Q4 2022 Results

28 February 2023

Disclaimer

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Key events

Operations, HSSE and backlog

- Q4’22 utilization of 56.1%, five out of seven vessels in operation during the quarter
- Full year utilization of 70.6%, highest since 2014
- Good operating and HSSE performance on all vessels
- Backlog of USD 332 million at quarter end

Q4 22 Financials

- Revenue of USD 38.9 million and EBITDA of USD 9.6 million
- Good cash conversion in Q4 with cash flow from operations of USD 24.7 million
- Liquidity of USD 91.6 million at quarter end

Market and outlook

- Strong improvement in demand and utilization in 2022
- Slower North Sea market in 2023, capex and mobilization spend in preparation for new contracts in Brazil and US GoM impacting liquidity
- Positive development in long-term demand drivers in Brazil and North Sea. Increased tender activity expected based on ongoing client discussions for 2024 and beyond

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Operations

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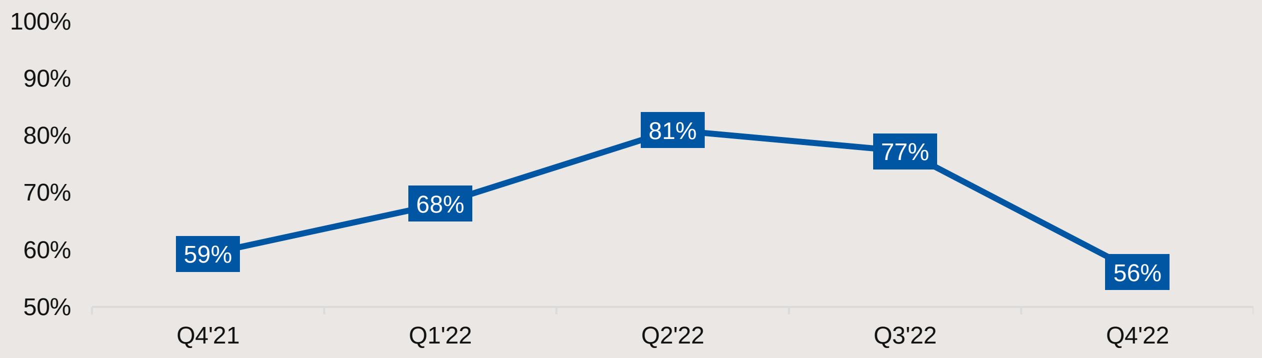
Good operating performance

- Safe Boreas: Completed contract in UK sector and now laid up in Norway pending future work
- Safe Caledonia: Operated for TotalEnergies at the Elgin platform in the UK. Demobilised in December 2022 and laid up in UK pending future work
- Safe Concordia: Laid-up pending contract start in US GoM between July to September
- Safe Zephyrus: Operated for bp at ETAP in the UK North Sea. Demobilized in December and mobilizing to Brazil
- Safe Eurus and Notos: Continued work for Petrobras in Brazil

Recent operations

Fleet utilization (%)



