, the Board of Directors ("the Board") and the company's executive management is regulated in a way that strengthens confidence among shareholders, employees, the capital market and other interested parties to ensure control and compliance, equal treatment of shareholders and maximum value creation over time.

The company's Corporate Governance Report covers every section of the Code of Practice and is included in the annual report and published on Prosafe's website at https://www.prosafe.com/investor-information/corporate-governance/

GOVERNANCE STRUCTURE

Prosafe's governance structure is set out below.

SHAREHOLDERS

Nomination Committee | External Auditor

↓

BOARD OF DIRECTORS

Audit Committee | Compensation Committee

↓

MANAGEMENT

Ethics Committee

2. THE BUSINESS

Prosafe's business is defined in Article 3 of the company's Articles of Association:

Prosafe SE shall own and operate vessels and other offshore tonnage, related to oil and gas activities, as well as conduct any activity related to ownership and operation related to this. Prosafe SE may invest in companies within the same or other sectors.

The Board of Directors has established objectives, strategies, and a risk profile for the business within the scope of the definition of its business to create value for its shareholders in a sustainable manner, considering economic, social and environmental considerations. The company's objectives, strategies and risk profile are subject to at least an annual review by the Board. The reviews are supplemented by ongoing dialogue between the Board and executive management, monthly reporting and ad hoc weekly reporting and updates of all significant matters.

3. EQUITY AND DIVIDENDS

Equity and capital structure
Prosafe's consolidated shareholders' equity as at 31 December 2022 amounted to USD 37.3 million (2021: USD 36.3 million), equivalent to 7.5 per cent (2021: 7.4 per cent) of the Group's total assets.

Dividend policy
Prosafe's longer term ambition is that its shareholders receive a competitive return on their investment in the company through a combination of share price appreciation and a direct return in the form of dividends.

The company has not paid dividends since 2015. Under the latest amended and restated loan agreements, following the restructuring in December 2021, dividends may only be paid after obtaining prior written consent of two-thirds of the lenders.

Board authorisations
Mandates and authorities for different purposes such as increase of share capital or share buy-backs are considered separately at each annual general meeting ("AGM") and are generally limited in time and valid to the date of the next AGM. As at 31 December 2022, the Board held no mandates for share capital increases or share buy-backs.

In January 2022, the company executed a reverse share split whereby 1,000 shares became 1 share. No equity buy-backs or share issues were executed during the year.

4. EQUAL TREATMENT OF SHAREHOLDERS

Pre-emption rights to subscribe
Should the Board wish to propose that the AGM departs from the pre-emptive right of existing shareholders relating to any capital increase, such a proposal will be justified by the common interest of the company and the shareholders, and the reasons for the proposal will be presented in the notice of the AGM as well as publicly disclosed in a separate stock exchange announcement.

Trading in own shares
In the event of a share buy-back programme, the Board of Directors will aim to ensure that all transactions are carried out either through the trading system or at prevailing prices at the Oslo Stock Exchange. In the event of such programme, the Board of Directors will take the company's and shareholders' interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the company's shares, the company shall consider other ways to ensure equal treatment of all shareholders.

5. SHARES AND NEGOTIABILITY

Prosafe has one class of shares in issue and all shares are equal in all respects. The shares are freely transferrable on the Oslo Stock Exchange. The company's Articles of Association place no limitations on voting or restrictions or on any party's ability to own, trade of vote for shares in the company.

6. GENERAL MEETINGS

The Board of Directors will make its best effort to facilitate that as many shareholders as possible may attend and exercise their right to speak and vote at general meetings, thereby making the general meeting an effective forum for the views of shareholders and the Board. Shareholders holding at least 5 per cent of the issued and voting shares are entitled to submit matters for inclusion on the agenda of a general meeting. An extraordinary general meeting (EGM) can be called by the Board of Directors if deemed necessary or be requested by the company's auditor or shareholders representing at least 5% of the company's share capital.

Written notice of an AGM and a meeting calling for adoption of a special resolution is sent out not later than twenty-one days before the scheduled meeting unless special notice is required by law. The resolutions and supporting information are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting. Both these and any recommendations of the Nomination Committee enabling shareholders to take an informed position on all matters to be discussed are made available within the relevant timeframe on the company's website.

Shareholders wishing to attend the general meeting, either in person or online, must notify the company of this intention before the deadline stipulated in the notice. The Board aims to facilitate the attendance of as many shareholders as possible. As stipulated in Prosafe's Articles of Association, shareholders intending to participate in the general meeting shall notify the company of this no later than two days prior to the general meeting.

The Chairman (or in exceptional circumstances, another member of the Board), the auditor and the Chairman of the Nomination Committee attend the AGM. Prosafe wishes to facilitate a dialogue with shareholders at the general meeting, and therefore encourages all Board members to attend. The Chairman normally chairs the general meetings and the Board ensures that the general meeting is able to appoint an independent chairman.

Prosafe prepares proxy forms and conducts the voting arrangements at the meeting in a form and manner which allows shareholders to vote separately on each matter to be considered by the meeting and for each of the candidates nominated for election.

The 2022 AGM was held on 11 May 2022 with 59.22 per cent of the share capital represented.

7. NOMINATION COMMITTEE

The Nomination Committee is governed by the Articles of Association's section 8. The AGM on 11 May 2022, re-elected the following two members for the Nomination Committee for a period of one year: Thomas Raaschou (Chair) and Annette Malm Justad. The committee members are independent of the Board of Directors and executive management.

The general meeting stipulates the guidelines for the duties of the committee and determines the committees' remuneration. The current instructions were revised in 2019 and approved by the AGM.

The Nomination Committee submits its recommendations to the general meeting for election of and compensation to members of the Board of Directors, in addition to members of the Nomination Committee. Each proposal is justified on an individual basis. All shareholders may nominate candidates to the Board. Relevant deadlines for submitting proposals for candidates to be appointed to the Board or the Nomination Committee are published on the company's website in due time before the AGM takes place.

The Nomination Committee held twelve meetings in 2022. Average meeting attendance was 100 per cent.

Name	Role	Date first time appointed	Date due for re-election	Meeting attendance (%)
Thomas Raaschou	Chair	May 2011	May 2023	100
Annette Malm Justad	Member	May 2016	May 2023	100

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to the articles of association section 5, the company's Board of Directors shall consist of three to seven members. On 31 December 2022, the Board consisted of five members as described in the table below. The directors are appointed for one year and all directors may be re-elected in 2023. The general meeting appoints the Chairman of the Board. At the AGM on 11 May 2022, Halvard Idland was elected as a new member of the Board. The remaining four members were re-elected.

The Board held 15 Board meetings in 2022. Average meeting attendance was 98.5 per cent.

Name	Role	Date first time appointed	Date due for re-election	Meeting attendance (%)
Glen Ole Rødland	Chairman	March 2016	May 2023	100
Alf C. Thorkildsen	Deputy Chairman*	May 2020	May 2023	100
Birgit Aagaard-Svendsen	Director	March 2017	May 2023	93.3
Nina Udnes Tronstad	Director	May 2019	May 2023	100
Halvard Idland	Director	May 2022	May 2023	100

**Alf C. Thorkildsen was appointed Deputy Chairman in February 2022*

The Board members are independent of the company's executive personnel and material business contacts and save for Alf C. Thorkildsen also independent of the company's main shareholders.

The directors have been appointed to ensure that a broad base of appropriate expertise, capacity and diversity is reflected on the Board. Working constructively together with its committees' and the company's administration, the Board oversees the strategic direction, targets, reporting, management and control of the company.

Directors are encouraged to own shares in the company. Information about each director, their experience and shareholding is available on Prosafe's website.

9. THE WORK OF THE BOARD OF DIRECTORS ("THE BOARD")

The duties of the Board

The Board of Directors is responsible for the overall management of the company and supervision of day-to-day management and the company's business activities, including organisation, strategy, planning, reporting, and establishing of control systems. This includes regulation of the duties of the Board of Directors and the Chief Executive Officer (CEO), the division of work between the Board of Directors and the CEO, the annual plan for the Board of Directors, notices of Board proceedings, administrative procedures, minutes, Board committees, transactions between the company and the shareholders and confidentiality. The Board of Directors has an annual plan for its work which is revised at regular intervals.

Agreements with related parties

Any transactions, agreements or arrangements between the company's shareholders, members of the Board, members of the executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall, where relevant, comply with the procedures set out in the Norwegian Public Limited Liability Companies Act and the Norwegian Code of Practice for Corporate Governance.

The Board shall arrange for a valuation to be obtained from an independent third party for transactions with related parties, including agreements that are considered immaterial. The Board's annual directors' report shall provide information about any transactions with related parties. The Board will when required or otherwise deemed appropriate arrange for a valuation to be obtained from an independent third party.

Board members shall immediately notify the Board and members of the executive management team shall immediately notify the CEO (who, where relevant, will notify the Board) if they have any material direct or indirect interest in any transaction entered into by the company. For information regarding related party transactions, see note 21 of the consolidated accounts.

Instructions for the Board

Prosafe's Board Instructions give an overview of function, duties and responsibility of the Board, including procedures for Board meetings. The Board shall determine the vision, values and long-term objectives of the company. The Board shall also contribute with external expertise and experience to the company's management.

The Board has adopted instructions for management specifying their respective duties, authority and responsibilities in relation to the business. The CEO has a particular responsibility for ensuring that the Board receives precise, relevant and timely information enabling it to discharge its duties.

Scheduled Board meetings are normally held six to eight times a year, but the work schedule is flexible and otherwise adaptable to take into account relevant commercial, operational and strategic circumstances. Internal segregation of responsibilities and duties between the Board and management is established in several corporate documents including corporate policies and procedures, approval matrices and delegated authorities, Board approvals for budgets and forecasts and specific investments, and the grant of specific powers of attorney in respect of particular transactions.

The Chairman has a particular responsibility for ensuring that the Board's work is well organised and efficiently conducted. The Chairman of the Board encourages an open and constructive debate within the Board and with management.

The Board's evaluation of its own work

The Board undertakes an annual assessment of its own performance and expertise, working methods, composition and the manner in which the directors function, both individually and collectively, in relation to the goals set for their work. In this context, the Board also assesses itself in relation to corporate governance. The assessment is made available to the Nomination Committee as a tool for continuous improvement.

Conflicts of interest and disqualification

The Board has implemented various policies and procedures to avoid conflicts of interest between directors, executive management, their close associates and external third parties with whom the company collaborates.

Members of the Board and executive management cannot consider items in which they have a special and prominent interest, cf. the rules on disqualification in the Public Companies Act.

Directors and executive personnel must notify the Board if they have any material direct or indirect personal interest in any agreement concluded by the group. Neither the Board members nor the CEO shall participate in the preparation, deliberation, or resolution by the Board of any matters that are of such special importance to themselves or any of their related parties that the person in question is deemed to have a prominent personal or financial interest in these matters. The relevant Board member or the CEO shall raise the issue of his or her independence whenever there may be cause to question it and is the primary responsible for adopting the correct decision as to whether he or she should step down from participating in the discussion of the matter at hand.

Throughout the year, no potential conflicts of interest have been declared by any members of the Board or of Executive Management. In the event of any potential conflict of interest, appropriate action will be taken to protect against such potential conflicts which includes for example the individual not participating in the relevant part of the Board meeting and/or abstaining from voting on the relevant matter.

Audit Committee

The Audit Committee is a sub-committee of the Board of Directors, and acts as a preparatory body in connection with the Board's supervisory roles with respect to financial reporting and the effectiveness of the company's internal control system. It also attends to other tasks assigned to it in accordance with the instructions for the Audit Committee adopted by the Board of Directors. At 31 December 2022, the Audit Committee comprised Board members Birgit Aagaard-Svendsen (Chair) and Halvard Idland. Both are considered independent of the company and have relevant skills and experience within accounting or auditing.

The Committee operates based on a generic annual plan and undertakes an examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management and internal controls, monitors the financial reporting process and prepares the Board's follow up on such issues. The Audit Committee is tasked from time to time with the carrying out of special investigations designed to assess the overall risk management system within the Group.

The Audit Committee meets six to eight times a year and holds closed sessions with the appointed auditor on at least an annual basis without the company's management being present. The appointed auditor participates at all Audit Committee meetings.

The Audit Committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

The Audit Committee held six meetings in 2022. Average meeting attendance was 100 per cent.

Name	Role	Date first time appointed	Date due for re-election	Meeting attendance (%)
Birgit Aagaard-Svendsen	Chair	May 2017	May 2023	100
Glen O. Rødland	Member	May 2020	Resigned May 2022	100
Halvard Idland	Member	May 2022	May 2023	100

Compensation Committee

The Compensation Committee is a sub-committee of the Board and its objective is to act as a preparatory body for the Board's work relating to employment terms and performance review for the CEO as well as strategy and principles for remuneration of executive management. The Compensation Committee operates based on a generic annual plan. At 31 December 2022, the committee comprised of Board members Nina Udnes Tronstad (chair) and Alf C. Thorkildsen, who are both independent of the company's executive management.

The Compensation Committee held six meetings in 2022. Average meeting attendance was 100 per cent.

Name	Role	Date first time appointed	Date due for re-election	Meeting attendance (%)
Nina Udnes Tronstad	Chair	May 2019	May 2023	100
Alf C. Thorkildsen	Member	May 2020	May 2023	100

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for ensuring that sound internal control and risk management systems, that are appropriate for the extent and nature of the company's activities, are in place. The Board conducts an annual review of all risk areas and the internal control procedures.

Prosafe categorises its primary risks under the following headings: strategic, commercial, operational, compliance and legal, financial, climate and IT/Cyber-security related. The Board and senior officers manage these risks through continuous assessments, reporting and periodic reviews in management and Board meetings, and as part of the rolling strategy and planning processes. These risks and associated sensitivities as well as internal control measures are described in more detail at https://www.prosafe.com/investor-information/corporate-governance/risk-management/ and in a separate Risk Management Policy.

The risk management methodology applied by management and the Board is in accordance with industry and market practices generally and as implemented in Prosafe over several years.

The Audit Committee assesses the integrity of Prosafe's accounts and follows up on behalf of the Board on issues related to financial review and external audit of Prosafe's accounts. Furthermore, the Board and the Audit Committee supervise and verify that effective internal control systems are in place, including systems for risk management and financial reporting, and satisfactory routines for following up adherence to the company's ethical guidelines.

Management maintains a risk and opportunity register that includes all risks of material significance for the company. This register is reviewed regularly in Board meetings and is followed up by management and the Board in the form of strategies and mitigating actions. The Board conducts also an annual review of all risk areas and the internal control system.

All significant tenders and projects are reviewed by the company's Bid Committee. The scope of the reviews includes all aspects which may impact the financial results and good reputation of Prosafe. The Bid Committee acts to safeguard and support tender processes to ensure client tenders have an acceptable balance between risk and reward, and that awarded projects are driving risk mitigating measures in order to meet quality, delivery and financial targets. The committee has an advisory role towards the tender and subsequent project teams within authorities provided by the Board.

11. REMUNERATION OF THE BOARD

The AGM resolves directors' fees based on the recommendation from the Nomination Committee. The remuneration of the Board reflects its responsibilities, expertise, time commitment and the complexity of the business.

The remuneration of the Board is not linked to the company's performance and none of the current Board directors have a pension scheme or agreement concerning pay after termination of their office nor have they received any share options.

	Chair	Deputy Chair	Directors
Board	USD 110,000	USD 84,000	USD 68,000

In addition, a fee of USD 1,500 is payable to directors, Board Committee members and Board representatives to the Nomination Committee attending Board or Committee meetings held away from their home country.

Information relating to the total remuneration to the Board for 2022 is set out in note 6 of the consolidated accounts.

The fees payable to the members of the Board Committees are as follows:

Committee	Chair	Members and Board representatives	Other
Nomination Committee	USD 7,500	USD 5,000	Additional USD 850 per meeting
Compensation Committee	USD 15,000	USD 10,000	N/A
Audit Committee	USD 20,000	USD 10,000	N/A

Based on the need for directors to be independent of the company's executive personnel, none of the directors has any specific assignments for Prosafe beyond their role as director.

12. REMUNERATION OF EXECUTIVE PERSONNEL

The Board determines the terms of employment of the CEO and executive management and has prepared guidelines for salary and other remuneration which are clear and easily understandable and contributes to the company's commercial strategy, long-term interest and financial viability.

Remuneration for executive management comprises three principal elements, base pay, variable pay and other benefits such as pension to ensure convergence of the interests of executive management and shareholders. Prosafe aims to provide a competitive total remuneration to attract and retain senior executives with the desired skills and experience.

The variable pay of executive management is performance related and cannot exceed the executive's gross annual salary for the same calendar year. The amount paid to an executive under the short-term incentive program and long-term incentive program combined cannot exceed five times his/her annual fixed cash remuneration in the relevant year. The variable pay is linked to the operations and development of the company and aligned with the Prosafe's strategy, ethical guidelines and values to support sustainable value creation for shareholders.

The Executive Remuneration Policy and the Board's Report on Executive Remuneration were presented to and adopted by the AGM in 2022. The report was presented for a consultative vote, except for the part regarding guidelines for share-based remuneration or remuneration linked to the company's share price development which were subject to a separate vote. For further details relating to remuneration paid to executive management, see note 6 of the consolidated accounts and the Executive Remuneration Policy and the Board's Report on Executive Remuneration attached to the 2022 AGM notice.

13. INFORMATION AND COMMUNICATION

Prosafe has adopted an investor relations policy which covers guidelines for the company's contact with shareholders and the financial community. In order to ensure equal treatment of shareholders for the purpose of creating a good basis for a fair and correct pricing of the company's financial instruments, Prosafe aims to provide clear, up-to-date and timely financial and other information about the company's operations to the financial market. This shall take place through the timely distribution of price-sensitive information to the market, at all times handled in compliance with applicable market rules and practices.

Prosafe publishes interim reports and presentations on a quarterly basis. Investor presentations in the form of audiocast or webcast are held in connection with the reporting of annual and interim results to give an overview of operational and financial developments. An ongoing dialogue is otherwise maintained with analysts and investors. All information distributed to the company's shareholders is published in English on the company's website at the same time as it is sent to the Oslo Stock Exchange and www.newsweb.no.

14. TAKE-OVERS

There are no defence mechanisms against take-over bids in Prosafe's Articles of Association, nor have any other measures been implemented to specifically hinder acquisitions of shares in the company. The Board has not established written guiding principles for how it will act in the event of a take-over bid, as such situations normally are specific and one-off by nature, which make a guideline challenging to prepare.

If an offer is made for the company's shares, the Board will ensure that all shareholders are treated equally and seek to ensure that the company's activities are not unnecessarily interrupted. The Board will act in the best interest of shareholders and ensure that they have sufficient information and time to assess the offer. The Board will prior to the expiry of the offer period, issue a statement evaluating the offer and make a recommendation as to whether shareholders should or should not accept the offer. In such a situation, Prosafe will act in accordance with the applicable principles for good corporate governance.

15. AUDITOR

The company's external auditor is KPMG AS. The auditor is appointed by the general meeting and is independent of Prosafe SE.

Each year, the auditor presents the audit plan for the company to the Audit Committee. The auditor also meets with the full Board at least once a year in connection with the preparation of the annual financial statements and a review of the financial reporting and internal control procedures, including weaknesses identified by the auditor and proposals for improvement. At least once a year, the independent auditor meets with the Board without the presence of any member of executive management.

The Audit Committee supports the Board in the administration and exercise of its responsibility for supervision of the auditor's work, who shall keep the Board informed of all aspects of its work for Prosafe.

The auditor attends all Audit Committee meetings.

Company policies govern the use of the auditor's services. Use of the auditor for services other than the audit of Prosafe requires approval by the Audit Committee.