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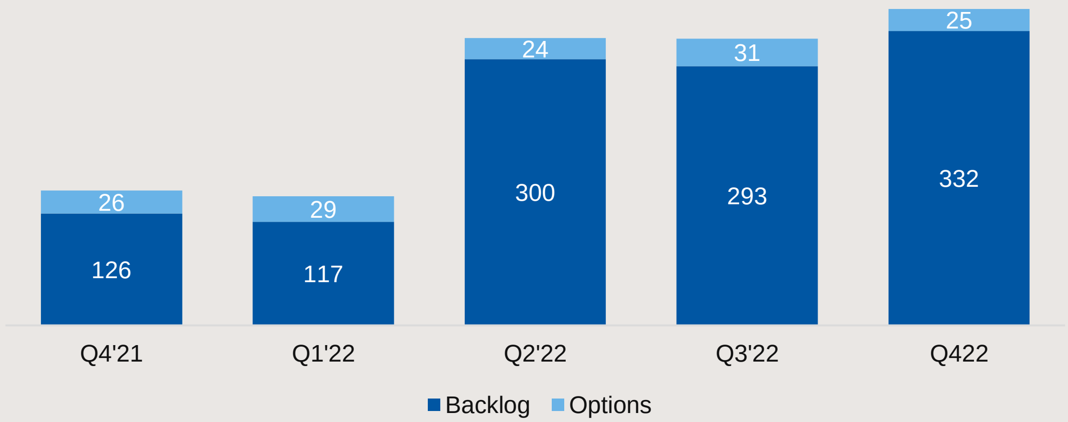
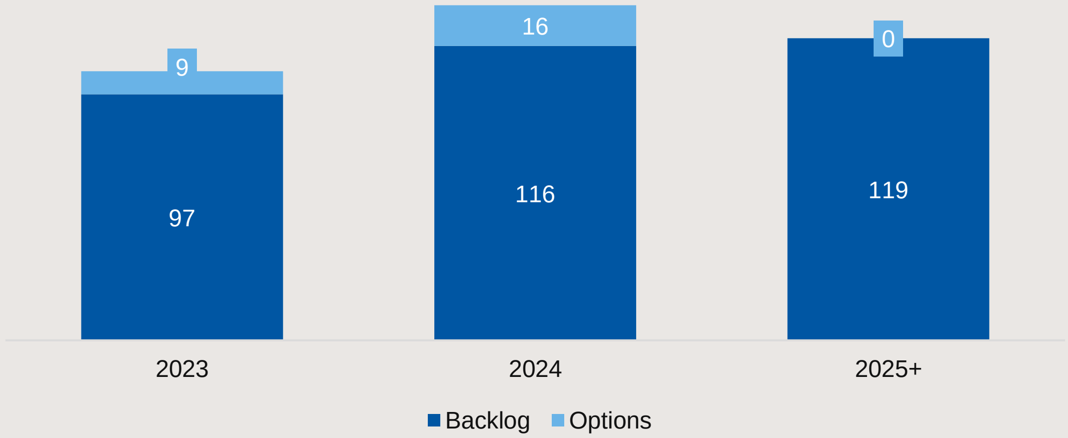
Backlog tripled YoY, stable since Q2

- Backlog of USD 332 million at end Q4
  - Signed a 650-day contract with Petrobras to use Safe Zephyrus from May 2023 adding USD 73 million to total backlog

Order backlog (USD million)



Expected phasing of order backlog (USD million)



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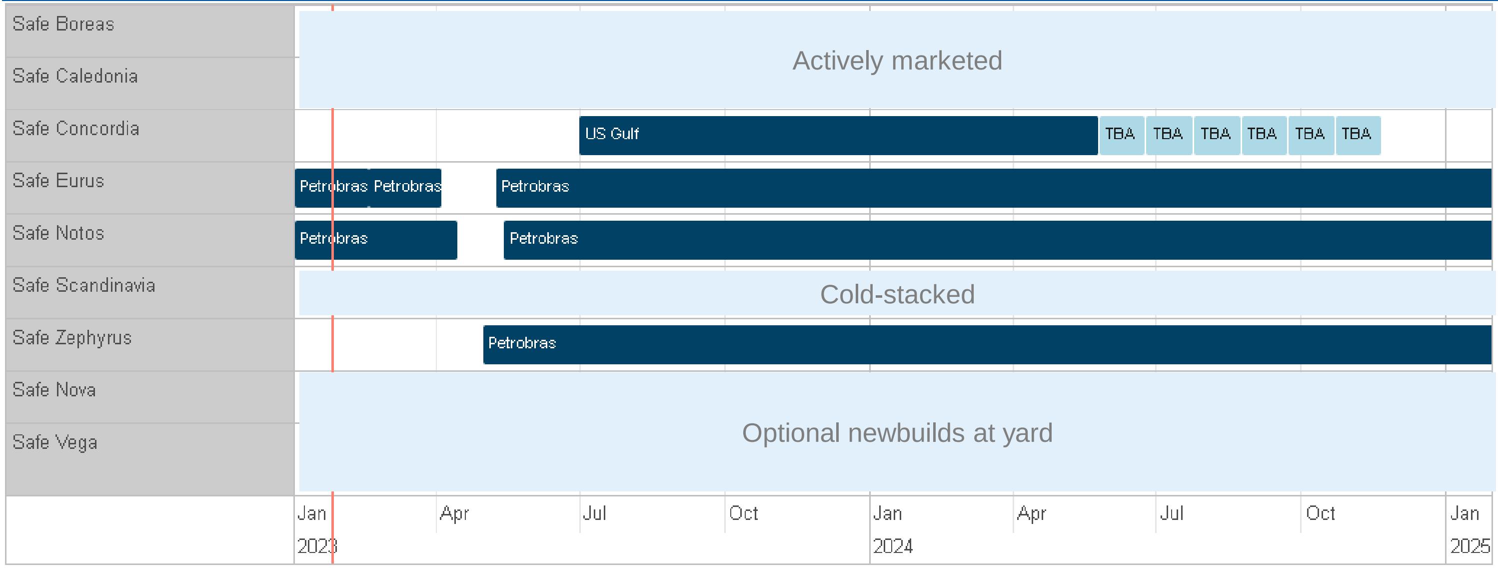
Fleet status