The renumeration of the auditor is approved by the AGM. Fees for audit work and other services are reported by the Board to the General Meeting. For more details, see note 7 of the consolidated accounts.

28 March 2023

The Board of Directors of Prosafe SE

(original signed)

Glen Ole Rødland
Non-executive Chairman

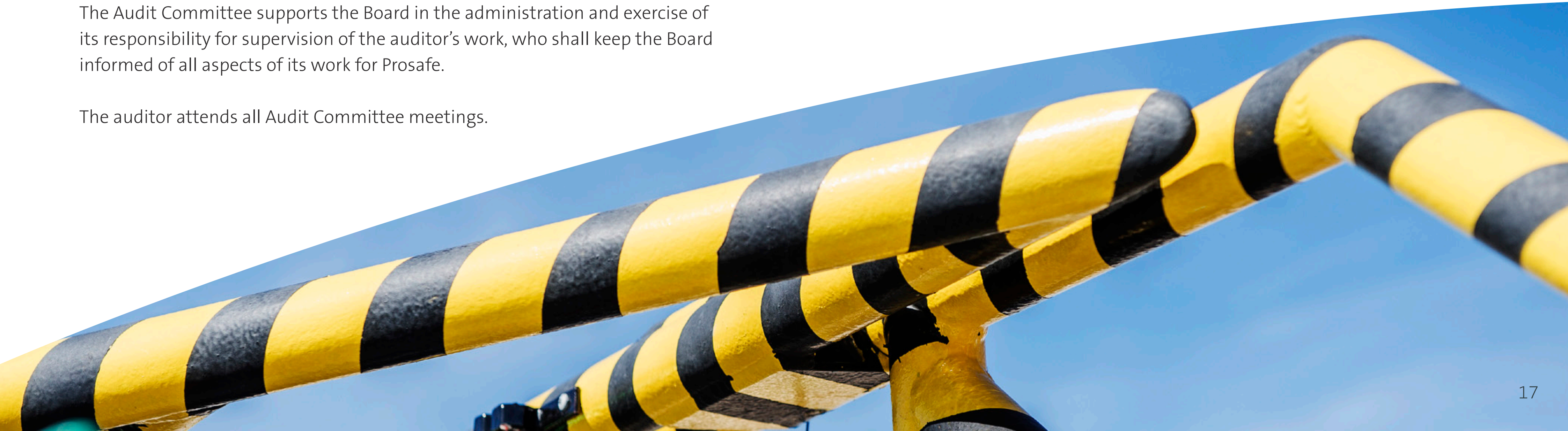
Alf C. Thorkildsen
Non-executive Deputy Chairman

Birgit Aagaard-Svendsen
Non-executive Director

Nina Udnes Tronstad
Non-executive Director

Halvard Idland
Non-executive Director

Jesper K. Andresen
Chief Executive Officer



DIRECTORS' REPORT

The directors present their annual report of Prosafe SE (the "Company" or the "Parent Company") and its subsidiaries (the company and its subsidiaries referred to as the "Group" or "Prosafe") together with the Group's and the Parent Company's audited financial statements for the year ended 31 December 2022.

INTRODUCTION

The Parent Company, Prosafe SE, is legally domiciled in Norway and is the ultimate owner of all Group companies.

In December 2021, the company concluded a financial restructuring and established a more sustainable capital structure. The restructuring followed the general downturn in oil and gas activity as well as structural changes to the industry. Prosafe used the downturn to adapt its operating model, rightsize its organisation and enhance its fleet while continuing safe and efficient operations.

During 2022, Prosafe experienced high fleet activity, increased order backlog and improved financial results from its operations. This was driven by a strong oil price as well as increased maintenance activity by operators.

STRATEGY

Prosafe's strategy is to be the preferred supplier of high-end offshore accommodation vessels globally. Prosafe expects continued demand for accommodation vessels and services in the coming years amid a gradual energy transition. Prosafe believes sector returns will improve on the back of increased oil and gas activity and a reduced supply of accommodation rigs globally.

OPERATIONS AND PROJECTS

As at year-end, the fleet comprised seven fully owned vessels, plus options for two new builds, the Safe Nova and the Safe Vega, at yard in China. During 2022, a typhoon damaged the new builds and the yard has initiated repairs.

Specifications for each of the vessels and details of the current contracts can be found on the company's website https://www.prosafe.com/fleet/vessels/

Safe Zephyrus operated for bp at ETAP in the UK North Sea from 22 January until 21 December 2022. On 8 December 2022, Petrobras chartered the Safe Zephyrus to provide gangway connected operations in Brazil from 1 May 2023. The contract has a firm period commitment of 650 days with a contract value of approximately USD 73 million (equivalent to USD 112,500 per day). Certain contract and regulatory compliance scopes must be performed to ensure contract commencement in May 2023.

Safe Boreas completed a contract on the Norwegian Continental Shelf between 1 May 2022 and 29 July 2022. A UK client chartered the Safe Boreas to provide gangway connected operations to support a platform in the UK North Sea from 22 September 2022 to 1 November 2022. The vessel is now in lay-up in Norway pending future work.

The Safe Caledonia remained in-field and on a stand-by day rate until early March 2022. On 7 March 2022, Safe Caledonia re-started operations for TotalEnergies at the Elgin platform in the UK. The contract was successfully completed on 2 December 2022 and the vessel is currently laid up in the UK pending future work.

Safe Eurus has been providing safety and maintenance support to Petrobras in Brazil since November 2019 on a contract with a firm duration until February 2023. On 25 May 2022, Safe Eurus was awarded a four-year contract with Petrobras which commenced on 17 February 2023, following from the expiry of the last contract. The total value of the contract is approximately USD 126 million. Safe Eurus was originally expected to be off-hire for approximately 35 days in April/May 2023 for Petrobras contract compliance works and hull cleaning. The off-hire period has now been moved to Q1 2024. Prosafe will in parallel execute the vessel's next Special Periodic Survey (SPS) which is due in Q2 2024.

Safe Notos has been operating for Petrobras in Brazil since December 2016. Safe Notos commenced a new four-year contract with Petrobras on 18 July 2022, in direct continuation of the previous contract. The total value of the new contract is approximately USD 110 million. Safe Notos is expected to be off-hire in May 2023 during which Petrobras contract modification and hull cleaning will be conducted.

Safe Concordia commenced a contract in Trinidad and Tobago in July 2021. The contract was initially scheduled to complete in mid-March 2022. BP chartered the vessel in direct continuation of the previous contract and Safe Concordia continued operations in Trinidad until 30 September 2022. In October, Prosafe announced a contract with a major operator to provide accommodation support in the US Gulf of Mexico. The firm duration of the contract, commencing within a window of July through September 2023, is 330 days with up to 6 months of options. The value of the firm period is approximately USD 33 million. A standby rate of USD 28,000 per day has been agreed for the period from 1 August 2023 until commencement. Safe Concordia is laid up in Curaçao where ramp-up and mobilization works have started for the upcoming project in the US Gulf of Mexico.

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.

Prosafe is increasing its efforts within Environmental, Social and Governance (ESG) related factors including energy management to reduce energy consumption and emissions and to comply with laws and regulations. Prosafe does not undertake specific Research & Development activities. However, the company has established an Energy Management team to focus on energy management to adapt to the global ambition to achieve energy efficiency, reduce emissions and assure compliance with ISO 50001. Prosafe received formal ISO 50001 certification in January 2022.

ORDER BACKLOG

The total order backlog[1)] on 31 December 2022 amounted to USD 357 million (USD 152 million) of which USD 332 million relates to firm contracts and USD 25 million relates to options. Secured utilisation for 2023 is currently 41.6 per cent, while secured utilisation for 2024 is 49.8 per cent.

CORPORATE SOCIAL RESPONSIBILITY AND ESG REPORTING

Prosafe views Corporate Social Responsibility (CSR) as an integral part of being an efficient and value-generative business. Prosafe is committed to maintaining high ethical, social, environmental and governance standards, identifying, addressing and reporting its ESG impact, and creating sustainable values for the benefit of its stakeholders and the society at large wherever the company operates.

The company uses internationally recognised standards for identifying (GRI) and reporting (Sustainability Accounting Standards Board) material ESG topics. In 2022, Prosafe completed several significant ESG projects: a materiality review of material ESG topics using GRI 3 Materiality Standard, a climate risk review that covered the risk categories described in the TCFD framework, an independent GHG emissions accounting (including scope 3 emissions where data available), and an ESG reporting upgrade including SASB Marine Transportation and Oil and Gas Services Standards.

In 2022, Prosafe reviewed its responsible supply chain process and initiated a number of actions as part of the implementation of the Norwegian Transparency Act.

A full Norwegian Transparency Act Statement will be published on Prosafe's website together with this annual report.

MARKETS

North Sea: Norway and UK

The North Sea (UK and Norway) remains a key market for semi-submersible accommodation vessels. In 2023, the company has two vessels idle and available for charter in the North Sea. Beyond 2023, the company expects higher activity levels due to increased demand for accommodation to meet project requirements in both Norway and the UK. Future accommodation vessel demand will likely be driven by the continued need for oil and gas throughout the energy transition

[1)] Order backlog = amount of contracted revenue not yet recognised in the income statement

and high energy prices which drive investments in field development and maintenance as well as investments in offshore renewable energy generation.

Brazil

The main demand driver in Brazil is maintenance and modification work on the large and growing fleet of FPSOs. Semi-submersibles remain the preferred design for long term charter contracts with Petrobras as units for maintenance and safety (UMS). Prosafe classifies the region as a core market. Demand for large accommodation vessels fell from its peak of nine vessels in 2015 to five vessels in mid-2018. It is forecasted that there will be a long-term requirement for seven to ten vessels in Brazil.

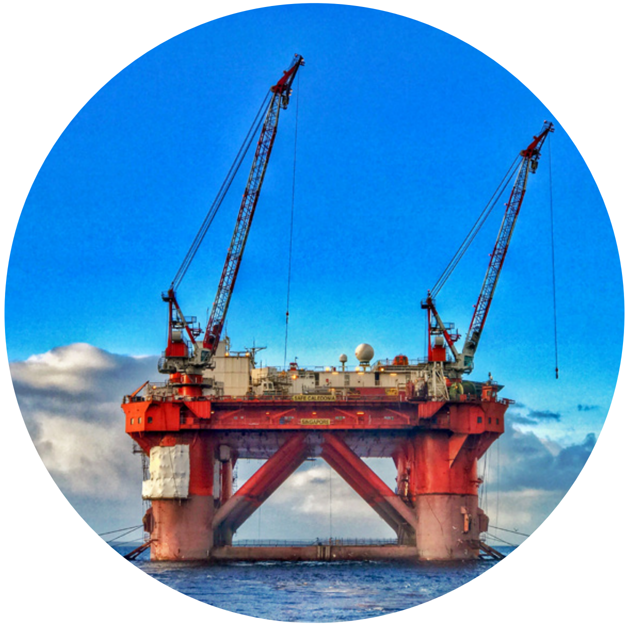
The most recent awards by Petrobras in 2022 reflect day rates increasing from approximately USD 75,000 to USD 112,500. In addition, other international operators have required accommodation vessels to support both newer installations and aging assets owned and/or leased by Equinor, Shell, Modec and SBM. UMS demand is expected to increase with the planned installation of a large number of new FPSOs in Brazil the coming the years, and Prosafe expects further tenders in 2023 and beyond.

Rest of the world

Demand for semi-submersible offshore accommodation units in geographical markets outside the North Sea and Brazil is characterized by low visibility. Opportunities are monitored and pursued on an opportunistic basis. In the US Gulf of Mexico, semi-submersible accommodation vessels have operated on occasions. In 2022, the company secured a contract for 2023 in the US Gulf of Mexico.

Accommodation supply

The supply side has developed positively since 2016 with a reduction in the number of available units, largely supported by Prosafe which has sold eight vessels for recycling while renewing its fleet. Over the same time period, two competitors have sold one unit each for recycling.



Globally, there are approximately 20 to 25 offshore accommodation vessels available for operation. The company expects a bifurcation of the market where the high-end modern DP3 vessels will show better performance/cashflow over time. The fleet of high-end vessels is currently estimated at 12 to 15 vessels.

Prosafe remains the market leader with seven vessels including a Tender Support Vessel (TSV) currently in cold lay-up. The company has options for two high-end semi-submersible vessels currently stacked with Cosco in China. Prosafe's main competitor has five vessels while the remaining fleet is generally distributed amongst various owners. Prosafe maintains that the industry would benefit from further consolidation and vessel recycling and anticipates that this will occur in the years ahead.

Energy transition

Prosafe supports the transition to renewable energy to prevent further global warming and due to the finite nature of fossil fuels. The transition process will be complex and require substantial resources over time. This includes development of new solutions for carbon capture, energy management, alternative fuels, electrification and new ways of working. Prosafe expects continued high activity in the oil and gas industry in the foreseeable future, with a parallel focus on investments in energy management and efforts to reduce carbon intensity and emissions. These efforts are over time expected to provide the company with new business opportunities.

HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT (HSSE)

Robust HSSE performance is fundamental to all of Prosafe's operations and is therefore reflected in its core values. Prosafe works proactively and systematically to reduce incidents, injuries and absence.

Prosafe operates a zero-accident mindset philosophy which means that no accidents or serious incidents are acceptable. A number of initiatives have been implemented over the years in order to further strengthen the safety culture. These and new initiatives will be continuously developed in order to improve safety performance further.

In 2022, Prosafe recorded zero incidents classified as a Lost Time Injury (LTI) (2021: 0), i.e. those injuries resulting in an employee being absent from the next work shift due to the injury. Sick leave was 1.31 per cent in 2022, an increase from 0.27 per cent in 2021.

Prosafe had no accidental discharges to the natural environment in 2022 and continues to actively reduce emissions by modernizing and adapting its fleet and operating procedures and practices. In 2022, Prosafe continued its focus on the energy management side of environmental management. The company was accredited according to ISO 50001 Energy Management in January 2022.

The impact to the external environment from Prosafe's operations is reported in detail in the ESG report which is published together with this annual report and available on the company's website.

HUMAN RESOURCES AND DIVERSITY

Due to the nature of the company's business which is characterised by both long- and short-term contracts with international mobilisations, the offshore headcount will increase and decrease depending on the nature of the contract. The offshore crews in certain geographical locations consist partly of agency personnel engaged short-term for specific contracts.

Prosafe had 182 employees at the end of 2022 (average 192), compared with 103 in the previous year (average 97). This increase is largely a result of the nationalization of crew in Brazil where the company has long-term contracts.

The voluntary employee turnover in the Group was 20.6 per cent in 2022, compared with 11.2 per cent in 2021. This increase is mainly due to short term contracts during the period. Upon concluding the contracts, the employed crew sourced other employment resulting in an increase in voluntary turnover.

Prosafe operates an equal opportunity policy including gender equality. Men have, however, traditionally made up a greater proportion of the recruitment base for offshore operations, and this is reflected in Prosafe's gender breakdown. Prosafe aims to offer the same opportunities to all and there is no discrimination with respect to recruitment, remuneration or promotion, age, disability, gender, marriage and civil partnership, pregnancy and maternity, nationality, religion or belief, and sexual orientation. More detailed information can be found in the ESG report published together with this annual report.

CORPORATE GOVERNANCE

Corporate governance in the Group is based on the principles contained in the Norwegian Code of Practice for Corporate Governance of 14 October 2021. There are no deviations from Code of Practice in 2022. The Group's full corporate governance report is available in a separate section in this annual report.

Sound corporate governance is a priority for maintaining and strengthening confidence in Prosafe among shareholders, capital market and other stakeholders. Corporate governance helps to ensure maximum value creation over time in the best interest of shareholders, employees and other stakeholders.

At the Annual General Meeting held on 11 May 2022, all members of the Board were re-elected, with Halvard Idland elected as a new member to the Board. Hereafter, the Board of Directors consists of five non-executive Directors. Glen Ole Rødland was re-elected as chairman. The remuneration of the members of the Board is disclosed in note 6 to the consolidated accounts.

The company has a Directors & Officers liability insurance that covers Directors and executive management. The total limit of the coverage is USD 40 million.

As at 31 December 2022, Birgit Aagaard-Svendsen owned 3 shares in Prosafe and Nina Udnes Tronstad owned 6,000 shares. Glen Ole Rødland controls 100,000 shares through the investment company Gross Management AS, and has an indirect ownership interest in Prosafe through his ownership interest in North Sea Strategic Investments. Alf C. Thorkildsen

has an indirect ownership interest in Prosafe through his ownership interest in North Sea Strategic Investments and HitecVision VI Invest Sierra.

FINANCIAL RESULTS, FINANCING AND FINANCIAL POSITION OF THE GROUP

(The figures in brackets correspond to the 2021 comparatives)

INCOME STATEMENT

Operating revenues totalled USD 198.9 million in 2022 (2021: USD 141.1 million), with fleet utilisation[2)] increasing to 70.6 per cent (54.5 per cent). The increase in utilisation reflects a combination of execution of contracts deferred from previous years, as well as new contracts and extensions.

Operating expenses increased to USD 137.5 million (USD 116.2 million), mainly due to higher activity.

Depreciation, amortization and impairment amounted to USD 29.5 million (USD 74.7 million). The prior year included a non-recurring impairment of USD 40.6 million following the judgement in the Westcon dispute legal appeal case.

The operating profit was USD 31.9 million (loss of USD 49.8 million).

Interest expenses totalled USD 18.7 million (USD 37.9 million). Lower interest expenses were mainly the result of reduced debt following the completion of financial restructuring in December 2021. For further

[2)] *Utilisation = actual vessel days in operation in the period / possible vessel days in the period x 100* information, refer to note 10 and note 14 of the 2022 consolidated accounts.

Financial items other than interest expenses amounted to negative USD 3.4 million (positive USD 1,018.7million). The prior year was impacted by a one-off financial gain of USD 1,030.5 million, arising from the completion of the financial restructuring in December 2021. Refer to note 9, 10 and 14 of the consolidated accounts for more details.

Taxes for 2022 in the amount of USD 8.3 million (USD 3.1 million) were mainly related to operations in Trinidad and Tobago (USD 6.6 million), Brazil and UK.

Net profit amounted to USD 1.5 million (net profit of USD 927.9 million), resulting in earnings per share of USD 0.17 (USD 263.27). Fully diluted earnings per share were USD 0.17 (USD 263.27). In January 2022, Prosafe completed a 1,000:1 reverse split of the company's shares to satisfy the minimum requirement to market value of the issuer's shares for listed companies. In May 2022, the company reduced the nominal value of its shares from EUR 50 to EUR 1.25 per share. As a result, there was a reduction in share capital of USD 485.1 million and a corresponding increase in retained earnings.

FINANCIAL POSITION

Total assets amounted to 500.0 million (USD 492.8 million) at the end of 2022. Investments in tangible assets totalled USD 10.2 million (USD 17.3 million). The investments in 2022 mainly relate to vessel upgrades and maintenance to comply with contract requirements.

At year-end 2022, the Group had a total liquidity reserve in the form of liquid assets (cash and deposits) of USD 91.6 million (USD 73.9 million). Total restricted cash at year-end 2022 was USD 2.2 million (USD 2.4 million).

Total shareholders' equity amounted to USD 37.3 million positive (USD 36.3 million), resulting in an equity ratio of 7.5 per cent (7.4 per cent).

Interest-bearing debt was to USD 422.2 million (USD 423.3 million) at year-end.

The interest-bearing debt agreements are subject to termination, repayment or buy back clauses in the event of a change of control of the Group (as control is defined in the relevant agreements). The Group was in compliance with the only financial covenant of USD 18 million minimum cash at year-end 2022.[3)] Please refer to note 14 of the 2022 consolidated accounts for further information.

Net cash flow in 2022 was positive USD 17.7 million (USD 86.4 million negative). Improved net cash flow in 2022 was mainly due to improved cashflow from operating activities in 2022, as well as lower repayments to lenders, as a result of the financial restructuring in December 2021. Net cash flow from operating activities amounted to USD 49.2 million (USD 23.4 million). The improvement in operational cashflow was mainly driven by increased vessel utilisation. Total cash investment in tangible assets was mostly related to compliance works and contract requirements and amounted to USD 10.2 million (USD 17.3 million).

FINANCIAL RESULTS AND FINANCIAL POSITION OF THE PARENT COMPANY

The net loss for the year amounted to USD 13.0 million (profit of USD 803.9 million, mainly arising from the completion of the financial restructuring). Net financial gain amounted to USD 21.0 million (USD 944.0 million gain).

Total net assets for the year amounted to USD 0.1 million (USD 12.3 million).

DIVIDENDS

Prosafe's long-term objective is to provide shareholders with a competitive, risk-adjusted yield on their shares through a combination of share price appreciation and direct return in the form of dividend.

Under the latest amended and restated facility agreements following the restructuring in December 2021, dividends may only be paid after obtaining prior written consent of two thirds of the lenders.

As the company has resolved to reduce the share capital for coverage of loss that cannot be covered otherwise without notice to the creditors, a resolution

[3)] The Minimum Liquidity is calculated on each quarter date and excludes cash balance held under the New Group (Safe Eurus Singapore Pte. Ltd., Axis Nova Singapore Pte. Ltd. and Axis Vega Singapore Pte. Ltd). As of end December 2022, the New Group's cash position was USD 10.7 million.

to distribute dividends may not be adopted until three years have elapsed from the registration in the Norwegian Register of Business Enterprises in May 2022 unless the share capital subsequently has been increased by an amount at least equal to the reduction.

GOING CONCERN

The Board of Directors confirms that the accounts have been prepared under the assumption that the company is a going concern. A slow North Sea market in 2023 combined with working capital and investments required for new contracts is expected to have a significant negative impact on liquidity in 2023. Based on the Group's 12 month cashflow forecast, the company foresees a possible breach of the minimum liquidity covenant of USD 23 million from the second half of 2023. As a result, the USD 250 million and USD 93 million credit facilities may become due and payable. Refer to Note 14 for information on the minimum liquidity covenant. This results in material uncertainty related to Group's ability to continue as a going concern and therefore whether the Group will realise its assets and settle its liabilities in the ordinary course of business in the next twelve months. In response to the situation, management and the board are pursuing various options, including further working capital management, cost savings, potential minor asset disposals and fund raising to ensure sufficient liquidity. The company may also request a waiver of any potential breach of covenants which will require the consent of 2/3 of the lenders. Although it is too early to conclude what the outcome will be, the board has determined that the actions taken and options available are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis. For more information refer to note 2 of the consolidated accounts.

SHAREHOLDERS AND SHARE CAPITAL

According to the shareholder register as at 31 December 2022, the 20 largest shareholders held a total of 77.8 per cent of the issued shares. The number of shareholders was 4,834.

Significant shareholdings as at 31 December 2022 are presented in note 13 to the consolidated accounts and are updated bi-weekly on the company's website

at https://www.prosafe.com/investor-information/shareholder-information/largest-stakeholders/

As at 31 December 2022, Prosafe had an issued share capital of 8,798,699 ordinary shares, all at a nominal value of EUR 1.25 each.

Selected employees have been offered share options to the company's shares as an element of employee renumeration. If the company has own shares, the company may allot own shares instead of issuing new shares when share options are exercised. All share options are offered at strike prices that reflect the market price of the shares at the time of allotment of the rights.

The company's loan agreements include change of control clauses as well as restrictions on mergers, acquisitions, investments, additional financial indebtedness and dividends. The loan agreements also include a cash sweep provision and a quarterly minimum liquidity covenant. Lender consent under the loan agreements requires two-thirds lender approval. More information is provided in note 14 to the consolidated accounts.

Further information on the share capital and changes are described in note 13 to the consolidated accounts.

RISK

Prosafe categorises its primary risks under the following headings: strategic, commercial, operational, compliance and legal, financial, climate and cyber-security related. The Group's Board of Directors and executives manage these risk factors through continuous risk assessments, reporting and periodic reviews in management and Board meetings, and as part of the rolling strategy and planning processes.

The Group aims to create shareholder value by allocating capital and resources to the business opportunities that yield the best return relative to the risk involved within its specified strategic direction.

Prosafe seeks to reduce its exposure to operational, financial and compliance related risk through proper operating routines, the use of financial instruments and insurance policies. Following the restructuring completed in December 2021, the company has not utilised any financial instruments or entered into any hedging agreements. The company has no hedging facilities available post the restructuring.

Commercial risk comprises macro factors such as oil price and industry specific factors such as the supply/demand balance, competitive position, new development solutions, climatic conditions, and new ways of executing offshore projects.

Demand for accommodation units is among others sensitive to oil price fluctuations and changes in exploration and production spending. Demand is also sensitive to impacts from the energy transition which may pose both opportunities and threats. In addition, the demand for accommodation units is sensitive to other incidents that may impact the general state of the world economy, general activity and spend levels, and demand for natural resources. Global incidents like pandemics and conflicts with a material impact on capital markets and the oil price may negatively impact activity in the oil and gas industry, and thereby also demand for accommodation services.

The Group is exposed to financial risks such as currency risk, interest rate risk, financing and liquidity risk, credit risk and counterparty risk.

Prosafe maintains an active overview of and relations with lenders, capital market participants and investors to secure the best possible access to capital markets if and when needed.

Prosafe is exposed to liquidity risk, which is the risk that Prosafe will not be able to meet its financial obligations when they become due. Liquidity risk sources include, but are not limited to, contract cancellations, customers not paying charter rates under contracts and low demand for accommodation vessels in the future. Prosafe manages liquidity at the Group level as per the Board approved Finance Policy. The Group monitors the liquidity development and the risk of insufficient capital by rolling cash flow forecasts. Liquidity is managed on a low risk and highly liquid basis, primarily in deposits with its main lending banks.

Prosafe reports in USD and generates income primarily in USD, whereas a large part of its operating costs are in other currencies such as GBP, Euro, Brazilian Real and Norwegian Krone. The currency mix will, however, vary with areas of operation. This exposure as identified based in rolling forecasts may be hedged according to the Group's Finance Policy. The interest rate risk and currency risk is unhedged following the financial restructuring that was completed in December 2021.

The Group carries out credit checks on clients as part of its tendering processes and has a history of minimal loss from debtors. There are no material overdue receivables as at year-end.

Prosafe is committed to ensuring the highest standards of data security and privacy for its employees, stakeholders and clients. To achieve this, the company complies with GDPR regulations and best practices, and has in place a number of procedural and organizational controls and protective measures. This includes continuous evaluation of new options to improve cyber-security measures, including control of remote access to IT and OT systems, and mail security. Prosafe also runs security awareness campaigns to educate its employees on best practices for working from home and maintaining data security vigilance.

Climate risks and opportunities are likely to impact the business, its strategy and financial planning. Prosafe has in 2022 undertaken a climate risk review with support from an independent expert. The company is exposed to the following risk categories described in the TCFD framework: physical, regulatory, market, technology and reputation risks (and opportunities). Prosafe has a structured approach to monitoring the development of the accommodation support market and opportunities created by the transition to renewable energy sources globally. Using information from these sources and its ongoing monitoring of GHG emission performance across the fleet, Prosafe believes it is well positioned to absorb, mitigate or adapt to climate-related risks; and, in some cases may exploit available opportunities.

The Group has no direct exposure to the war in Ukraine. The recent macroeconomic and geopolitical developments have supported higher energy prices amid concerns for regional energy shortages. At the same time, the same factors have contributed to global supply chain and logistics challenges, inflationary pressures and higher interest rates.

Further information on financial risk management is provided in note 18 to the consolidated accounts.

The main features of Prosafe's risk management process are available on the website at https://www.prosafe.com

INTERNAL CONTROLS

Internal control is ensured in accordance with Prosafe's policies and procedures which aim to ensure the effectiveness and efficiency of its operations, reliability of its financial reporting and compliance with applicable laws and regulations. These policies and procedures are designed, inter alia, to safeguard assets and protect from accidental loss or fraud.

In addition, the policies and procedures are reinforced by the organisation and the competence of its personnel, segregation of duties, regular risk assessments and internal reporting, management meetings, Board meetings and the Audit Committee, together with external audit and public reporting and communication.

In respect of internal controls relating to the preparation of financial statements, the Board demonstrates independence from management and exercises oversight of the development and performance of internal controls. Management establishes, with Board oversight, structures, reporting lines, and appropriate authorities and responsibilities. In addition to the ongoing reviews by executive management, annual reviews and assessments are carried out which are approved by the Board in respect of risk management and internal controls.

The Group carries out regular reviews to ascertain whether the internal controls are present and functioning, and evaluates and communicates any internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board, as appropriate. Audits carried out by external parties like the financial auditor, clients and regulatory authorities and the reporting and follow-up of these are important elements to ensure continuous focus on and improvement of internal controls.

OUTLOOK

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

Scrapping of legacy vessels has reduced the fleet by 21 per cent since the peak in 2016, improving the market balance. The segment for high specification accommodation vessels consist of only 12-15 vessels. Prosafe has a strong position on the supply side, owning four high-specification vessels and having options for two stacked newbuilds at yard 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 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 combined with an expected slow North Sea market, there is uncertainty as to whether Prosafe will be in compliance with the minimum liquidity covenant from the second half of 2023. In response, Prosafe is pursuing various options, including further working capital management, cost savings, potential asset disposals and fund raising to ensure sufficient liquidity. The company may also request a waiver of any potential breach of covenants which will require the consent of 2/3 of the lenders. Although it is too early to conclude what the outcome will be, the board has determined that the actions taken and options available are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis. For more information refer to note 2 of the consolidated accounts.

Prosafe expects continued demand growth in Brazil 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.

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. With a reduced fleet of accommodation rigs available globally and increasing demand, Prosafe expects increasing day rates and activity from 2024 onwards.

The company continues to follow its strategy in a disciplined manner, which is to increase utilization at satisfactory day rates in an improving market. As such, the company has some vessels on long-term contracts, predominately in Brazil, and others available for short-term opportunities, mainly in the North Sea.

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

28 March 2023

The Board of Directors of Prosafe SE

(original signed)

Glen Ole Rødland
Non-executive Chairman

Alf C. Thorkildsen
Non-executive Deputy Chairman

Birgit Aagaard-Svendsen
Non-executive Director

Nina Udnes Tronstad
Non-executive Director

Halvard Idland
Non-executive Director

Jesper K. Andresen
Chief Executive Officer

DECLARATION BY THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer have today considered and approved the annual report and financial statements for the Prosafe Group and its parent company Prosafe SE for the 2022 calendar year ended on 31 December 2022.

This declaration is based on reports and statements from the Chief Executive Officer, Chief Financial Officer and on the results of the Group's business as well as other essential information provided to the Board of Directors to assess the position of the parent company and the Group.

TO THE BEST OF OUR KNOWLEDGE:

The 2022 financial statements for the parent company and the Group have been prepared in accordance with all applicable accounting standards.

The information provided in the financial statements gives a true and fair portrayal of the parent company's and the Group's assets, liabilities, financial position and results taken as a whole as at 31 December 2022.

The Board of directors' report for the parent company and the Group provides a true and fair overview of the development, performance, outlook and financial position of the parent company and the Group taken as a whole, and the most significant risks and uncertainties facing the parent company and the Group.

28 March 2023

The Board of Directors of Prosafe SE

(original signed)

Glen Ole Rødland
Non-executive Chairman

Alf C. Thorkildsen
Non-executive Deputy Chairman

Birgit Aagaard-Svendsen
Non-executive Director

Nina Udnes Tronstad
Non-executive Director

Halvard Idland
Non-executive Director

Jesper K. Andresen
Chief Executive Officer

CONSOLIDATED ACCOUNTS

CONSOLIDATED INCOME STATEMENT

(USD million)	Note	2022	2021
Charter revenues	4	169.3	121.8
Other operating revenues	4, 5	29.6	19.3
Operating revenues		**198.9**	**141.1**
Employee benefits	6	(59.2)	(50.6)
Other operating expenses	7	(78.3)	(65.6)
Operating profit before depreciation and impairment		**61.4**	**24.9**
Depreciation	8	(29.5)	(33.0)
Impairment	8	0.0	(41.7)
Operating profit/(loss)		**31.9**	**(49.8)**
Interest income		0.7	1.0
Interest expenses	10	(18.7)	(37.9)
Other financial income	9	0.6	1,051.8
Other financial expenses	9	(4.7)	(34.1)
Net financial items	10	**(22.1)**	**980.8**
Profit before taxes		**9.8**	**931.0**
Taxes	11	(8.3)	(3.1)
Net profit		**1.5**	**927.9**
Attributable to equity holders of the parent		**1.5**	**927.9**
Earnings per share (USD)	12	**0.17**	**263.3**
Diluted earnings per share (USD)	12	**0.17**	**263.3**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(USD million)	2022	2021
Net profit for the year	**1.5**	**927.9**
Other comprehensive income		
Items to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation	(1.3)	(2.3)
Items that will not be reclassified to profit or loss in subsequent periods:		
Pension remeasurement	(0.1)	(0.1)
Other comprehensive loss for the year, net of tax	**(1.4)**	**(2.4)**
Total comprehensive income for the year attributable to equity holders of the parent	**0.1**	**925.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(USD million)	Note	Share capital	Convertible bonds	Other equity	Foreign currency translation	Total equity
Equity at 31 December 2020		**9.1**	**18.8**	**(1,007.8)**	**31.4**	**(948.5)**
Net profit		0.0	0.0	927.9	0.0	927.9
Other comprehensive loss		0.0	0.0	(0.1)	(2.3)	(2.4)
Total comprehensive income		**0.0**	**0.0**	**927.8**	**(2.3)**	**925.5**
Conversion of convertible bonds	13	0.6	(18.8)	18.2	0.0	0.0
Share issuance through debt conversion	13	492.6	0.0	(433.3)	0.0	59.3
Share capital reduction	13	(4.8)	0.0	4.8	0.0	0.0
Equity at 31 December 2021		**497.5**	**0.0**	**(490.3)**	**29.1**	**36.3**
Net profit		0.0	0.0	1.5	0.0	1.5
Other comprehensive loss		0.0	0.0	(0.1)	(1.3)	(1.4)
Total comprehensive income		**0.0**	**0.0**	**1.4**	**(1.3)**	**0.1**
Share based payment	6	0.0	0.0	0.9	0.0	0.9
Share capital reduction	13	(485.1)	0.0	485.1	0.0	0.0
Equity at 31 December 2022		**12.4**	**0.0**	**(2.9)**	**27.8**	**37.3**

The legal form of the share capital and the share premium accounts are reflected in the statement of changes in equity of the accompanying parent financial statements. Other equity includes share premium reserve, capital reduction reserve, share-based payment reserve and retained earnings.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(USD million)	Note	31.12.22	31.12.21
ASSETS			
Vessels	8, 16	376.8	397.0
Other tangible assets	8	1.2	2.2
Total non-current assets		**378.0**	**399.2**
Cash and deposits	17, 19	91.6	73.9
Debtors	17, 18	20.6	14.1
Other current assets	20	9.8	5.6
Total current assets		**122.0**	**93.6**
Total assets		**500.0**	**492.8**
EQUITY AND LIABILITIES			
Share capital	13	12.4	497.5
Other equity		24.9	(461.2)
Total equity		**37.3**	**36.3**
Interest-bearing non-current liabilities	14, 17, 18	418.5	422.4
Other non-current liabilities	17	1.9	2.2
Total non-current liabilities		**420.4**	**424.6**
Interest-bearing current debt	14, 17, 18	3.7	0.9
Accounts payable	17	3.1	1.8
Taxes payable	11	18.0	10.7
Other current liabilities	15, 17	17.5	18.5
Total current liabilities		**42.3**	**31.9**
Total equity and liabilities		**500.0**	**492.8**

On 28 March 2023, the Board of Directors of Prosafe SE approved and authorised these financial statements for issue.

Glen Ole Rødland
Non-executive Chairman

Alf C. Thorkildsen
Non-executive Deputy Chairman

Birgit Aagaard-Svendsen
Non-executive Director

Nina Udnes Tronstad
Non-executive Director

Halvard Idland
Non-executive Director

Jesper K. Andresen
Chief Executive Officer

CONSOLIDATED CASH FLOW STATEMENT

(USD million)	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes		9.8	931.0
Net gain from extinguishment of debt	14	0.0	(1,030.5)
Loss/(Gain) on sale of non-current assets		0.5	(1.0)
Depreciation and impairment	8	29.5	74.7
Interest income		(0.7)	(1.0)
Interest expenses	14	18.7	37.9
Taxes paid		(1.0)	(1.3)
Share-based payment		0.9	0.0
Change in working capital		(10.4)	14.6
Other items from/(used in) operating activities		1.9	(1.0)
Net cash provided by operating activities		**49.2**	**23.4**
CASH FLOW FROM INVESTING ACTIVITIES			
Net proceeds from disposal of tangible assets		0.0	1.6
Acquisition of tangible assets	8	(10.2)	(17.3)
Interest received		0.7	1.0
Net cash used in investing activities		**(9.5)**	**(14.7)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of interest-bearing debt		(4.4)	(77.6)
Interests paid		(14.1)	0.0
Refinancing costs		(3.5)	(17.5)
Net cash used in financing activities	14	**(22.0)**	**(95.1)**
Net cash flow		**17.7**	**(86.4)**
Cash and deposits at 1 January		73.9	160.3
Cash and deposits at 31 December	19	**91.6**	**73.9**

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTE 1: CORPORATE INFORMATION AND PRINCIPAL ACTIVITY

Prosafe SE (the 'Company') is a public limited company domiciled in Norway. The registered office of the Company is Forusparken 2, 4031 Stavanger, Norway. The Company is a leading owner and operator of offshore accommodation vessels. The Company is listed on the Oslo Stock Exchange with ticker code 'PRS'.

The consolidated accounts comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group').

The consolidated accounts for the year ended 31 December 2022 were approved and authorised for issue in accordance with a resolution of the Board of Directors on 28 March 2023.

NOTE 2: STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards ('IFRS') endorsed by the European Union. The consolidated accounts have been prepared on a historical cost basis except as otherwise described in the notes below.

The consolidated accounts are presented in US dollars (USD), and all amounts have been rounded to the nearest millions, unless otherwise indicated. Adding up rounded figures and calculating percentage rate of changes may result in slight differences compared with totals arrived at by adding up component figures which have not been rounded.

The accounting policies adopted are consistent with those in the previous financial years.

CRITICAL JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated accounts requires Management to make critical judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and assumptions are assessed on a continuous and regular basis. The estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements are as follows:

GOING CONCERN. During the year, the Group 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. Refer to note 4 for the Group’s order book as at 31 December 2022. The new contracts require working capital and investments to prepare and mobilize the vessels during the first half of 2023. Approximately 75 percent of the cash from these contracts will only be received in the second half of 2023. Management also expects weak demand in the North Sea market in 2023, and there is an increased likelihood that currently off-hire vessels will not contribute positively to cashflow in 2023. Based on the Group's 12 months cashflow forecast, management foresees a possible breach of the minimum liquidity covenant of USD 23 million from the second half of 2023. As a result, the USD 250 million and USD 93 million credit facilities may become due and payable. Refer to Note 14 for information on the minimum liquidity covenant.