Contract overview



- Work for Boreas and Caledonia for 2024 and beyond a key focus
- Several tenders expected in coming months both in Brazil and North Sea markets
- Positive overall demand outlook in Brazilian and North Sea markets

2023 operational items

- **Safe Notos:**
  - ~30 days off-hire in May 2023 for hull cleaning and Petrobras contract modifications
  - Expected capex[1] of USD ~1-2 million and all-in opex of USD ~3-4 million during hull off-hire period
- **Safe Eurus:**
  - ~35 days off-hire in April/May 2023 for hull cleaning, accelerated SPS and Petrobras contract modifications
  - Expected capex[1] of USD ~5.5 - 6.5 million and opex of USD ~3-4 million during off-hire period
  - Potential that the off-hire period and SPS may be deferred to 2024
- **Zephyrus:**
  - Off hire costs of USD ~8-9 million prior to start-up in Brazil (including costs related to ramp-up and mobilization)
  - Expected capex of USD ~12 million before contract start. Capex will improve ability to use vessel both in Brazil and North Sea
- **Concordia:**
  - Off hire cost of approximately USD ~10-11 million prior to start-up in US GoM (including costs related to ramp-up and mobilization)
  - Expected capex of USD ~5-6 million before contract start
  - Standby rate of USD 28,000 from 01 August 2023 until commencement

1) Capex includes annual maintenance capex

Financials

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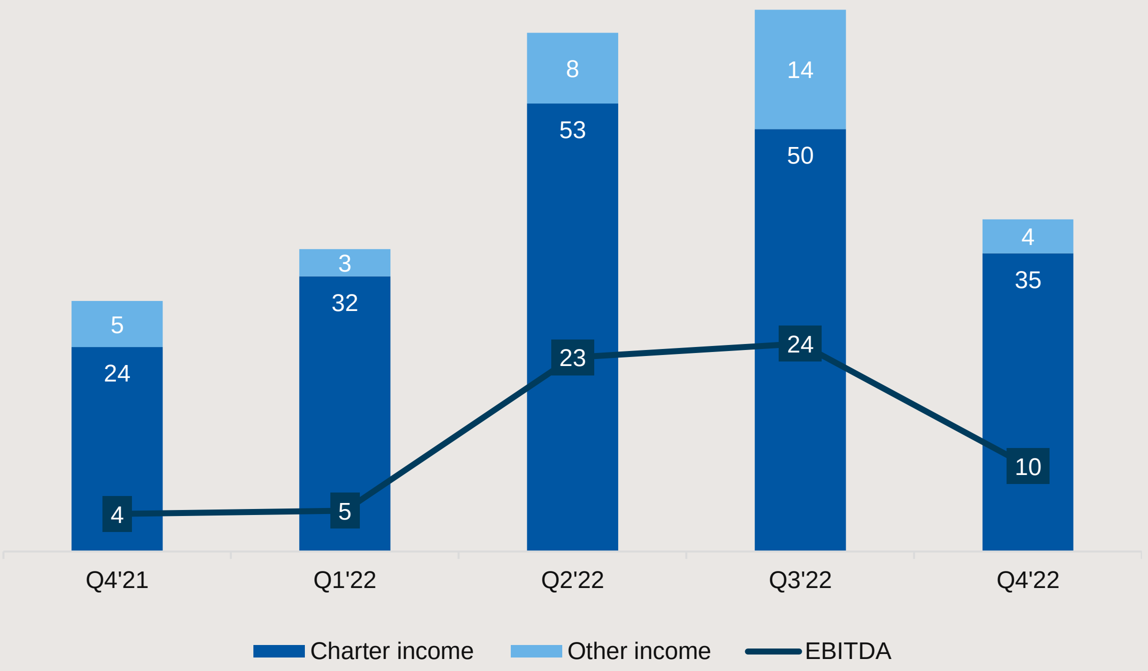
Improved day rates driving revenues and EBITDA