This results in material uncertainty related to the Group’s ability to continue as a going concern and whether the Group will realise its assets and settle its liabilities in the ordinary course of business in the next twelve months. In response, management and the Board of Directors are pursuing various options to remain in compliance with the minimum liquidity covenant:

- Further working capital management, cost savings, potential minor asset disposals and fund raising to ensure sufficient liquidity
- The Company may request a waiver of any potential breach of covenants which will require the consent of 2/3 of the lenders.

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

MODIFICATION OF DEBT. The Group fully implemented and completed a financial restructuring in 2021 whereby the majority of external debt was refinanced. The renegotiation of the terms of certain financial liabilities included issuing equity instruments to creditors to extinguish all or part of the liability.

Management had identified loans that qualify for extinguishment and the recognition of the reinstated debt as a new liability. Management had assessed that the financial restructuring resulted in a substantial modification of debt due to substantially different terms. The terms were substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, was at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors such as changes in the type of interest rate and change in covenants were also considered.

Substantial modifications were treated as an extinguishment, and derecognition of the existing liability and recognition of a new liability at fair value based on the new contractual terms. Determining the fair value of the shares issued to creditors and the recognition of the reinstated debt required the use of judgement and estimates. The methods applied for fair value calculations included estimations that were based on publicly available data and managements own assumptions. The fair value of long-term debt was calculated by determining the net present value of estimated cash flows applying an estimated market rate for the Group at initial recognition. The market rate estimate was determined by observing publicly available terms and conditions of relevant peers' for similar loans and adjusted for known differences from the Group's agreed credit facility terms, as well as the Group's new capitalization and value of the vessels. The basis for this estimated market rate, to which the fair value was sensitive, was not based on observable input and therefore the fair value of the debts were level 3 estimates.

Upon derecognition of debt, the difference between the carrying amount of the original liability and the consideration paid was recognised in profit or loss. The consideration paid included equity instruments, cash transfers and the reinstated debt. Costs or fees incurred were also recognised within profit and loss as part of the gain or loss on extinguishment.

DEPRECIATION. Estimated useful life of the Group's accommodation/service vessels is set at 35 years or less dependent on the age at the time of acquisition and subsequent refurbishments and as the economic life varies for the various components on a vessel. Individual components may, however, be depreciated over shorter periods of time. Refer to note 8 for details.

IMPAIRMENT / REVERSAL OF IMPAIRMENT OF NON-FINANCIAL ASSETS. Management monitors the performance indicators on an ongoing basis. Every vessel is seen as an individual cash generating unit (CGU) as they generate cash inflows that are largely independent of those from other assets or groups of assets. At each reporting date, management reviews and determines whether there is any indication of impairment or impairment reversal of the CGU. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, requiring the carrying amount to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Evaluating whether impairment indicators are present, if an asset is impaired or if an impairment should be reversed requires a high degree of judgement and estimates of recoverable amounts may to a large extent depend upon the selection of key assumptions about the future.

Where recoverable amounts are based on estimated future cash flows, reflecting the Group's or market participants' assumptions about the future and discounted to their present value, the estimates involve complexity. Impairment testing requires long-term assumptions to be made concerning several economic factors such as future vessel day rates, operating costs, utilisation rate and discount rates, in order to establish relevant future cash flows and their discounted amounts. Long-term assumptions for major economic factors are made at a group level.

There is a high degree of reasoned judgement involved in establishing these assumptions, in determining other relevant factors such as vessel day rates and long-term growth rates, and in determining the residual value for computation of the ultimate terminal value of an asset.

IMPAIRMENT OF SHARES IN SUBSIDIARIES. The recoverable amount of non-financial assets mentioned above impacts the estimated value of shares in vessel-owning subsidiaries. Hence, impairment of shares in subsidiaries is a significant estimate required for the preparation of the parent company accounts.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Changes to the Standards and interpretations of Standards that are required to be adopted in annual periods beginning on 1 January 2022 did not have any impact on the amounts recognised in prior periods and are not expected to have any significant impact to the current or future periods.

Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The Group has adopted these amendments from 1 January 2022. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The amendments apply to contracts existing at 1 January 2022. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group has analysed all contracts existing at 1 January 2022 and determined that none of them would be identified as onerous applying the revised accounting policy – i.e. there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

Standards issued but not yet effective, which the Group has not yet adopted

A number of amendments and improvements to standards have been issued and are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not adopted the new or amended standards in preparing these consolidated accounts earlier. The Group's assessment is that the following new or amended standards and interpretations are not expected to have a material impact to the Group in the current or future reporting periods or on foreseeable future transactions upon adoption:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION. The consolidated accounts comprise the financial statements of the parent company and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method and are initially recognised at cost. Subsequent to initial recognition, the consolidated accounts include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full. The Group's interest in equity-accounted investees comprises interests in an associate.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

BUSINESS COMBINATIONS AND GOODWILL. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition related costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

FOREIGN CURRENCY TRANSLATION. The presentation currency is USD. This is also the functional currency for the parent company. Transactions in other currencies than the functional currency are translated at the exchange rate prevailing at the transaction date. Monetary items in other currencies than the functional currency are translated to the functional currency at the exchange rate on the reporting date, and the currency difference is recognised in the profit and loss account. Non-monetary items in currencies other than the functional currency are translated at the exchange rate at the transaction date.

When consolidating companies with a functional currency other than USD, profit and loss items are translated at the monthly average exchange rate, while balance sheet items are translated at the exchange rate on the reporting date. Translation differences are recognised in other comprehensive income. On disposal of a foreign operation, the deferred cumulative amount recognised in other comprehensive income relating to that particular operation, is recognised in the income statement.

SEGMENT REPORTING. For management and monitoring purposes, the Group is organised into one segment; chartering and operation of accommodation/service vessels. For geographical information, reference is made to note 4.

REVENUE RECOGNITION

Type of Product/Service	Nature and timing of satisfaction of performance, including significant payment terms	Revenue recognition
Charter Income/ Mobilisation Income/ Demobilisation Income/ Lump Sum Fee	The Group charters the accommodation vessels to customers for an agreed period. The Group does not convey the right to control the use of the asset to the customers and none of the contracts are accounted for as a lease. The invoices are issued on a monthly basis or based on the contractual terms and are normally payable within 30 days.	The activities giving rise to mobilisation, demobilisation and re-phasing are not a distinct performance obligation in itself and are highly interdependent on the charter activities. These activities are necessary for the Group to perform its service in providing the accommodation vessels to the customer. These incomes, together with charter income and bareboat income, are considered as a single performance obligation and the revenue are collectively recognised over the charter period. In addition, any additional fees arising from suspension or deferment of contracts will be deferred and amortised over the charter period when the performance obligations are met. The deferred revenue is included in the contract liabilities.
Management, crew services, catering and other related income	The Group provides optional services upon request from the customer. The invoices are issued on a monthly basis or based on the contractual terms and are payable normally within 30 days.	These incomes are recognised over time when performance obligations are met. The related costs are recognised in profit or loss when they are incurred.

The Group has reviewed its contracts with customers and concluded that these contracts do not contain a lease. If another conclusion determined that these contracts contain a lease, there will not be any significant difference in the accounting of revenue.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. Interest income is included in financial items in the income statement.

Dividend income

Dividend income is recognised when the right to receive payment is established.

PROVISIONS are recognised when, and only when, the Group has a present obligation as a result of events that have taken place, and it can be proven probable that a financial settlement will take place as a result of this liability, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

For onerous contracts, provisions are made when unavoidable cost of meeting the obligations under the contract exceed the economic benefit to be received under the contract. The unavoidable costs under the contract are the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil the contract. Unavoidable cost are costs that would not incur for the entity if it did not have the contract.

TANGIBLE ASSETS are recognised at cost less cumulative depreciation and accumulated impairment losses, if any. Assets are depreciated on a straight-line basis over their estimated useful lives, with account taken of their estimated residual value. Management makes annual assessments of residual value, methods of depreciation and the remaining useful life of the assets. Components of an asset which have an estimated shorter life than the main component of the asset are accordingly depreciated over this shorter period. Acquisition cost includes costs directly attributable to the acquisition of the assets. Subsequent expenditures are added to the book value of the asset or accounted for on a separate basis, when it is likely that future benefits would derive from the expenditures. The vessels are subject to a periodic survey every five years, and associated costs are amortised over the five-year period to the next survey. Other repair and maintenance costs are expensed in the period they are incurred.

Expenditures for new builds are capitalised, including instalments paid to the yard, project management costs, and costs relating to the initial preparation, mobilisation and commissioning until the vessel is placed into service. In accordance with IAS 23, borrowing costs are capitalised on qualifying asset.

Tangible fixed assets are depreciated on a straight-line basis over their useful lifetime as follows:

- Semi-submersible vessels:
  – Superstructure: 35 years or less
  – Living quarters and other equipment: 5 to 35 years
  – Periodic maintenance: 5 years
- Buildings: 20 to 30 years
- Right-of-use assets (office leases): 3 to 5 years
- Equipment: 3 to 5 years

IMPAIRMENT OF NON-FINANCIAL ASSETS. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Every vessel is seen as an individual CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available.

The Group bases its impairment calculation on a detailed forecast calculation which is prepared for the Group’s cash generating units. The forecast calculation is generally covering a period of five years and a terminal value. In 2021 and 2022, there was no valuation-in-use calculation as there were no impairment indicators. The value-in-use calculation was last performed and disclosed in 2020.

For non-financial assets except goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a significant change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Management has not identified any indicators for reversal of impairment as at the end of the reporting period.

FINANCIAL ASSETS

Initial recognition

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and measurement

On initial recognition, a financial asset is classified as measured on following basis: 1) financial assets at amortised cost; and 2) financial assets at fair value through profit or loss "FVTPL".

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the changes in the business model.

1) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2) Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost of a FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts, interest rate cap, and interest rate swaps to hedge its foreign currency risk and interest rate risk. Such instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The derivative financial instruments are mainly used in economic hedges where the changes in fair value are taken directly through profit or loss. The fair value of forward currency contracts is the discounted difference between the forward exchange rate and the contract price. The fair value of interest rate caps and swaps contracts are calculated using inputs that are from observable market prices.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account. For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income and accumulated in the hedging reserve, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects the profit and loss account. For fair value hedges, changes in the fair value of the designated hedging instruments are recognised in the profit and loss account. The hedged item is adjusted to reflect change in its fair value in respect of the risk hedged, with any gain or loss recognised in the profit and loss account.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items. There are currently no hedged items in the periods covered within this financial statement.

Current versus non-current classification
Derivative instruments that are not designated and effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances.

When the Group holds a derivative as an economic hedge for a period beyond 12 months after the balance sheet date or a derivative instrument is designated as an effective hedging instrument, the fair value of the derivative instrument is classified as current or non-current consistent with the classification of the underlying item. Economic hedges are not treated as hedging for accounting purposes.

Subsequent measurement and gains and losses

1) Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

2) Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Derecognition
A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial assets
The Group recognises loss allowances for expected credit losses on:
- Financial assets measured at amortised cost

Loss allowances for trade receivables and assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:
- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

Measurement of expected credit losses:

- For trade receivables, the Group applies the simplified method of credit reserves, i.e. the reserve will correspond to the expected loss over the whole life of the trade receivable. In order to measure the credit losses, trade receivables are grouped based on credit risk characteristics of its customer. The Group applies forward-looking variables for expected credit losses.
- Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).
- Expected credit losses are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired, which is when one or more events that have a detrimental impact on the estimated future cash flow of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Loss allowances of expected credit losses for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets as in the statement of financial position.

Derecognition of financial assets

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due.

FINANCIAL LIABILITIES

Initial recognition

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss and financial liabilities measured at amortised cost. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and, in case of loans and borrowings, net of directly attributable costs. The Group’s financial liabilities include non-derivative financial instruments (trade and other payables, loans and borrowings, financial guarantee contracts) and derivative financial instruments.

Subsequent measurement and gains and losses

Financial liabilities at fair value through profit and loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. If there is a change in the timing or amount of estimated cash flows, the amortised cost of the financial liability is adjusted in the period of change to reflect the revised actual and estimated cash flows, with a corresponding income or expense being recognised in profit or loss. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

FAIR VALUE OF FINANCIAL INSTRUMENTS. The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

EMPLOYEE BENEFITS

Defined contribution plans
Companies within the Group make contributions to pension schemes that are defined contribution plans. The companies' payments are recognised in the income statement for the year to which the contribution applies.

Share-based payment arrangements
The Group operates an equity-settled, share-based compensation plan. The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service at the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the equity over the remaining vesting period. When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the equity are credited to the share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

BORROWING COSTS. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. Capitalised borrowing costs are calculated using the effective interest method.

LEASES. A lease is defined as a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration. For each contract that meets this definition, the lessees will recognise a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets useful life. The portion of lease payments representing payments of lease liabilities and interest expense shall be classified in line with the policy elected for other interest payments in the statement of cash flows.

Lease liabilities are measured at the present value of remaining lease payments, discounted using the incremental borrowing rate. At initial recognition, right-of-use assets are measured at an amount equal to the lease liability.

Major lease liabilities for the Group comprise of leases of chartered-in vessels, office buildings, warehouses, transportation, logistics assets and other IT infrastructure and office equipment. The Group separately expenses variable expense services and other non-lease components embedded in lease contracts for office buildings and warehouses. For leases of other assets, the Group capitalises non-lease components subject to fixed payments as part of the lease.

The Group applies the general short-term exemption for leases of chartered-in vessels, office buildings, warehouses, transportation, logistics assets and other IT infrastructure and office equipment. Leases with a lease term of 12 months or less that do not contain a purchase option are expensed as short-term leases.

The Group also applies the general low value exemption for leases of office equipment. This applies for all leases where the value of the underlying asset is below USD 5,000. These low value leases of such assets will not be capitalised and that lease payments are expensed in profit or loss.

INCOME TAXES in the income statement include taxes payable and changes in deferred tax. Deferred tax is calculated based on temporary differences between book and tax values that exist at the end of the period. Deferred tax asset is recognised in the statement of financial position when it is probable that the tax benefit can be utilised. Deferred tax and deferred tax asset are measured at nominal value.

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid to the tax authorities. Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is provided using the liability method. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

CASH AND DEPOSITS comprise cash at banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

DIVIDEND distribution to the shareholders is recognised in the financial statements on the date on which the shareholders' right to receive payment is established.

SHAREHOLDER'S EQUITY. Any difference between the issue price of share capital and the nominal value is recognised as share premium. The costs incurred attributable to the issue of share capital are deducted from equity. Zero coupon convertible bonds and share options that will be settled by the Company by delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash are equity instruments and recognised in equity. The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTE 4: SEGMENT REPORTING AND CONTRACT BALANCES

The Group has one segment, which is chartering and operation of accommodation/ service vessels.

Operating revenues by geographical location	2022	2021
Brazil	52.7	43.6
Norway	17.2	0.0
Trinidad & Tobago	53.1	19.6
United Kingdom	75.9	77.9
Total operating revenues	**198.9**	**141.1**

The revenue allocation is based on place of operation of the vessel.

Operating revenues by major customers:	2022		2021	
	1)	2)	1)	2)
Europe 1	0.0	0.0%	31.5	22.3%
Europe 2	29.5	14.8%	25.9	18.4%
Europe 3	0.0	0.0%	19.6	13.9%
Europe 4	46.9	23.6%	0.0	0.0%
South America 1	52.7	26.5%	43.6	30.9%
South America 2	43.3	21.8%	0.0	0.0%
South America 3	9.8	4.9%	19.6	13.9%

1) Operating revenues in USD million
2) Percentage of total revenues

Total assets by geographical location	2022	2021
Europe	164.1	173.9
South America	213.8	225.0
Asia	0.1	0.3
Total assets	**378.0**	**399.2**

Contract balances	31.12.22	31.12.21	01.01.21
Trade receivables from charters	20.6	14.1	6.9
Contract assets	2.0	0.3	4.2
Contract liabilities	0.0	1.1	3.6

The contract assets relate to rights to consideration for work completed but not billed and deferred charter incentive as a result of contract modification. The contract assets are recognised as a deduction of revenue over the performance obligation of the contract. The contract liabilities relate to deferral fees or upfront consideration received from customers. The contract liabilities are recognised as revenue over the performance obligation of the contract.

Significant changes in the contract assets and the contract liabilities during the year are as follows:

	2022	2021	2022	2021
	Contract assets		Contract liabilities	
Revenue from recognition of the opening balance	0.0	0.0	(1.1)	(3.6)
Revenue deduction from recognition of the opening balance	(0.3)	(4.2)	0.0	0.0
Consideration received during the year not recognised as revenue	0.0	0.0	0.0	1.1
Contract incentive as a result of contract modifications	0.0	0.3	0.0	0.0
Rights to consideration for work completed but not billed	2.0	0.0	0.0	0.0

The below table includes the Group's firm order book, consisting of performance obligations that are unsatisfied or partially satisfied as at the end of the reporting period.

Chartering and operation of accommodation vessels	< 12 months	1-2 years	More than 2 years	Total
31 December 2022	96.8	116.4	118.7	331.9
31 December 2021	119.9	6.1	0.0	126.0

Variable considerations that are constrained and not considered in the transaction price are excluded from the table above.

NOTE 5: OTHER OPERATING REVENUES

	2022	2021
(Loss)/Gain on sale of non-current assets	(0.5)	1.0
Management, crew services, catering and other related income	30.1	18.3
Total other operating revenues	**29.6**	**19.3**

NOTE 6: EMPLOYEE BENEFITS AND MANAGEMENT REMUNERATION

	2022	2021
Wages and salaries	19.1	13.4
Contract personnel	27.1	29.8
Other personnel-related expenses	7.0	3.9
Social security taxes	3.4	2.9
Pension expenses	1.2	0.4
Share-based payment expense	0.9	0.0
Other remuneration	0.5	0.2
Total employee benefits	**59.2**	**50.6**

Number of employees

The average number of employees in the Group for 2022 was 192 (2021: 97). The average number of employees by legal entity was as follows:

	2022	2021
Prosafe Offshore Limited	79	37
Prosafe Services Maritimos Ltda	88	35
Prosafe AS	6	7
Prosafe Offshore Holdings Pte. Ltd.	8	8
Prosafe SE	2	2
Safe Eurus Singapore Pte. Ltd.	9	8
Total average number of employees	**192**	**97**

Bonus scheme

The CEO, CFO and COO hold incentive agreements which may lead to a bonus payment. The bonus depends on achieving defined targets relating to earnings, cost efficiency targets, long-term strategic targets, operational performance and HSE performance.

Severance pay

For the CEO and the CFO, the Group guarantees a remuneration corresponding to the base salary received at the time of departure for a period of 5 months beyond a 4 month notice period and with a set off for the 5 months against any other income received. For the COO, the Group guarantees a remuneration corresponding to the base salary received at the time of departure for a period of 12 months beyond a 6 month notice period.

In accordance with the code of practice for corporate governance recommended by the Oslo Stock Exchange, remuneration for the Board of Directors and Executive Management is specified below and in a separate report from the Board of Directors.

Share options

A. Description and fair value of share option programmes (equity-settled)

On 10 February 2022, 11 May 2022 and 19 August 2022, the Group initiated a long-term incentive program where executive management and selected employees were granted options to subscribe for ordinary shares of Prosafe SE.

The key terms and conditions are as follows:

	Executive Managment		Employees
Number of share options issued	250 000	100 000	100 000
Commencement date	10.02.22	19.08.22	11.05.22
Grant date	11.05.22	19.08.22	11.05.22

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.

As at 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.

B. Measurement of fair values

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 inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

	Executive Managment		Employees
Fair value at grant date (in NOK)	98.85	58.77	42.4
Share price at grant date (in NOK)	178	237.5	178
Exercise price (in NOK)	83	237.5	178
Expected volatility	20 %	20 %	20 %
Expected life	4.75 years	5 years	5 years
Risk-free interest rate (based on government bonds at grant date)	2.76 %	3.18 %	2.76 %

Expected volatility has been based on implied oil price volatility. The expected term of the instruments has been based on the maturity of options.

C. Reconciliation of outstanding share options

2022	Number of options	Weighted-average exercise price
Outstanding at 1 January	-	-
Granted during the year	450 000	138
Outstanding at 31 December	**450 000**	**138**
Exercisable at 31 December	**-**	**-**

The options outstanding at 31 December 2022 had an exercise price in the range of NOK 83.0 to NOK 237.5 and remaining contractual life in the range of 4.1 years to 4.6 years.

There were no options exercised in 2022.

D. Expense recognised in profit or loss

A share-based payment expense of USD 0.9 million was recognised for 2022.

Senior officers (USD 1 000)	Year	Salary	Bonus	Pension	Other benefits	Total
Jesper Kragh Andresen CEO	2022	357	95	43	19	514
Reese McNeel CFO (from August 2022)	2022	131	60	17	0	208
Stig Harry Christiansen DCEO/ CFO (to May 2022)	2022	141	0	17	8	166
Ryan Duncan Stewart COO	2022	342	95	34	2	473
Jesper Kragh Andresen CEO	2021	396	290	33	21	740
Stig Harry Christiansen DCEO/ CFO	2021	376	284	31	21	712
Ryan Duncan Stewart COO	2021	378	179	37	3	597

Board of directors
(USD 1 000)

	Year	Board fees
Glen Ole Rødland (Chairman)	2022	115
Alf C. Thorkildsen (Deputy Chairman)	2022	94
Birgit Aagaard-Svendsen	2022	95
Nina Udnes Tronstad	2022	85
Halvard Idland (from May 2022)	2022	52
Total fees [1)]		**441**
Glen Ole Rødland (Chairman)	2021	122
Birgit Aagaard-Svendsen	2021	91
Nina Udnes Tronstad	2021	84
Alf C. Thorkildsen	2021	78
Total fees [1)]		**375**

1) If applicable, figures include compensation from the audit committee and compensation committee.

NOTE 7: OTHER OPERATING EXPENSES

	2022	2021
Repair and maintenance	20.8	22.7
Other vessel operating expenses	52.0	38.4
General and administrative expenses [1)]	5.5	4.5
Total other operating expenses	**78.3**	**65.6**

Auditors' fees
(USD 1 000)

	2022	2021
Audit	375	374
Fees for non-audit services	9	154
Total auditors' fees	**384**	**528**

1) Auditors' fees are included in general and administrative expenses. Fees for non-audit services in 2022: USD 9,000 were related to compliance and pre-liquidation stage services offered to the group companies by the statutory auditor (2021: USD 154,000 were mainly related to other assurance and audit-related services provided in relation to the financial restructuring offered to the group companies by the statutory auditor.)

NOTE 8: TANGIBLE ASSETS

	Vessels	New builds	Equipment	Buildings	Right-of-use assets	Total
Cost as at 31 December 2020	**2,913.2**	**60.7**	**3.8**	**7.1**	**0.4**	**2,985.2**
Additions[1]	57.4	0.0	0.2	0.0	1.4	59.0
Disposals	(367.8)	0.0	(0.3)	(7.1)	0.0	(375.2)
Cost as at 31 December 2021	**2,602.8**	**60.7**	**3.7**	**0.0**	**1.8**	**2,669.0**
Additions[2]	9.0	0.0	0.0	0.0	0.0	9.0
Disposals	(14.4)	0.0	0.0	0.0	0.0	(14.4)
Currency translation differences	0.0	0.0	0.0	0.0	(0.2)	(0.2)
Cost as at 31 December 2022	**2,597.4**	**60.7**	**3.7**	**0.0**	**1.6**	**2,663.4**
Accumulated depreciation and impairment 31 December 2020	**2,500.9**	**59.6**	**2.6**	**6.6**	**0.0**	**2,569.7**
Depreciation for the year	32.1	0.0	0.5	0.0	0.4	33.0
Disposals	(367.8)	0.0	(0.2)	(6.6)	0.0	(374.6)
Impairment for the year	40.6	1.1	0.0	0.0	0.0	41.7
Accumulated depreciation and impairment 31 December 2021	**2,205.8**	**60.7**	**2.9**	**0.0**	**0.4**	**2,269.8**
Depreciation for the year	28.7	0.0	0.4	0.0	0.4	29.5
Disposals	(13.9)	0.0	0.0	0.0	0.0	(13.9)
Accumulated depreciation and impairment 31 December 2022	**2,220.6**	**60.7**	**3.3**	**0.0**	**0.8**	**2,285.4**
Net carrying amount 31 December 2022	**376.8**	**0.0**	**0.4**	**0.0**	**0.8**	**378.0**
Net carrying amount 31 December 2021	**397.0**	**0.0**	**0.8**	**0.0**	**1.4**	**399.2**
Depreciation rate (%)	**3-20**		**20-33**	**3-5**	**20-33**	
Economically useful life (years)	**5-35**		**3-5**	**20-30**	**3-5**	

1) Additions in 2021 included non-cash transactions of USD 40.6 million relating to the Westcon judgement (see below under Vessels for further information) and USD 1.1 million of right-of-use assets addition.

2) Additions in 2022 included non-cash transaction of -USD 1.2 million relating to the fair value change in sellers credit arising from revising estimates of repayment schedule (See note 18).

New builds

New builds include prepayment to the yard, owner-furnished equipment and other project costs incurred. See note 22 for details relating to new builds.

Buildings

In 2021, the building held in Aberdeen was disposed off.

Vessels

Estimated useful life for the semi-submersible accommodation vessels is set at 35 years or less dependent on the age at the time of the acquisition and subsequent refurbishments as the economic life varies for the various components on a vessel. Individual components may, however, be depreciated over shorter periods of time than the life of the vessel itself. The management has assessed the Group's vessels residual value to remain the same as prior year at USD 4.2 million based on the latest assumptions and factors from past recycling transactions. This estimate is primarily based on average steel prices and costs associated with scrapping and is reviewed on an annual basis.

Management has performed an impairment assessment of its vessels in accordance with IAS 36. Each individual vessel is considered to be a cash generating unit.

The key indicator assessment as at year-end 2022 is the development in the market environment for offshore accommodation vessels.

There is a significant improvement in demand and utilization in 2022, in part driven by activity previously deferred due to Covid-19.

For 2023, the Group sees a slower North Sea market in 2023, and for some vessels work in other regions will lead to increased capex and mobilization spend in preparation for new contracts. Management has expectations of a positive development in long-term demand drivers in Brazil and North Sea supported also by increased tender activity expected based on ongoing client discussions for 2024 and beyond.

Overall, the market has improved compared to the bottom in 2020, however, the visibility is still low and there is insufficient data available to conclude that there is clear shift in day-rates and utilisation above the longer-term assumptions applied in prior years value-in-use calculations. Other external sources also include broker valuations of the accommodation vessels which also do not indicate a significant change from prior periods. On this basis, the Group has not identified indicators of impairment nor impairment reversal and hence no value-in-use calculation was performed.

In April 2021, the Gulating Court of Appeal decided that Prosafe shall pay full payment to Westcon of the amount claimed. As a result, the Group has recognised USD 40.6 million as a fixed asset acquisition cost and consequently recognised an impairment loss of USD 40.6 million.

NOTE 9: OTHER FINANCIAL ITEMS

	2022	2021
Currency gain	0.6	1.8
Gain from extinguishment of debt [1)]	0.0	1,048.0
Other financial income	0.0	2.0
Total other financial income	**0.6**	**1,051.8**
Fair value adjustment interest rate swaps	0.0	(0.2)
Other financial expenses [2)]	(4.7)	(33.9)
Total other financial expenses	**(4.7)**	**(34.1)**

[1)] In 2021, there was a gain from extinguishment of debt as a result of the completion of the financial restructuring process. See further details in note 14.

[2)] In 2022, refinancing costs of USD 3.5 million incurred is related to the Cosco global deed settlement (2021: refinancing cost of USD 17.5 million incurred as a result of the financial restructuring process) and included in other financial expenses. See further details in note 14 relating to financial restructuring.

NOTE 10: FINANCIAL ITEMS

Year ended 31 December 2022	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
Interest income [(a)]	**0.7**	**0.0**	**0.7**
Currency gain [1)]	0.0	0.0	0.6
Total other financial income [(b)]	**0.0**	**0.0**	**0.6**
Amortisation of amortised costs		(3.9)	(3.9)
Debts interest expenses		(14.8)	(14.8)
Total interest expenses [(c)]		**(18.7)**	**(18.7)**
Other financial expenses		(4.7)	(4.7)
Total other financial expenses [(d)]		**(4.7)**	**(4.7)**
Net financial items [(a)+(b)+(c)+(d)]	**0.7**	**(23.4)**	**(22.1)**

[1)] Excluded from the category breakdown but added to the total for net effect.

Year ended 31 December 2021	Financial assets measured at amortised cost	Fair value through profit and loss	Financial liabilities measured at amortised cost	Total
Interest income (a)	**1.0**	**1.0**	**0.0**	**1.0**
Currency gain [1]	0.0	0.0	0.0	1.8
Gain from extinguishment of debt	0.0	0.0	1,048.0	1,048.0
Other financial income [1]	0.0	0.0	0.0	2.0
Total other financial income (b)	**0.0**	**0.0**	**1,048.0**	**1,051.8**
Amortisation of borrowing costs		0.0	(5.4)	(5.4)
Amortisation of amortised costs		0.0	(0.9)	(0.9)
Debts interest expenses		0.0	(31.6)	(31.6)
Total interest expenses (c)		**0.0**	**(37.9)**	**(37.9)**
Fair value adjustment interest rate swaps		(0.2)	0.0	(0.2)
Other financial expenses [2,3]		0.0	(16.4)	(33.9)
Total other financial expenses (d)		**(0.2)**	**(16.4)**	**(34.1)**
Net financial items (a)+(b)+(c)+(d)	**1.0**	**(0.2)**	**993.7**	**980.8**

[1] Excluded from the category breakdown but added to the total for net effect.

[2] In April 2021, the Gulating Court of Appeal decided that Prosafe shall pay full payment to Westcon of the amount claimed. As a result, the Group recognised USD 13.8 million as other financial expenses.

[3] USD 17.5 million of refinancing costs were excluded from the category breakdown but added to the total for net effect.

NOTE 11: TAXES

Income tax expenses	2022	2021
Taxes in income statement:		
Taxes payable	8.3	3.1
Total taxes in income statement	**8.3**	**3.1**
Reconciliation of effective tax rate (IAS 12.81)		
Tax rate in Norway (parent company tax jurisdiction)	22.0%	22.0%
Profit before taxes	9.8	931.0
Tax based on applicable tax rate	2.2	204.8
Tax on income not taxable in determining taxable profit	(13.8)	(226.7)
Tax effect of non-deductible expenses	1.1	1.3
Tax effect due to changes in unrecognized deferred tax assets	10.5	20.6
Effect of tax in other jurisdictions	8.3	3.1
Total taxes in income statement	**8.3**	**3.1**

Deferred tax - Specification and movements	2022	2021
Temporary differences:		
Exit from Norwegian tonnage tax system	7.1	8.9
Vessel tax base exceeds net book value	(535.7)	(725.3)
Tax loss carried forward	(1,030.3)	(949.7)
Loss account for deferral	(185.5)	(259.2)
Basis for deferred tax	**(1,744.4)**	**(1,925.3)**
Recognised deferred tax asset	**0.0**	**0.0**
Deferred tax liability 1 January and 31 December	**0.0**	**0.0**
Tax payable as at 31 December	**18.0**	**10.7**

The corporate tax rate in Norway for 2022 is 22% (2021: 22%).

Deferred income tax assets and liabilities are offset as all the temporary differences are within the Norway tax resident entities that comprise a tax group. Within the tax group there is a legally enforceable right to set off current tax assets against current tax liabilities. There is no expiry date on the temporary differences and tax loss carried forward.

The value of the deferred tax assets is not recognised in the accounts as the probability of having sufficient future taxable profit to utilise the deferred tax assets as tax deductions cannot be established.

The total tax payable in the income statement and as at 31 December resulted from the Group's operations in other parts of the world which were subjected to tax in jurisdictions other than Norway.

NOTE 12: EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by dividing net profit by the weighted average number of ordinary shares plus the number of potential shares relating to share options.

	2022	2021
Net profit	1.5	927.9
Weighted average number of outstanding shares	8,798,699	3,524,542
Basic earnings per share	**0.17**	**263.27**
Weighted average number of outstanding and potential shares [1]	8,826,320	3,524,542
Diluted earnings per share	**0.17**	**263.27**

[1] In 2022, the weighted average number of outstanding and potential shares includes the average share capital of 8,798,699 and share options of 27,621 (2021: average share capital of 3,524,542).

NOTE 13: SHARE CAPITAL, SHAREHOLDER INFORMATION, CONVERTIBLE BONDS, WARRANTS AND SHARE-BASED PAYMENT

	2022	2021
Issued and paid up number of ordinary shares at 31 December [1]	8,798,699	8,798,699,789
Total authorised number of shares at 31 December	**8,798,699**	**8,798,699,789**
Nominal value at 31 December [2] [3] [4]	EUR 1.25	EUR 0.05
Number of shareholders at 31 December	4,834	4,850

[1] In 2021, the financial restructuring process was fully implemented and completed. As a result of conversion of convertible bonds in 2021 and equitisation of debts, the outstanding number of shares increased by 5,522,786 and 8,710,712,791 respectively. See note 14 for details on the financial restructuring.

[2] In 2021, the Company reduced the nominal value of its shares from EUR 0.10 to EUR 0.05 per share. As a result, there was a reduction in share capital by USD 4.8 million and a corresponding increase in other equity.

[3] On 27 January 2022, the Company completed a 1,000:1 reverse split of the Company's shares to satisfy the minimum requirement to market value of the issuer's shares for listed companies. After the reverse share split, 1,000 shares with a nominal value of EUR 0.05 give 1 new share with a nominal value of EUR 50.00. The number of outstanding shares in the Company after the reverse split is 8,798,699.

[4] At the AGM on 11 May 2022, the shareholders approved to reduce the share capital by reducing the nominal value of the shares from EUR 50.00 to EUR 1.25. As a result, the Company recorded a reduction in share capital by USD 485.1 million and a corresponding increase in other equity.

Largest shareholders as at 31 December 2022	No of shares	Percentage
NORTH SEA STRATEGIC INVESTMENTS AS	1,355,363	15.4 %
HV VI INVEST SIERRA AS	1,116,565	12.7 %
MH CAPITAL AS	804,581	9.1 %
ALDEN AS	803,250	9.1 %
MIDELFART CAPITAL AS	498,674	5.7 %
The Bank of New York Mellon	306,247	3.5 %
WESTCON YARDS AS	263,500	3.0 %
VICAMA CAPITAL AS	236,533	2.7 %
VICAMA AS	225,000	2.6 %
SONGA CAPITAL AS	172,017	2.0 %
UBS Switzerland AG	135,567	1.5 %
VERDIPAPIRFONDET DNB SMB	132,531	1.5 %
J.P. MORGAN SECURITIES PLC	127,601	1.5 %
ENG INVEST AS	125,000	1.4 %
DIMA AS	115,000	1.3 %
GROSS MANAGEMENT AS	100,000	1.1 %
RONGEVÆR, OTTO	90,977	1.0 %
VARDE NORGE AS	85,000	1.0 %
CAM AS	80,000	0.9 %
TRAPESA AS	74,171	0.8 %
Total 20 largest shareholders/ groups of shareholders	**6,847,577**	**77.8 %**

All ordinary shares rank equally. Holders of these shares are entitled to one vote per share at general meetings of the Company.

Convertible bonds

The convertible bonds allow the bond holders to convert into shares at a conversion price of NOK 25 or NOK 30 per share. There is no contractual obligation to deliver cash or another financial asset as the conversion feature can only be settled through the issuance of a fixed amount of shares. Hence, the convertible bonds have been classified entirely as equity. All outstanding convertible bonds were converted in 2021 as part of the financial restructuring process and there was no convertible bond as of 31 December 2021 and 31 December 2022.

Warrants

As part of the USD 1,300 million credit facility refinancing concluded in 2018, the Group issued warrants to those lenders having elected to receive such instead of increased margins. The warrants give right to subscribe for one new share in the Group at a subscription price of NOK 21.37. In 2021, these warrants were cancelled as part of the financial restructuring and there are no warrants outstanding as of 31 December 2021 and 31 December 2022. See further details in note 14 relating to financial restructuring.

Share-based payments

Share-based payments in other equity comprises the cumulative value of services received from employees recorded on grant of equity-settled share options, The expense for service received is recognised over the vesting period. The amount in other equity is retained when the options are exercised or expire. See note 6 for details on share-based payments.

NOTE 14: INTEREST-BEARING DEBT

	2022	2021
Credit facilities - face value	344.2	343.4
Sellers' credits - face value	90.5	94.4
Difference between face value and carrying amount - sellers credit	(13.3)	(15.9)
Lease liabilities	0.8	1.4
Total interest-bearing debt	**422.2**	**423.3**
Non-current interest-bearing debt	418.5	422.4
Current interest-bearing debt	3.7	0.9
Total interest-bearing debt	**422.2**	**423.3**

Reconciliation of movements of interest-bearing debt to cash flows arising from financing activities	2022	2021
Interest-bearing debt at 1 January	423.3	1,509.4
Changes from financing cash flows		
- Repayments of interest-bearing debt	(4.4)	(77.6)
- Interests paid	(14.1)	0.0
- Refinancing costs paid	(3.5)	(17.5)
Total changes from financing cash flows	**(22.0)**	**(95.1)**
Other liability-changes		
- Non-cash movement in interest bearing debt	(1.3)	0.1
- Extinguishment of debt	0.0	(1,030.5)
- Refinancing costs	3.5	0.0
- Westcon claim	0.0	55.0
- Debt equitized for shares	0.0	(59.3)
- Interests expense	18.7	37.9
- Swaps termination [1)]	0.0	4.7
- New finance leases	0.0	1.1
Total liability-related changes	**20.9**	**(991.0)**
Interest-bearing debt at 31 December	**422.2**	**423.3**

[1)] In 2021, interest rate swaps which were terminated by the swap banks were included as part of interest-bearing debt.

Modification of debt

When a debt instrument is restructured and the terms have been modified, it is necessary to assess whether the new terms are considered to have been substantially modified, and thereby conclude on the accounting treatment relating to the extinguishment of the existing liabilities and recognition of the modified liabilities (IFRS 9).

2022

No debt instrument has been restructured nor any terms have been modified.

2021

On 20 December 2021, the financial restructuring process was fully implemented and completed. Management has assessed that the financial restructuring resulted in a substantial modification of debt due to substantially different terms. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors such as changes in the type of interest rate and change in covenants are also considered.

Substantial modifications are treated as an extinguishment, and derecognition of the existing liability and recognition of a new liability at fair value based on the new contractual terms. Management has determined that the difference in the fair value and carrying value of the new loan is not material. The fair value of long-term debt is calculated by determining the net present value of estimated cash flows applying an estimated market rate for the Group at initial recognition. The market rate estimate was determined by observing publicly available terms and conditions of relevant peers for similar loans and adjusted for known differences from the Group's agreed credit facility terms, as well as the Group's new capitalization and value of the vessels. The basis for this estimated market rate, to which the fair value is sensitive, is not based on observable input and therefore the fair value of the debts are level 3 estimates. Upon derecognition of debt, any difference is recognised as a gain or loss within profit or loss. Costs or fees incurred are also recognised within profit or loss as part of the gain or loss on extinguishment. A financial net gain of USD 1,030.5 million has been reflected in the Consolidated Income Statement as shown below.