- Charter income of USD 35 million in Q4, driven by higher day rates than prior year
  - Utilization in Q2 and Q3 generally higher than rest of the year due to North Sea summer season
- Other income of USD 4 million, reflecting mainly reimbursables with low-margin
- Good operational performance

Operating revenues and EBITDA (USD million)



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Income statement

- Operating result before depreciation of USD 9.6 million
- Interest expense up from Q3 primarily due to higher interest rate
- Full year interest expense reduced due to debt restructuring in Q4 2021
- Full year taxes mostly related to the Trinidad project

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

Balance sheet

- Total assets of USD 500 million at end Q4 2022
- Cash position increased to USD 91.6 million from USD 74.5 million at Q3 2022 driven by improved operational cash flow
- Equity ratio was 7.5%
- Q4 NIBD[1)] of USD 330.6 million whereof USD 3.8 million is short-term debt
- A slow North Sea market and significant investments to prepare for new contracts in 2023 to negatively impact liquidity
- Prosafe are pursuing several initiatives to remain in compliance with the minimum liquidity covenant
- The initiatives include additional cost savings/deferrals, potential asset disposals, improvements in working capital and potential fund raising to ensure sufficient liquidity

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

1) Net Interest-bearing is equal to Interest-bearing debt less cash. NIBD is reduced by a USD 13.3 million fair value adjustment of which USD 3.8 million is short term

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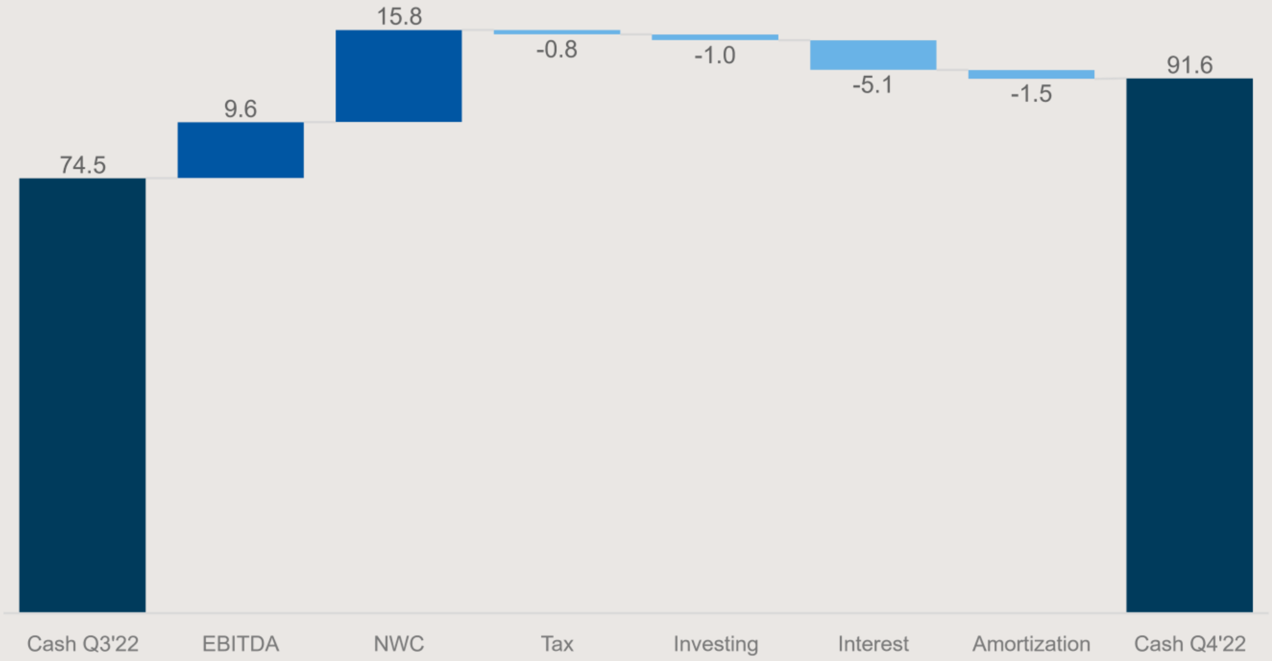
Strong operating cash flow in Q4 2022