	Balance before financial restructuring	Cash payments	Equitized to shares [1]	Balance after financial restructuring
USD 1,300 million credit facility	1,269.6	(38.0)	(981.6)	250.0
USD 144 million credit facility	139.6	(9.0)	(37.6)	93.0
Westcon claim	55.0	(28.5)	(26.5)	0.0
Interest rate swap claim	42.0	0.0	(42.0)	0.0
Safe Notos Cosco sellers credit	19.6	0.0	(19.6)	0.0
	1,525.8	**(75.5)**	**(1,107.3)**	**343.0**

[1] The Company has issued 8,710,712,791 shares (representing 99% of equity) as part of the financial restructuring. Based on valuation done by an independent financial advisor, management has assessed that the fair value of the equity instrument issued on 20 December 2021 is USD 59.3 million. The outstanding number of shares after the financial restructuring is 8,798,699,789.

The net gain arising from the substantial modification of debt is as follows:

Equitization of shares	(1,107.3)
Fair value of shares	59.3
Gain from extinguishment of debt (Note 9)	**(1,048.0)**
Refinancing costs (Note 9)	17.5
Net gain from extinguishment of debt	**(1,030.5)**

USD 250 million credit facility
The credit facility of USD 1,300 million was restructured in December 2021. USD 250 million was reinstated and an amount of USD 38 million was paid to lenders and the remaining outstanding amount was converted to equity in December 2021. The USD 250 million facility matures in 2025.

USD 93 million credit facility
This credit facility, which previously consisted of one tranche of USD 144 million (Safe Notos) was restructured in December 2021. The facility has USD 93 million outstanding. USD 9 million was paid to lenders in December 2021 and the remaining outstanding amount was converted to equity. The USD 93 million facility matures in 2025.

Covenants as per amendment in December 2021:

Minimum liquidity
The Borrower shall procure that the Minimum Liquidity of the Group (for the avoidance of doubt, excluding the New Group (Prosafe Offshore Holdings Pte. Ltd., Safe Eurus Singapore Pte. Ltd., Axis Nova Singapore Pte. Ltd. and Axis Vega Singapore Pte. Ltd.) calculated on each quarter date does not fall below (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 and (iii) USD 28 million from and including 1 January 2024 and thereafter. As at 31 December 2022, the Group Liquidity for the bank covenants is USD 80.0 million (2021: USD 67.9 million) and New Group is USD 11.6 million (2021: USD 6 million).

Interest on credit facilities
Interest is USD 3-month LIBOR plus margin of 2.50% on both credit facilities, the USD 250 million and the USD 93 million facilities. The transition from USD LIBOR to SOFR will take place on 31 March 2023 with credit adjustment spread of 0.26161% published by Bloomberg Index Services Limited on 5 March 2021.

Excess cash sweep
There is an excess cash sweep with testing on 31 December each year. The cash sweep was tested on 31 December 2022 and there was no excess cash sweep on that testing date. The excess cash sweep amount means the amount that is equal to the lowest of the excess cash amount on the relevant testing date and any of the coming four quarter dates (based on the Group's firm liquidity forecast), subject always to a minimum of zero on each of those dates. Excess cash means, the sum of unrestricted cash, less the cash sweep threshold (USD 66 million), less cash interest payable on the next interest payment date and less any new shareholder contributions in the previous 12 months.

Dividend distribution
Dividend distribution is restricted until 3 years elapsed from December 2021 unless share capital has been subsequently increased by an amount at least equal to the distribution and may only be paid with Majority of Lender's Approval. Majority Lender's Approval refers to 66 2/3 consent from the lenders of each of the USD 250 million and USD 93 million facilities.

Financial indebtedness
The Group is restricted from incurring new debts unless the outstanding amount does not exceed USD 20 million in aggregate or after obtaining Majority Lender's Approval.

Investment restrictions
The Group is restricted from making any investments unless Majority Lender's Approval is obtained for the transaction or if the investment transaction in target is funded fully through share issuance or cash proceeds from equity offering, the target has positive cash flows after debt service on 24 months forward looking pro-forma basis and does not have any financial indebtedness.

The Majority Lender's Approval is required for the delivery of Safe Nova or Safe Vega Vessel.

Sellers' credits
COSCO (Qidong) Offshore Co. Ltd. (Cosco) granted a sellers' credit of USD 99.4 million on the final delivery instalment of the Safe Eurus in 2019. The Group is paying Cosco the minimum instalments under the Safe Eurus sellers' credit. As at 31 December 2022, USD 90.5 million (2021: USD 94.4 million) gross was outstanding.

The Safe Notos seller credit (2nd priority) granted from Cosco was part of the restructuring that was completed in December 2021. There is nothing outstanding on the Safe Notos seller credit as of 31 December 2021, as Cosco has been granted shares as part of the equitisation of debt in December 2021.

Difference between face value and carrying amount - Sellers Credits
In 2019, Prosafe took delivery of Safe Eurus and issued a promissory note with a principal amount of USD 99.4 million to COSCO Shipping (Qidong) Offshore Co. Ltd. As the partial payment for the vessel was deferred beyond normal credit terms, the cost of the vessel was the cash price equivalent at the recognition date. The Safe Eurus promissory note was initially recognised at fair value and subsequently measured at amortised cost. The fair value of the below-market loan was measured as the present value of the expected future cash flows, discounted using an appropriate market related rate. The initial applicable discounting rate was similar to the rate charged by the credit facilities lenders of 3-months USD Libor plus 3.35% per annum in 2019. The difference between the cash price equivalent and the principal amount of the promissory note was determined to be USD 25.4 million. This amount will be recognised as interest over the period of credit. The repayment schedule and interest expense on the promissory note depends on the financial performance of the vessel.

In 2022, management revised the repayment schedule and interest expense on the promissory note based on the updated financial performance of the vessel. The revised expected maturity date is August 2028 (2021: December 2027). Subsequent to the revision in estimates of payment, a fair value decrease of USD 1.2 million was recognised in the carrying amount of Safe Eurus (See note 8).

NOTE 15: OTHER CURRENT LIABILITIES

	2022	2021
Various accrued costs	17.5	17.4
Contract liabilities	0.0	1.1
Total interest-free current liabilities	**17.5**	**18.5**

NOTE 16: MORTGAGES AND GUARANTEES

2022
As at 31 December 2022, the Group's interest-bearing debt secured by mortgages totalled USD 344.2 million. The debt was secured by mortgages on the accommodation/service vessels Safe Caledonia, Safe Concordia, Safe Scandinavia, Safe Boreas, Safe Zephyrus and Safe Notos (net carrying value USD 283.5 million). Negative pledge clauses apply on shares in the vessel owning subsidiaries. Earnings accounts are pledged as security for the credit facilities, but cash will only be restricted if a continuing event of default occurs and the bank sends notice on that.

As at 31 December 2022, the Group had issued parent company guarantees to clients on behalf of its subsidiaries in connection with the award and performance of contracts and Cosco (Qidong) Co., Ltd approximately USD 35 million and USD 60 million respectively. The amounts specified with regard to parent company guarantees reflect the sum of the estimated capped liability under the relevant agreements.

2021
As at 31 December 2021, the Group's interest-bearing debt secured by mortgages totalled USD 343.4 million. The debt was secured by mortgages on the accommodation/service vessels Safe Caledonia, Safe Concordia, Safe Scandinavia, Safe Boreas, Safe Zephyrus and Safe Notos (net carrying value USD 298.2 million). Negative pledge clauses apply on shares in the vessel owning subsidiaries. Earnings accounts are pledged as security for the credit facilities, but cash will only be restricted if a continuing event of default occurs and the bank sends notice on that.

As at 31 December 2021, the Group had issued parent company guarantees to clients on behalf of its subsidiaries in connection with the award and performance of contracts and Cosco (Qidong) Co., Ltd approximately USD 94.3 million and 79.7 million respectively. The amounts specified with regard to parent company guarantees reflect the sum of the estimated capped liability under the relevant agreements.

NOTE 17: FINANCIAL ASSETS AND LIABILITIES

As at 31 December 2022, the Group had financial assets and liabilities in the following categories:

Year ended 31 December 2022	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Carrying value	Fair value
Cash and deposits	91.6	0.0	91.6	91.6
Accounts receivable	20.6	0.0	20.6	20.6
Other current assets	3.5	0.0	3.5	3.5
Total financial assets	**115.7**	**0.0**	**115.7**	**115.7**
Interest-bearing debt [1)]		422.2	422.2	422.2
Accounts payable		3.1	3.1	3.1
Other current liabilities		17.5	17.5	17.5
Other non-current liabilities		1.9	1.9	1.9
Total financial liabilities		**444.7**	**444.7**	**444.7**

[1)] Refer to note 14 for details on interest-bearing debt.

Management assessed the cash and deposits, accounts receivables, other current assets, accounts payable and other current liabilities to approximate their carrying amounts largely due to the short-term maturities of these instruments.

As at 31 December 2021, the Group had financial assets and liabilities in the following categories:

Year ended 31 December 2021	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Carrying value	Fair value
Cash and deposits	73.9	0.0	73.9	73.9
Accounts receivable	14.1	0.0	14.1	14.1
Other current assets	3.5	0.0	3.5	3.5
Total financial assets	**91.5**	**0.0**	**91.5**	**91.5**
Interest-bearing debt [1)]		423.3	423.3	423.3
Accounts payable		1.8	1.8	1.8
Other current liabilities		18.5	18.5	18.5
Other non-current liabilities		2.2	2.2	2.2
Total financial liabilities		**445.8**	**445.8**	**445.8**

[1)] Refer to note 14 for details on interest-bearing debt.

Management assessed the cash and deposits, accounts receivables, other current assets, accounts payable and other current liabilities to approximate their carrying amounts largely due to the short-term maturities of these instruments.

As at 31 December 2021, the fair value of the interest rate caps amounted to less than USD 0.1 million of the financial assets and was not material for further disclosure.

NOTE 18: FINANCIAL RISKS

The Group operates on a global basis with cash flows and financing in various currencies. This means that the Group is exposed to market risks related to fluctuations in exchange rates and interest rates. The Group's presentation currency is USD, and financial risk exposure is managed with financial instruments in accordance with internal policies and standards approved by the Board of Directors. After restructuring in 2021, there are no credit lines available for hedging of financial risks and consequently such risks remained unhedged in 2022.

Currency risk

The Group is exposed to currencies other than USD associated with operating expenditure, capital expenditure, tax, cash and deposits. Operating expenditure, capital expenditure and tax are mainly denominated in GBP, BRL and NOK. Cash and deposits are mainly denominated in USD, GBP, BRL and NOK.

Currency risk - sensitivity

The sensitivity analysis is based on a reasonably possible change in the relevant exchange rates and reflects the main effects on profit or loss and equity assuming that the change had occurred at the balance sheet date. A 10% strengthening/ weakening of the USD against GBP, BRL and NOK will have the following effects. Exposures to foreign currency changes for all other currencies are not material.

Pre-tax effects on income statement	2022	2021
USD +10%		
Re-valuation cash and deposits	(2.5)	(1.8)
USD -10%		
Re-valuation cash and deposits	2.5	1.8

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest rate risks arise primarily from its variable rate credit facilities. As at 31 December 2022, the Group has not entered into arrangements to hedge the floating interest rate (As at 31 December 2021, interest on debt is in principle floating but had been hedged to reduce the variability of cash flows in the interest payments through the use of interest rate cap and interest rate swap agreements). The interest rate swaps were terminated in 2021 and the interest rate cap has matured in February 2022.

The Group evaluates the hedge profile in relation to the repayment schedule of its loans. Due to current unfavourable pricing of the interest rate swap and short maturity of the interest bearing debt, the Group has decided not to hedge the floating interest rate. After restructuring in 2021, there are no credit lines available for hedging of financial risks and consequently such risks remained unhedged in 2022.

Interest rate caps

As at 31 December 2021, the Group had interest rate caps with notional amount of USD 120 million, capped rate of 3.0000% and mature in February 2022. The fair value of these interest rate caps amounted to less than USD 1,000 and was not material for further disclosure in 2021.

Interest rate swaps

The interest rate swaps were terminated in 2021. The terminated amount was not paid to the counterparties as part of the financial restructuring agreement. The terminated amount was reclassified to the interest-bearing debt.

Notional amount	Fixed rate	Maturity	Swap type	Terminated value
2021				
USD 120 million	1.5330 %	2022	Bullet	**(4.7)**

Interest rate risk - sensitivity

The sensitivity analysis is based on a reasonably possible change in the relevant interest rate and reflects the main effects on profit or loss and equity assuming that the change had occurred at the balance sheet date. In 2021, a forward curve shift of ±50bps was applied in the sensitivity analysis and there is no material impact to the outstanding interest rate cap. A ±50bps change in interest rate will have the following effects in 2022.

Pre-tax effects on income statement	2022
US LIBOR +50bps	
Interest expense on credit facilities	1.7
US LIBOR -50bps	
Interest expense on credit facilities	(1.7)

Managing interest rate benchmark reform and associated risks
A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). As at 31 December 2022, the Group's IBOR exposure is indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). The Group has entered into fallback clauses for the Group's US dollar LIBOR indexed exposures. These clauses switch the instrument from USD LIBOR to SOFR on 31 March 2023 with credit adjustment spread of 0.26161% published by Bloomberg Index Services Limited on 5 March 2021.

Management monitors and manages the transition to alternative risk-free rates. Management evaluates whether the contracts which are referenced to IBORs will need to be amended as a result of IBOR reform and how to manage such communication with the counterparties.

Non-derivative financial liabilities
The Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2022 included USD 343 million credit facility indexed to USD LIBOR. The transition from USD LIBOR to SOFR will take place on 31 March 2023 with credit adjustment spread of 0.26161% published by Bloomberg Index Services Limited on 5 March 2021.

Total amounts of unreformed contracts, including those with an appropriate fallback clause
The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following table shows the total carrying amounts of unreformed contracts and those with appropriate fallback clauses at 31 December 2022 and at 1 January 2022.

USD LIBOR	Total amount of unreformed contracts	Amount with appropriate fallback clause
31 December 2022		
Financial liabilities		
Credit facilities - face value	344.2	344.2
1 January 2022		
Financial liabilities		
Credit facilities - face value	343.4	343.4

Credit risk
In line with industry practice, other contracts normally contain clauses which give the customer an opportunity for early cancellation under specified conditions. Providing the Group has not acted negligently, however, the effect on results in such cases will normally be wholly or partly offset by a financial settlement in the Group's favour.

Credit assessment of financial institutions issuing guarantees in favour of the Group, yards, sub-contractors and equipment suppliers is part of the Group's project evaluations and risk analyses. The counterparty risk is in general limited when it comes to the Group's clients, since these are typically major oil companies and national oil companies.

The Group held cash and deposits of USD 91.6 million as at 31 December 2022 (2021: USD 73.9 million) with banks with high credit-ratings assigned by international credit-rating agencies. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

For trade receivables, the Group applies the simplified method of credit reserves, i.e. the reserve will correspond to the expected loss over the whole life of the trade receivable. In order to measure the credit losses, trade receivables are grouped based on credit risk characteristics of its customers. The Group applies forward-looking variables for expected credit losses. As at 31 December 2022, no credit reserve has been recorded as the Group's clients are typically major oil companies and national oil companies and the receivables are usually received within 3 months. The receivables over 60 days have been fully received as of the date of financial statements. Based on the Group's assessment, the expected credit loss is not material.

Accounts receivables	Total	Not due	< 30 days	30-60 days	61-90 days	> 90 days
31 December 2022	20.6	11.8	6.9	0.0	1.2	0.7
31 December 2021	14.1	13.7	0.4	0.0	0.0	0.0

Liquidity risk

The Group is exposed to liquidity risk in a scenario when the Group's cash flow from operations is insufficient to cover payments of financial liabilities. In order to mitigate the liquidity risk, the Group monitors the liquidity development and the risk of insufficient capital by rolling cash flow forecasts to determine whether the Group's liquidity position is above the minimum cash covenant as per the loan agreements. Given the significant investments needed to prepare for the new contracts in 2023, there is uncertainty as to whether the Group will be in compliance with the minimum liquidity covenant from late 2023. The management is pursuing different initiatives to mitigate a potential shortfall and with the objective to remain in compliance taken as described in Note 2 of the consolidated accounts- Going Concern. The Board of Directors has a reasonable expectation that the Group has adequate resources to mitigate the uncertainty.

As at 31 December 2022, the Group's main financial liabilities had the following remaining contractual maturities:

Per year	2023	2024	2025	2026	2027→
Interest-bearing debt (repayments) [1]	6.3	6.3	349.7	7.0	65.0
Interests [2]	26.0	22.7	20.3	1.4	1.9
Taxes	18.0	0.0	0.0	0.0	0.0
Accounts payable and other current liabilities	20.6	0.0	0.0	0.0	0.0
Total	**70.9**	**29.0**	**370.0**	**8.4**	**66.9**

[1] Interest-bearing debt includes lease liabilities, credit facilities and seller credit from Cosco. The credit facilities mature in 2025. Assuming only the firm contracts, there will be no cash sweep under the credit facilities prior to maturity. The Group is paying the minimum instalments agreed with Cosco under the Safe Eurus seller credit which matures approximately in 2028.

[2] Interest on lease liabilities, credit facilities and seller credits. Based on current agreed credit margin plus USD 3M LIBOR and SOFR forward curve as at 31 December 2022, and the expected cash flows under the seller credit terms.

As at 31 December 2021, the Group's main financial liabilities had the following remaining contractual maturities:

Per year	2022	2023	2024	2025	2026→
Interest-bearing debt (repayments) [1]	4.0	6.0	6.0	349.5	71.9
Interests [2]	10.0	13.0	15.8	17.5	4.0
Taxes	10.7	0.0	0.0	0.0	0.0
Accounts payable and other current liabilities	20.3	0.0	0.0	0.0	0.0
Total	**45.0**	**19.0**	**21.8**	**367.0**	**75.9**

[1] Interest-bearing debt includes credit facilities and seller credit from Cosco. The credit facilities mature in 2025. Assuming only the firm contracts, there will be no cash sweep under the credit facilities prior to maturity. The Group is paying the minimum instalments agreed with Cosco under the Safe Eurus seller credit which matures approximately in 2028.

[2] Interest on credit facilities and seller credits. Based on current agreed credit margin plus USD 3M LIBOR forward curve as at 31 December 2021 and the expected cash flows under the seller credit terms.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital structure in line with economic conditions. The Group manages the total of shareholders' equity and long-term debt as their capital. Normally the Group's main tool to assess its capital structure is the leverage ratio, which is calculated by dividing net interest-bearing debt including bank guarantees, by Group gross profit before depreciation and impairment over the last 12 months.

As a result of the completion of the financial restructuring process in 2021, the capital structure of the Group has improved. There was a significant de-leveraging of the balance sheet with approximately 75 per cent of debt reduction, a corresponding reduction in annual debt service, and in sum a significantly improved balance sheet and improved financial flexibility.

NOTE 19: CASH AND DEPOSITS

	2022	2021
Restricted cash deposits	2.2	2.4
Cash held in New Group	11.6	6.0
Free cash and short-term deposits	77.8	65.5
Total cash and deposits	**91.6**	**73.9**

Under the existing credit facility agreements, the Group is required to maintain a minimum liquidity of USD 18 million to and including 31 December 2022. See note 14 for details on financial covenants.

NOTE 20: OTHER CURRENT ASSETS

	2022	2021
Other receivables	0.9	1.6
Prepayments	1.5	1.4
Stock	4.8	0.7
Other current assets	0.6	1.6
Contract assets	2.0	0.3
Total other current assets	**9.8**	**5.6**

NOTE 21: RELATED PARTY DISCLOSURES

The financial statements comprise the parent company, Prosafe SE, and the subsidiaries listed below.

Company name	Country of incorporation	Ownership	Voting share
Prosafe Services Maritimos Ltda	Brazil	100 %	100 %
Prosafe Offshore BV	Netherlands	100 %	100 %
Prosafe AS	Norway	100 %	100 %
Axis Nova Singapore Pte. Ltd.	Singapore	100 %	100 %
Axis Vega Singapore Pte. Ltd.	Singapore	100 %	100 %
Prosafe Offshore Holdings Pte. Ltd.	Singapore	100 %	100 %
Prosafe Offshore Pte. Ltd.	Singapore	100 %	100 %
Prosafe Rigs Pte. Ltd.	Singapore	100 %	100 %
Safe Eurus Singapore Pte. Ltd.	Singapore	100 %	100 %
Prosafe (UK) Holdings Ltd.	United Kingdom	100 %	100 %
Prosafe Offshore Ltd.	United Kingdom	100 %	100 %
Prosafe Rigs Ltd.	United Kingdom	100 %	100 %

Transactions and outstanding balances within the Group have been eliminated in full.

Shares owned by senior officers and directors at 31 December 2022:
(includes shares owned by close family/relatives and wholly-owned companies)

	Shares
Directors:	
Glen Ole Rødland - Chairman [1)]	100,000
Alf C. Thorkildsen - Deputy Chairman [2)]	0
Birgit Aagaard-Svendsen - Director	3
Nina Udnes Tronstad - Director	6,000
Halvard Idland - Director (from May 2022)	0

1) Mr Rødland has an indirect ownership interest in Prosafe due to his ownership interest in North Sea Strategic Investments.

2) Mr Thorkildsen has an indirect ownership interest in Prosafe due to his ownership interest in North Sea Strategic Investments and HitecVision VI Invest Sierra.

Related party transactions
The Group has an agreement with OMP Management AS for the purpose of providing advice and support in regards to industry analysis and potential M&A transactions. OMP Management AS is a Norwegian company that is controlled by HitecVision VI Invest Sierra, which together with another HitecVision fund (North Sea Strategic Investments) are major shareholders in the Group. The fee payable by the Group is USD 17,500 per month up to September 2022 and USD 10,000 per month from October to December 2022 and a success fee if a transaction, as defined in the engagement letter, should occur with the involvement of OMP Management AS. The success fee shall be calculated on the basis of the enterprise value of the company or asset(s) acquired and be between 0.75%-1.25% of the total enterprise value, depending on the size of the transaction. The success fee shall furthermore in all circumstances be capped at USD 3.5 million in any single transaction. In 2022, the transacted amount was USD 0.2 million (2021: USD 0.2 million). The outstanding balance as of 31 December 2021 and 31 December 2022 is below USD 50,000. The agreement was terminated in January 2023.

The Group has a framework agreement with Global Maritime. Under the framework agreement, the Group has engaged Global Maritime to undertake projects for the Group's vessels. Global Maritime is majority-owned by HitecVision, which through one or more entities is a major shareholder of the Company. The Global Maritime projects value is about USD 1.7 million, of which USD 0.5 million was transacted during the year (2021: USD 0.7 million) and there is no outstanding balance as of 31 December 2022 (outstanding balance of USD 0.4 million as of 31 December 2021 were due and payable under normal payment terms).

NOTE 22: CAPITAL COMMITMENTS

New builds
As at 31 December 2022, the Group had two (2021: two) undelivered completed new builds residing at Cosco's Qidong shipyard in China; Safe Nova and Safe Vega.

Safe Nova and Safe Vega
The Group is committed to pay USD 25 million upon delivery of each of the vessels and the remainder of the costs will be financed by Cosco. The repayment of Cosco financing and interest rates are linked to respective vessel future earnings and day rate. The Group received Force Majeure delay notice from Cosco on 20 September 2022 notifying the damage made on Safe Nova and Safe Vega caused by Typhoon Muifa in China and requires a lengthy time to repair both vessels. The yard has started to undertake repairs. The Group is in discussion with Cosco on the revised delivery date of the vessels. The Group will also be required to fund any mobilization costs required post delivery of the rigs which is currently estimated to be approximately USD 20 million.

PARENT COMPANY ACCOUNTS

INCOME STATEMENT - PROSAFE SE

(USD 1 000)	Note	2022	2021
Income from investments in subsidiaries		20,000	0
Impairment of shares in subsidiaries	6	(48,264)	(135,888)
Results of investing activities		**(28,264)**	**(135,888)**
Operating expenses	2	(5,732)	(4,210)
Operating loss		**(33,996)**	**(140,098)**
Interest income	4	7,643	8,152
Interest expenses	4	(14,798)	(34,134)
Other financial income	3	51,766	1,047,899
Other financial expenses	3	(23,608)	(77,899)
Net financial items	4	**21,003**	**944,018**
(Loss)/Profit before taxes		**(12,993)**	**803,920**
Taxes	5	(18)	0
Net (loss)/profit		**(13,011)**	**803,920**
Attributable to equity holders of the company		**(13,011)**	**803,920**

STATEMENT OF COMPREHENSIVE INCOME - PROSAFE SE

(USD 1 000)	2022	2021
Net (loss)/profit	**(13,011)**	**803,920**
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		
Pension remeasurement	(109)	(145)
Total comprehensive (loss)/income for the year, net of tax	**(13,120)**	**803,775**
Attributable to equity holders of the company	**(13,120)**	**803,775**

STATEMENT OF FINANCIAL POSITION - PROSAFE SE

(USD 1 000)	Note	2022	2021
ASSETS			
Shares in subsidiaries	6	308,997	276,348
Intra-group receivables	11, 13	18,294	21,646
Total non-current assets		**327,291**	**297,994**
Cash and deposits	13	19,909	19,382
Other current assets	7, 11,13	426	42,485
Total current assets		**20,335**	**61,867**
Total assets		**347,626**	**359,861**
EQUITY AND LIABILITIES			
Share capital		12,438	497,505
Share premium reserve		624,154	624,154
Share capital reduction reserve		71,846	71,846
Total paid-in equity	8	**708,438**	**1,193,505**
Retained earnings		**(709,258)**	**(1,181,205)**
Share-based payments reserve		**886**	**0**
Total equity		**66**	**12,300**
Interest-bearing long-term debt	9, 13,14	343,000	343,000
Interest-free long-term liabilities	13	1,877	2,182
Total long-term liabilities		**344,877**	**345,182**
Interest-bearing current debt	9,13	1,177	438
Accounts payable	13,14	65	637
Intra-group current liabilities	11,13,14	516	67
Other interest-free current liabilities	10, 13,14	925	1,237
Total current liabilities		**2,683**	**2,379**
Total equity and liabilities		**347,626**	**359,861**

On 28 March 2023, the Board of Directors of Prosafe SE approved and authorised these financial statements for issue.

Glen Ole Rødland
Non-executive Chairman

Alf C. Thorkildsen
Non-executive Deputy Chairman

Birgit Aagaard-Svendsen
Non-executive Director

Nina Udnes Tronstad
Non-executive Director

Halvard Idland
Non-executive Director

Jesper K. Andresen
Chief Executive Officer

CASH FLOW STATEMENT - PROSAFE SE

(USD 1 000)	Note	2022	2021
Cash flow from operating activities			
(Loss)/Profit before taxes		(12,993)	803,920
Gain from extinguishment of debt	9	0	(1,030,532)
Unrealised currency loss on long-term debt		9,851	3,216
Expected credit loss, net		(42,631)	56,869
Impairment shares in subsidiaries		48,264	135,888
Interest income		(7,643)	(8,152)
Interest expenses		14,798	34,134
Share-based payment expense		517	0
Change in working capital		(99)	(8,864)
Taxes paid		(18)	0
Other items from operating activities		3,097	311
Net cash flow provided by/(used in) operating activities		**13,143**	**(13,210)**
Cash flow from investing activities			
Increase of shares in subsidiaries		(400)	0
Reduction of shares in subsidiary		1,969	0
Change in intra-group balances		3,275	43,628
Interest received		110	8,152
Net cash flow provided by investing activities		**4,954**	**51,780**
Cash flow from financing activities			
Repayment of interest-bearing debt		0	(75,517)
Refinancing costs		(3,511)	(17,367)
Interest paid		(14,059)	0
Net cash flow used in financing activities	9	**(17,570)**	**(92,884)**
Net cash flow		**527**	**(54,314)**
Cash and deposits at 1 January		19,382	73,696
Cash and deposits at 31 December	13	**19,909**	**19,382**

STATEMENT OF CHANGES IN EQUITY - PROSAFE SE

(USD 1 000)	Note	Share capital	Share premium	Capital reduction reserve	Retained earnings	Share-based payments reserve	Convertible bonds	Total equity
Equity at 31 December 2020		**9,097**	**1,039,317**	**71,846**	**(1,989,827)**	**0**	**18,769**	**(850,798)**
Net profit		0	0	0	803,920	0	0	803,920
Other comprehensive loss		0	0	0	(145)	0	0	(145)
Total comprehensive income [1)]		**0**	**0**	**0**	**803,775**	**0**	**0**	**803,775**
Conversion of convertible bonds		597	18,172	0	0	0	(18,769)	0
Share issuance through debt conversion [2)]		492,658	(433,335)	0	0	0	0	59,323
Share capital reduction	8	(4,847)	0	0	4,847	0	0	0
Equity at 31 December 2021		**497,505**	**624,154**	**71,846**	**(1,181,205)**	**0**	**0**	**12,300**
Net loss		0	0	0	(13,011)	0	0	(13,011)
Other comprehensive loss		0	0	0	(109)	0	0	(109)
Total comprehensive loss [1)]		**0**	**0**	**0**	**(13,120)**	**0**	**0**	**(13,120)**
Share based payment		0	0	0	0	886	0	886
Share capital reduction	8	(485,067)	0	0	485,067	0	0	0
Equity at 31 December 2022		**12,438**	**624,154**	**71,846**	**(709,258)**	**886**	**0**	**66**

[1)] Total comprehensive income/(loss) is attributable to the owners of the company

[2)] See note 14 of the consolidated accounts for details.

Nature and purpose of reserves

Share premium: The difference between the issue price of the shares and their nominal value.

NOTES - PROSAFE SE

All figures in USD 1 000 unless otherwise stated.

NOTE 1: ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union (EU) and the requirements of the Norwegian Accounting Act. The accounting policies applied to the consolidated accounts have also been applied to the parent company, Prosafe SE. The accounting policies adopted are consistent with those in the previous financial years. The parent company financial statements should be read in conjunction with the consolidated accounts. The notes of the consolidated accounts provide additional information to the parent company's accounts which is not presented here separately. The Company's functional currency is US dollars (USD), and the financial statements are presented in USD. Investments in subsidiaries are measured at historic cost, unless there is any indication of impairment. In case of impairment, an investment is written down to recoverable amount.

NOTE 2: OPERATING EXPENSES

	2022	2021
Services from subsidiaries	1,526	871
Directors' fees	441	375
Salaries and management bonus	1,221	1,451
Other remuneration	88	41
Share-based payment expense [a]	517	0
Payroll taxes	167	192
Pension expenses	100	95
Auditors' audit fees	153	212
Auditors' other fees	5	90
Legal and consultancy fees	584	316
Office insurance	368	259
Other operating expenses	562	308
Total operating expenses	**5,732**	**4,210**

[a] See note 6 of the consolidated financial accounts for details

Board of directors	Year	Board fees
Glen Ole Rødland (Chairman)	2022	115
Alf C. Thorkildsen (Deputy Chairman)	2022	94
Birgit Aagaard-Svendsen	2022	95
Nina Udnes Tronstad	2022	85
Halvard Idland (from May 2022)	2022	52
Total fees [1]		**441**
Glen Ole Rødland (Chairman)	2021	122
Birgit Aagaard-Svendsen	2021	91
Nina Udnes Tronstad	2021	84
Alf C. Thorkildsen	2021	78
Total fees [1]		**375**

[1] If applicable, figures include compensation from the audit committee and compensation committee.

Number of employees

The average number of employees in the Company for 2022 was 2 (2021: 2).

NOTE 3: OTHER FINANCIAL ITEMS

	2022	2021
Gain from extinguishment of debt [1]	0	1,047,899
Reversal of expected credit loss [2]	51,766	0
Total other financial income	**51,766**	**1,047,899**
Fair value adjustment interest rate swaps	0	(169)
Currency loss	(9,910)	(3,217)
Expected credit loss [2]	(9,135)	(56,869)
Other financial expenses [3]	(4,563)	(17,644)
Total other financial expenses	**(23,608)**	**(77,899)**

1) In 2021, there was a gain from extinguishment of debt as a result of the completion of the financial restructuring process. For further information, see note 14 of the consolidated accounts.

2) For further information, see note 11 relating to allowance of expected credit loss of receivables from subsidiaries.

3) In 2022, the financial expenses largely relates to Cosco global deed settlement as part of the refinancing restructuring process. (2021: largely arose from costs relating to the financial restructuring process. For further information, see note 14 of the consolidated accounts.)

NOTE 4: FINANCIAL ITEMS

Year ended 31 December 2022	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
Interest income [a]	**7,643**	**0**	**7,643**
Reversal of expected credit loss	51,766	0	51,766
Total other financial income [b]	**51,766**	**0**	**51,766**
Interest expenses	0	(14,798)	(14,798)
Total interest expenses [c]	**0**	**(14,798)**	**(14,798)**
Expected credit loss	(9,135)	0	(9,135)
Other financial expenses [1]	0	0	(4,563)
Currency loss [1]	0	0	(9,910)
Total other financial expenses [d]	**(9,135)**	**0**	**(23,608)**
Net financial items [(a)+(b)+(c)+(d)]	**50,274**	**(14,798)**	**21,003**

1) Excluded from the category breakdown but added to the total for net effect.

Year ended 31 December 2021	Financial assets measured at amortised cost	Fair value through profit and loss	Financial liabilities measured at amortised cost	Total
Interest income [(a)]	**8,152**	**0**	**0**	**8,152**
Gain from extinguishment of debt	0	0	1,047,899	1,047,899
Total other financial income [(b)]	**0**	**0**	**1,047,899**	**1,047,899**
Interest expenses	0	0	(31,611)	(31,611)
Amortisation of borrowing costs	0	0	(5,426)	(5,426)
Amortisation of amortised cost	0	0	2,903	2,903
Total interest expenses [(c)]	**0**	**0**	**(34,134)**	**(34,134)**
Fair value adjustment interest rate swaps	0	(169)	0	(169)
Expected credit loss	(56,869)	0	0	(56,869)
Other financial expenses [1)]	0	0	(276)	(17,644)
Currency loss [2)]	0	0	0	(3,217)
Total other financial expenses [(d)]	**(56,869)**	**(169)**	**(276)**	**(77,899)**
Net financial items [(a)+(b)+(c)+(d)]	**(48,717)**	**(169)**	**1,013,489**	**944,018**

[1)] USD 17.4 million of refinancing costs were excluded from the category breakdown but added to the total for net effect.
[2)] Excluded from the category breakdown but added to the total for net effect.

NOTE 5: TAXES

	2022	2021
Taxes	18	0
Total taxes in income statement	**18**	**0**
Temporary differences:		
Loss carried forward	(405,989)	(310,502)
Basis for deferred tax liability (+)/benefit (-)	**(405,989)**	**(310,502)**
Deferred tax liability (+)/benefit (-)	**0**	**0**
Taxes payable at 31 December	**0**	**0**

The corporate tax rate in Norway for 2022 was 22% (2021: 22%).

The value of the deferred tax assets is not recognised in the accounts as the probability of having sufficient future taxable profit to utilise the deferred tax assets as tax deductions cannot be established.

Reconciliation of effective tax rate (IAS 12.81)

	2022	2021
Tax rate	22.0 %	22.0 %
(Loss)/Profit before taxes	(12,993)	803,920
Tax based on applicable tax rate	(2,858)	176,862
Tax effect of non-deductible expenses	13,901	43,670
Tax on income not taxable in determining taxable profit	(13,779)	(226,673)
Tax effect due to unrecognized deferred tax assets	2,754	6,141
Tax charge	**(18)**	**0**

NOTE 6: SHARES IN SUBSIDIARIES

(Carrying value and total equity in 1 000)

Companies	2022 Ownership & Voting Share	Number of Shares	Investment carrying value at 31 December 2022	Total Equity at 31 December 2022	Investment carrying value at 31 December 2021
Prosafe AS [1]	100 %	100	1,000	4,738	0
Prosafe (UK) Holdings Ltd. [2]	100 %	2,000,000	34	34	9,826
Prosafe Offshore Pte. Ltd. [3]	100 %	646,050,000	7,441	16,381	1,400
Prosafe Rigs Pte. Ltd. [3]	100 %	2,821,040,000	300,122	298,496	265,122
Prosafe Offshore Holdings Pte. Ltd. [3]	100 %	25,599,000	400	940	0
Prosafe Offshore Ltd. [2]	100 %	2	0	12,779	0
Prosafe Rigs Ltd. [2]	100 %	2	0	(14)	0
Total			**308,997**		**276,348**

The registered addresses of the subsidiaries and associated company are as follows:

[1] Forusparken 2, N-4031 Stavanger, Norway

[2] 1st Floor, 10 Temple Back Bristol BS1 6FL, United Kingdom

[3] 1 International Business Park, #09-03 The Synergy, Singapore 609917

2022

1) The Company has increased the investment in Prosafe AS by offsetting the amount due from Prosafe AS of USD 42.5 million
2) Prosafe (UK) Holdings Limited has returned USD 2.0 million to the Company as a reduction in capital.
3) The Company has increased the investment in Prosafe Rigs Pte. Ltd. by offsetting the amount due from Prosafe Rigs Pte. Ltd. of USD 40 million.
4) The Company has increased the investment in Prosafe Offshore Holdings Pte. Ltd by USD 0.4 million.
5) Prosafe (UK) Holdings Limited transferred 100% of shares in Prosafe Offshore Limited and Prosafe Rigs Limited to the Company as part of the group restructuring process.

Based on management's assessment of impairment indicators, there were triggers which indicated that the expected recoverable amount was less than the investment carrying value of the following subsidiaries. The expected recoverable amount was estimated based on the fair value of the subsidiaries. The determination of vessels valuation (as disclosed in note 8 of the consolidated accounts) has a direct impact on the fair value of the Company's shares in particular for subsidiaries holding offshore contracts and vessels. As a result, the following impairment charges/(reversal) were made:

	2022	2021
Prosafe Rigs Pte. Ltd.	5,000	76,700
Prosafe Offshore Pte. Limited	(6,041)	0
Prosafe (UK) Holdings Limited	7,823	0
Prosafe AS	41,482	59,188
Total	**48,264**	**135,888**

There are mortgages on the shares in Prosafe Rigs Pte. Ltd. and Prosafe Offshore Pte. Limited.

NOTE 7: OTHER CURRENT ASSETS

	2022	2021
Current receivables due from subsidiaries	78	41,352
Other current assets	348	1,133
Total other current assets	**426**	**42,485**

NOTE 8: SHARE CAPITAL, CONVERTIBLE BONDS, WARRANTS AND SHARE BASED-PAYMENTS RESERVES

	2022	2021
Issued and paid up number of ordinary shares at 31 December [1]	8,798,699	8,798,699,789
Total authorised number of shares at 31 December	**8,798,699**	**8,798,699,789**
Nominal value at 31 December [2] [3] [4]	EUR 1.25	EUR 0.05
Number of shareholders at 31 December	4,834	4,850

[1] In 2021, the financial restructuring process was fully implemented and completed. As a result of conversion of convertible bonds in 2021 and equitisation of debts, the outstanding number of shares increased by 5,522,786 and 8,710,712,791 respectively. See note 14 of the consolidated account for details on the financial restructuring.