- Strong cash conversion with operating cash flow of USD 24.7 million
- Release of working capital following lower activity
- Maintenance capex of USD 1.2 million in quarter
- Higher interest expenses due to increase of interest rates
- Cash position of USD 91.6 million at quarter end

Cash flow in the quarter (USD million)



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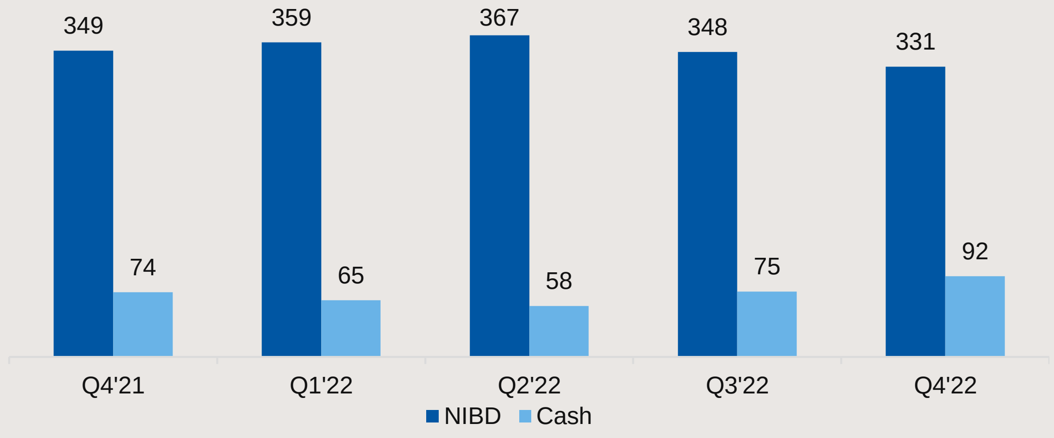
Debt profile with first major maturity end-2025

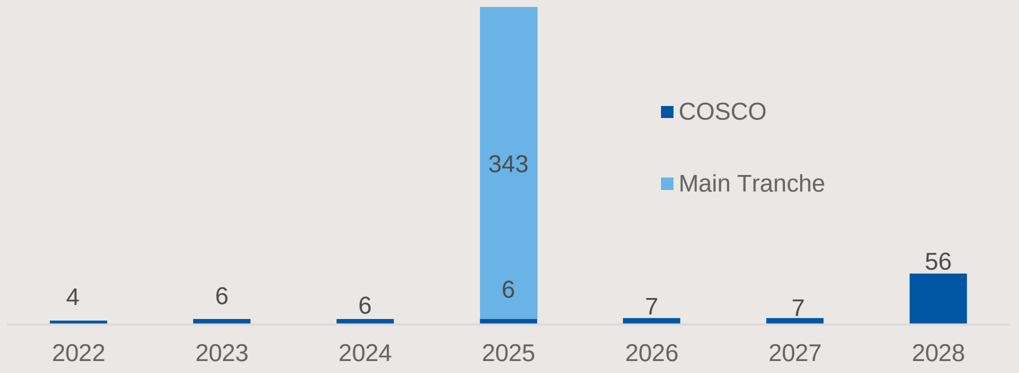
- Favourable terms on debt facilities with limited fixed amortization and low interest rate
  - Main-tranche: 2.5% + Libor / SOFR, maturing 31 December 2025*
  - COSCO (Safe Eurus): 0% (increasing to 2% in 2026)
  - COSCO minimum amortization of USD 6 million
  - Quarterly liquidity covenant in 2023 of USD 23 million
  - Year-end cash sweep if 12 month forward looking liquidity balance >USD 67 million

- Major corporate actions including M&A, new indebtedness, waivers and delivery of new vessels require 2/3 approval by the lenders

NIBD development (USDm)



Debt maturity profile (USDm)

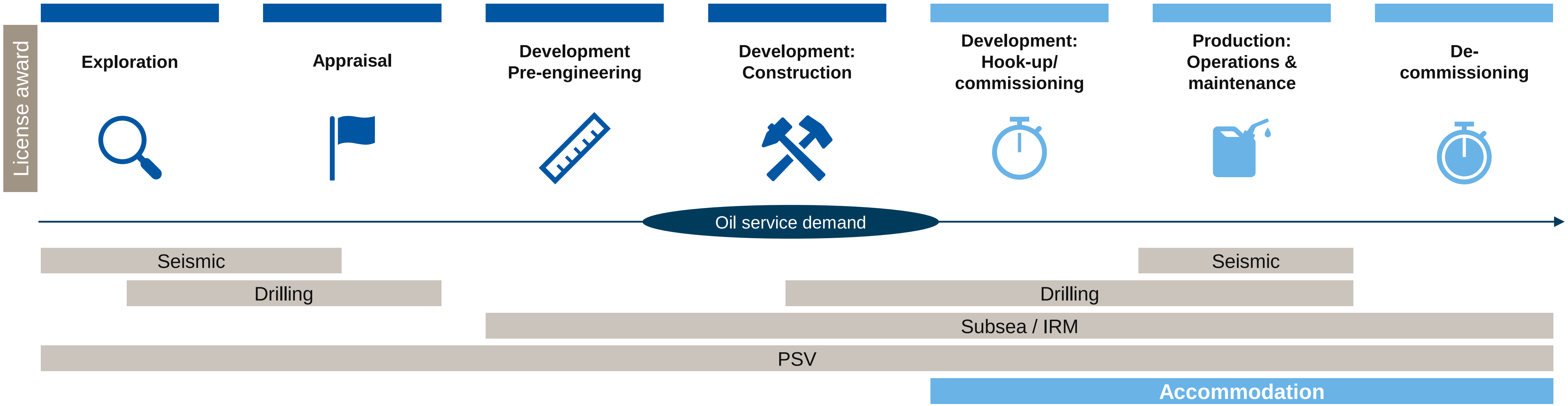


*Change from LIBOR to SOFR may result in a minor increase in the 2.5% margin in Credit Adjustment Spread

Market and outlook

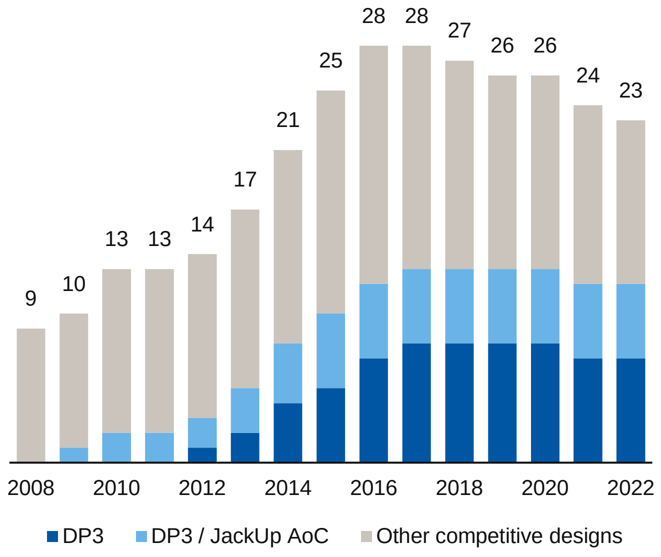
Accommodation services are late in the E&P cycle

E&P activity cycle



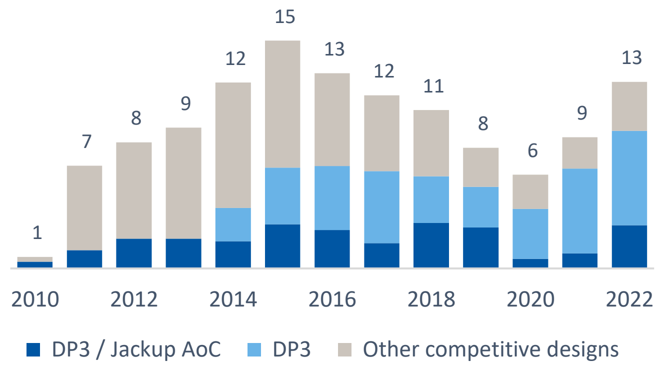
Significant tightening of market balance for high end vessels

Declining fleet[1]