[2] In 2021, the Company reduced the nominal value of its shares from EUR 0.10 to EUR 0.05 per share. As a result, there was a reduction in share capital by USD 4.8 million and a corresponding increase in other equity.

[3] On 27 January 2022, the Company completed a 1,000:1 reverse split of the Company's shares to satisfy the minimum requirement to market value of the issuer's shares for listed companies. After the reverse share split, 1,000 shares with a nominal value of EUR 0.05 give 1 new share with a nominal value of EUR 50.00. The number of outstanding shares in the Company after the reverse split is 8,798,699.

[4] At the AGM on 11 May 2022, the shareholders approved to reduce the share capital by reducing the nominal value of the shares from EUR 50.00 to EUR 1.25. As a result, the Company recorded a reduction in share capital by USD 485.1 million and a corresponding increase in other equity.

Ordinary shares	2022	2021
In issue at 1 January	8,798,699,789	82,464,212
Issued in connection with conversion of convertible bonds	0	5,522,786
Issued in connection with the debt conversion	0	8,710,712,791
Reverse share split	(8,789,901,090)	0
In issue at 31 December fully paid up	8,798,699	8,798,699,789

Convertible bonds & warrants

There are no outstanding bonds and warrants as at 31 December 2022 and 2021. In 2021, the bonds and warrants were converted/cancelled as part of the financial restructuring. For further information, see note 14 of the consolidated accounts relating to financial restructuring in 2021.

Share-based payments reserve

Share-based payments reserve comprises the cumulative value of services received from employees recorded on grant of equity-settled share options, The expense for service received is recognised over the vesting period. The amount in the share-based payments reserve is retained when the options are exercised or expire. See note 6 of the consolidated financial accounts for details.

NOTE 9: INTEREST-BEARING DEBT

	2022	2021
Credit facilities - face value	344,177	343,438
Total interest-bearing debt	**344,177**	**343,438**
Current interest-bearing debt	1,177	438
Non current interest-bearing debt	343,000	343,000
Total interest-bearing debt	**344,177**	**343,438**

For further information, see note 14 of the consolidated accounts relating to financial restructuring in 2021.

Reconciliation of movements of interest-bearing debt to cash flows arising from financing activities	2022	2021
At 1 January	**343,438**	**1,413,130**
Changes from financing cash flows		
- Repayments of interest-bearing debt	0	(75,517)
- Interest paid	(14,059)	0
- Refinancing costs	(3,511)	(17,367)
Total changes from financing cash flows	**(17,570)**	**(92,884)**
Other liability-changes		
- Non-cash movement in interest bearing debt	0	286
- Debts transferred from a subsidiary	0	75,206
- Refinancing costs	3,511	0
- Extinguishment of debt	0	(1,030,532)
- Debts equitized for shares	0	(59,323)
- Interests unpaid	0	32,855
- Interest expenses	14,798	0
- Swaps termination [1]	0	4,700
Total liability-related changes	**18,309**	**(976,808)**
At 31 December	**344,177**	**343,438**

[1] Interest rate swaps which were terminated by the swap banks during 2021 were included as part of interest-bearing debt.

NOTE 10: OTHER INTEREST-FREE CURRENT LIABILITIES

	2022	2021
Current payables due to subsidiaries	516	67
Other current liabilities	925	1,237
Total other interest-free current liabilities	**1,441**	**1,304**

NOTE 11: INTRA-GROUP BALANCES

Year-end long-term balances	2022	2021
NOK loan to Prosafe AS	0	52,300
USD loan to Prosafe Offshore Holdings Pte. Ltd.	0	70,328
USD loan to Safe Eurus Singapore Pte. Ltd.	130,319	124,343
Less: Allowance for credit loss	(112,025)	(225,325)
Intra-group long-term receivables	**18,294**	**21,646**

Loan agreements with subsidiaries are based on market prices using 3M NIBOR (NOK loan) and 3M LIBOR (USD loan) interest rates plus a margin of 2.15% (2021: 2.15%) and 2.43-3.70% (2021: 2.43-3.70%) per annum respectively. Outstanding balances at year-end are unsecured, and settlement normally occurs in cash or via share capital injection.

The Company has assessed the recoverability of its receivables from subsidiaries and has an allowance for credit loss of USD 112,025,000 (2021: USD 225,325,000) based on assessments of their projected future cashflows.

In 2022, the Company entered into conversion of debt agreement with Prosafe AS by converting the NOK loan to Prosafe AS amount of USD 42.5 million into equity capital, which resulted in a reversal of credit loss of USD 42,631,000.

In 2022, the Company entered into waiver of receivable agreement with Prosafe Offshore Holdings Pte. Ltd. by waiving the USD loan to Prosafe Offshore Holdings Pte. Ltd. amount of USD 70.7 million. As the amount was fully provided in prior year, there is no impact to profit or loss account.

Year-end current balances	2022	2021
Current receivables due from subsidiaries	78	41,352
Current payables due to subsidiaries	(516)	(67)

In 2022 and 2021, the current receivables and payables were not subject to any interest calculation.

In 2022, the Company entered into conversion of debt agreement with Prosafe Rigs Pte. Ltd. by converting the current receivables due from Prosafe Rigs Pte. Ltd. for the amount of USD 40.0 million into equity capital.

Transactions with related parties	2022	2021
Transactions		
Transfer of third party debts from Prosafe Rigs Pte. Ltd. as part of debt conversion	0	(75,206)
Administrative expenses due to Prosafe AS	(1,526)	(871)
Interest income	7,533	8,150
Interest expenses	0	(464)
Share-based payment expense	517	0
Dividends from subsidiaries	20,000	0

Prosafe AS are performing services on behalf of Prosafe SE relating to management, corporate activities, investor relations, financing and insurance. The services are invoiced on a quarterly basis and paid on market terms. Please refer to note 6 to the consolidated accounts for disclosure of remuneration to directors.

In 2021, the Company has entered into an agreement with OMP Management AS for the purpose of providing advice and support in regards to industry analysis and potential M&A transactions. OMP Management AS is a Norwegian company that is controlled by HitecVision VI Invest Sierra, which together with another HitecVision fund (North Sea Strategic Investments) are major shareholders in the Company. The fee payable by the Company is USD 17,500 per month up to September 2022 and USD 10,000 per month from October to December 2022 and a success fee if a transaction, as defined in the engagement letter, should occur with the involvement of OMP Management AS. The success fee shall be calculated on the basis of the enterprise value of the company or asset(s) acquired and be between 0.75%-1.25% of the total enterprise value, depending on the size of the transaction. The success fee shall furthermore in all circumstances be capped at USD 3.5 million in any single transaction. In 2022, the transacted amount was USD 187,500 (2021: USD 218,500) and the outstanding balance of USD 3,125 (2021: USD 21,875) were due and payable under normal payment terms. The agreement was terminated in January 2023.

NOTE 12: MORTGAGES AND GUARANTEES

2022

As at 31 December 2022, the Company's interest-bearing debt secured by mortgages totalled USD 344.2 million. The debt was secured by mortgages on the accommodation/service vessels Safe Caledonia, Safe Concordia, Safe Scandinavia, Safe Boreas, Safe Zephyrus and Safe Notos (net carrying value USD 283.5 million). Negative pledge clauses apply on shares in the vessel owning subsidiaries. Earnings accounts are pledged as security for the credit facilities, but cash will only be restricted if a continuing event of default occurs and the bank sends notice on that.

As at 31 December 2022, the Company had issued parent company guarantees to clients on behalf of its subsidiaries in connection with the award and performance of contracts and Cosco (Qidong) Co., Ltd approximately USD 35 million and USD 60 million respectively. The amounts specified with regard to parent company guarantees reflect the sum of the estimated capped liability under the relevant agreements.

2021

As at 31 December 2021, the Company's interest-bearing debt secured by mortgages totalled USD 343.4 million. The debt was secured by mortgages on the accommodation/service vessels Safe Caledonia, Safe Concordia, Safe Scandinavia, Safe Boreas, Safe Zephyrus and Safe Notos (net carrying value USD 298.2 million). Negative pledge clauses apply on shares in the vessel owning subsidiaries. Earnings accounts are pledged as security for the credit facilities, but cash will only be restricted if a continuing event of default occurs and the bank sends notice on that.

As at 31 December 2021, the Company had issued parent company guarantees to clients on behalf of its subsidiaries in connection with the award and performance of Cosco (Qidong) Co., Ltd approximately USD 94.3 million and USD 79.7 million respectively. The amounts specified with regard to parent company guarantees reflect the sum of the estimated capped liability under the relevant agreements.

NOTE 13: FINANCIAL ASSETS AND LIABILITIES

Year ended 31 Dec 2022	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Carrying value
Intra-group long-term receivables	18,294	0	18,294
Cash and deposits [1]	19,909	0	19,909
Other current assets	426	0	426
Total financial assets	**38,629**	**0**	**38,629**
Interest-bearing debt [2]		344,177	344,177
Accounts payable		65	65
Interest-free long-term liabilities		1,877	1,877
Intra-group current liabilities		516	516
Other interest free current liabilities		925	925
Total financial liabilities		**347,560**	**347,560**

1) Included in cash and deposits were USD 1.9 million of restricted cash deposits.

2) Refer to note 14 of the consolidated accounts for details on fair value of the interest-bearing debt.

Year ended 31 Dec 2021	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Carrying value
Intra-group long-term receivables	21,646	0	21,646
Cash and deposits [1]	19,382	0	19,382
Other current assets	42,485	0	42,485
Total financial assets	**83,513**	**0**	**83,513**
Interest-bearing debt [2]		343,438	343,438
Accounts payable		637	637
Interest-free long-term liabilities		2,182	2,182
Intra-group current liabilities		67	67
Other interest free current liabilities		1,237	1,237
Total financial liabilities		**347,561**	**347,561**

[1] Included in cash and deposits were USD 2.1 million of restricted cash deposits.
[2] Refer to note 14 of the consolidated accounts for details on fair value of the interest-bearing debt.

NOTE 14: MATURITY PROFILE LIABILITIES

Year ended 31 December 2022	2023	2024	2025 onwards
Interest-bearing debt (repayments) [1]	0	0	343,000
Interests on interest bearing debts	25,999	21,839	18,865
Intra-group current liabilities	516	0	0
Accounts payable	65	0	0
Other interest-free current liabilities	925	0	0
Total	**27,505**	**21,839**	**361,865**

[1] The interest-bearing debt matures in 2025.

Year ended 31 December 2021	2022	2023-2024	2025 onwards
Interest-bearing debt (repayments) [1]	0	0	343,000
Interests on interest bearing debts	10,000	28,000	16,000
Intra-group current liabilities	67	0	0
Accounts payable	637	0	0
Other interest-free current liabilities	1,237	0	0
Total	**11,941**	**28,000**	**359,000**

[1] The interest-bearing debt matures in 2025.

NOTE 15: FINANCIAL RISKS

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risks arise primarily from its variable rate credit facilities. As at 31 December 2022, the Company has not entered into arrangements to hedge the floating interest rate (As at 31 December 2021, interest on debt is in principle floating but had been partially hedged to reduce the variability of cash flows in the interest payments through the use of interest rate cap and interest rate swap agreements). The interest rate swaps were terminated in 2021 and the interest rate cap has matured in February 2022.

The Company evaluates the hedge profile in relation to the repayment schedule of its loans. Due to current unfavourable pricing of the interest rate swap and short maturity of the interest bearing debt, the Company has decided not to hedge the floating interest rate. After restructuring in 2021, there are no credit lines available for hedging of financial risks and consequently such risks remained unhedged in 2022.

Interest rate caps

As at 31 December 2021, the Company had interest rate caps with notional amount of USD 120 million, capped rate of 3.0000% and mature in February 2022. The fair value of these interest rate caps amounted to less than USD 1,000 and was not material for further disclosure in 2021.

Interest rate swaps
The interest rate swaps were terminated in 2021. The terminated amount was not paid to the counterparties as part of the financial restructuring agreement. The terminated amount was reclassified to the interest-bearing debt.

Notional amount	Fixed rate	Maturity	Swap type	Terminated value
2021				
USD 120 million	1.5330 %	2022	Bullet	**(4,700)**

Interest rate risk - sensitivity
The sensitivity analysis is based on a reasonably possible change in the relevant interest rate and reflects the main effects on profit or loss and equity assuming that the change had occurred at the balance sheet date. In 2021, a forward curve shift of ±50bps was applied in the sensitivity analysis and there is no material impact to the outstanding interest rate cap. A ±50bps change in interest rate will have the following effects in 2022.

Pre-tax effects on income statement	2022
US LIBOR +50bps	
Interest expense on credit facilities	1.715
US LIBOR -50bps	
Interest expense on credit facilities	(1.715)

Managing interest rate benchmark reform and associated risks
A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). As at 31 December 2022, the Group's IBOR exposure is indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). The Company has entered into fallback clauses for the Company's US dollar LIBOR indexed exposures. These clauses switch the instrument from USD LIBOR to SOFR on 31 March 2023 with credit adjustment spread of 0.26161% published by Bloomberg Index Services Limited on 5 March 2021.

Management monitors and manages the transition to alternative risk-free rates. Management evaluates whether the contracts which are referenced to IBORs will need to be amended as a result of IBOR reform and how to manage such communication with the counterparties.

Non-derivative financial liabilities
The Company's IBOR exposures to non-derivative financial liabilities as at 31 December 2022 included USD 343 million credit facility indexed to USD LIBOR. The transition from USD LIBOR to SOFR will take place on 31 March 2023 with credit adjustment spread of 0.26161% published by Bloomberg Index Services Limited on 5 March 2021.

Total amounts of unreformed contracts, including those with an appropriate fallback clause
The Company monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Company considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The below table shows the total carrying amounts of unreformed contracts and those with appropriate fallback clauses at 31 December 2022 and at 1 January 2022.

	USD LIBOR	
Pre-tax effects on income statement	Total amount of unreformed contracts	Amount with appropriate fallback clause
31 December 2022		
Financial liabilities		
Credit facilities - face value	344,177	344,177
1 January 2022		
Financial liabilities		
Credit facilities - face value	343,438	343,438

Currency risk
The Company's operating expenses are primarily denominated in NOK and GBP, and the operating result is therefore exposed to currency risk relating to fluctuations in the NOK and GBP exchange rates versus the USD. The Company is exposed to currencies other than USD associated with interest-bearing debt (denominated in NOK) , cash and deposits (denominated in USD, GBP and NOK).

Currency risk - sensitivity
The sensitivity analysis is based on a reasonably possible change in the relevant exchange rates and reflects the main effects on profit or loss and equity assuming that the change had occurred at the balance sheet date. A 10% strengthening/ weakening of the USD against NOK, EUR and GBP will have the following effects. Exposures to foreign currency changes for all other currencies are not material.

Pre-tax effects on income statement	2022	2021
USD +10%		
Re-valuation cash and deposits	373	368
Re-valuation NOK Loan to Prosafe AS	0	5,230
Total	**373**	**5,598**
USD -10%		
Re-valuation cash and deposits	(373)	(368)
Re-valuation NOK Loan to Prosafe AS	0	(5,230)
Total	**(373)**	**(5,598)**

Credit risk
The Company is exposed to credit risk in relation to the inter-company loan to a subsidiary, Safe Eurus Singapore Pte. Ltd (2021: three subsidiaries, Prosafe AS, Prosafe Offshore Holdings Pte. Ltd. and Safe Eurus Singapore Pte. Ltd.). See note 11 for details about the intra-group loan.

Liquidity risk
The Company is exposed to liquidity risk in a scenario when the Company's cash flow from operations is insufficient to cover payments of financial liabilities. The Company manages liquidity and funding on a group level. In order to mitigate the liquidity risk, the Group monitors the liquidity development and the risk of insufficient capital by rolling cash flow forecasts to determine whether the Group's liquidity position is above the minimum cash covenant as per the loan agreements. Given the significant investments needed to prepare for the new contracts in 2023 for the Group, there is uncertainty as to whether the Company will be in compliance with the minimum liquidity covenant from late 2023. Management is pursuing different initiatives to mitigate a potential shortfall and with the objective to remain in compliance as described in note 2 of the consolidated accounts and the Board of Directors has a reasonable expectation that the Company has adequate resources to mitigate the uncertainty.

Capital management
The primary objective of the Company's capital management is to ensure that it maintains a healthy capital structure in line with economic conditions. This is managed on a group level as disclosed in note 18 of the consolidated accounts.

INDEPENDENT AUDITOR'S REPORT

To the General Meeting of Prosafe SE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Prosafe SE, which comprise:

- the financial statements of the parent company Prosafe SE (the Company), which comprise the statement of financial position as at 31 December 2022, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Prosafe SE and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on 8 May 2019 for the accounting year 2019.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 and Note 14 in the financial statements, which indicate that the Group may breach the minimum liquidity covenant of USD 23 million from the second half of 2023. The Group's ability to continue as a going concern may be dependent on raising additional funds. As stated in Note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of accommodation vessel fleet and possible reversal of impairment

Reference is made to Note 2 Statement of Compliance and basis of preparation paragraph "Impairment / Reversal of impairment of non-financial assets" and Note 8 Tangible assets.

The key audit matter	How the matter was addressed in our audit
The Group's fleet of accommodation vessels have a book value of USD 376,8 million and represents a significant portion of total assets. The Group recorded significant impairment charges in previous years, including both in 2019 and 2020. All the vessels owned by the Group are previously impaired in accordance with IAS 36 The Group regularly reviews whether there are any indicators of impairment and impairment reversal and tests the individual assets for impairment (reversal) if an indicator is identified. The market for offshore accommodation vessels improved in 2022 with utilization levels for the Group and the industry as a whole significantly higher than the preceding years. Assessing whether an indicator for impairment reversal exists, involves significant judgment from management, as to whether significant changes have occurred in the market for accommodation vessels, which could significantly impact the expected future cash flow from the asset. This judgement includes assessing observable changes in day rates and the likelihood of redeployment of the vessel to new contracts either from lay-up or when the current contract period expires. This uncertainty is mainly applicable to those vessels that are nearing the end of the fixed contract period and those that are currently not on contract. The judgments described above have a direct impact on the valuation of the Company's significant investment in subsidiaries and the expected credit loss on receivables from subsidiaries. For all vessels in the Group's fleet per 31 December 2022, a qualitative assessment of impairment (reversal) indicators did not require further quantitative impairment testing.	We obtained an understanding of the process for identifying impairment reversal indicators and tested the design and implementation of selected controls over management's assessment. We evaluated whether all vessels in the fleet were identified by management and assessed for impairment reversal indicators. For each vessel we assessed the key considerations applied by management in the impairment reversal trigger assessment. For those vessels where an error could result in a material misstatement and where management did not identify an impairment reversal trigger, we assessed the appropriateness and reliability of qualitative factors and challenged management considering: • utilisation levels for the fleet in 2022 • status of tender activity • supply-side constraints and market expectations in the short and medium term We inspected external information sources, comparing to management updates and communication with the Board of Directors of the Group to assess the consistency of the current year increase in activity for the sector. We assessed the impact on impairment reversal for shares in subsidiaries and reversal of expected credit loss for receivables from subsidiaries, considering the vessel indicators assessments as well as the net assets of the subsidiaries. We assessed the adequacy of disclosure related to impairment indicators

Other information
The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Environmental, Social and Governance report.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Prosafe SE we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name “2138001LK2Z2HSER4U15-2022-12-31-en”, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management’s Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Stavanger, 28 March 2023
KPMG AS

Anfinn Fardal
State Authorised Public Accountant
(This document is signed electronically)

Prosafe

Accommodating
the Offshore
Industry

www.prosafe.com

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