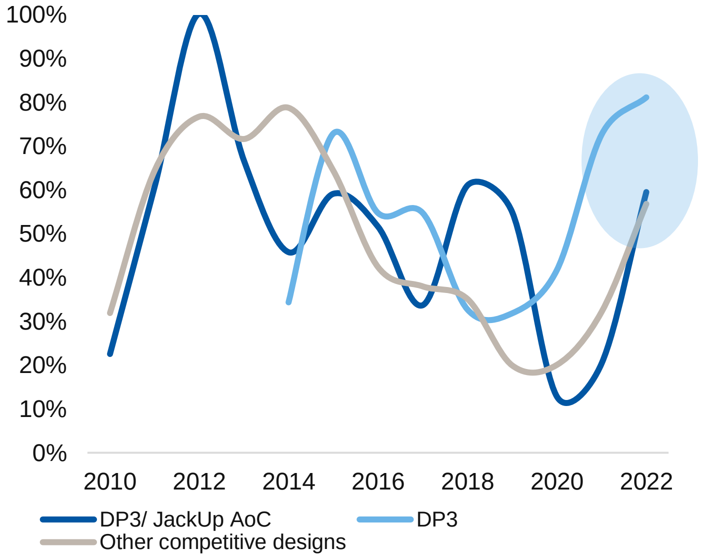
- Scrapping of older less competitive vessels during market downturn 2016-2020
  - 1 new DP3 monohull now included in supply
- Limited orderbook with Prosafe controlling the high specification vessels:
  - 2x DP3 semis (Safe Nova and Safe Vega)
  - Non-DP3 vessels in orderbook: 1 jack-up

Increasing demand (# of vessel years)[1]



- High activity in 2022
- Increased oil and gas activity reflecting the early phase of a likely new long-term investment cycle

Global accommodation vessel utilisation[2]



- Market utilization of high specification accommodation vessels increasing to over 70% in 2020
- COVID19 left the market in standstill with utilization of high-spec DP3 units below 30% and the remaining market bottomed out at approx. 10% utilization
- Peak total utilization in 2011-14 period of ~70%

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

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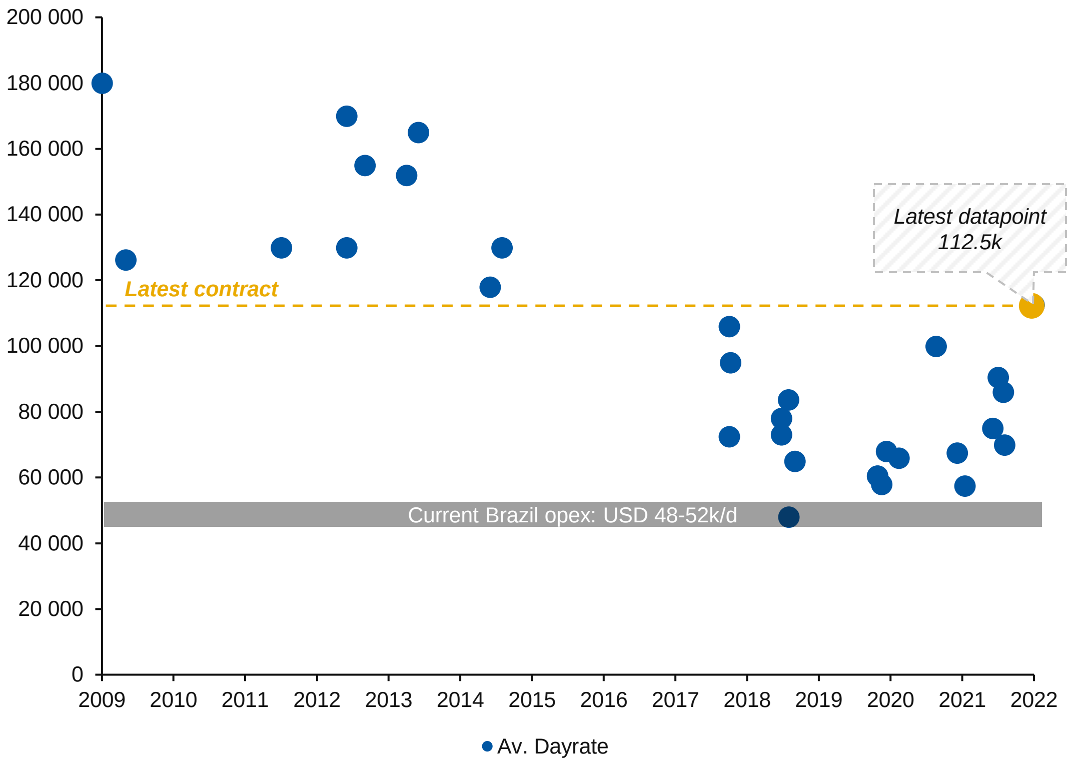
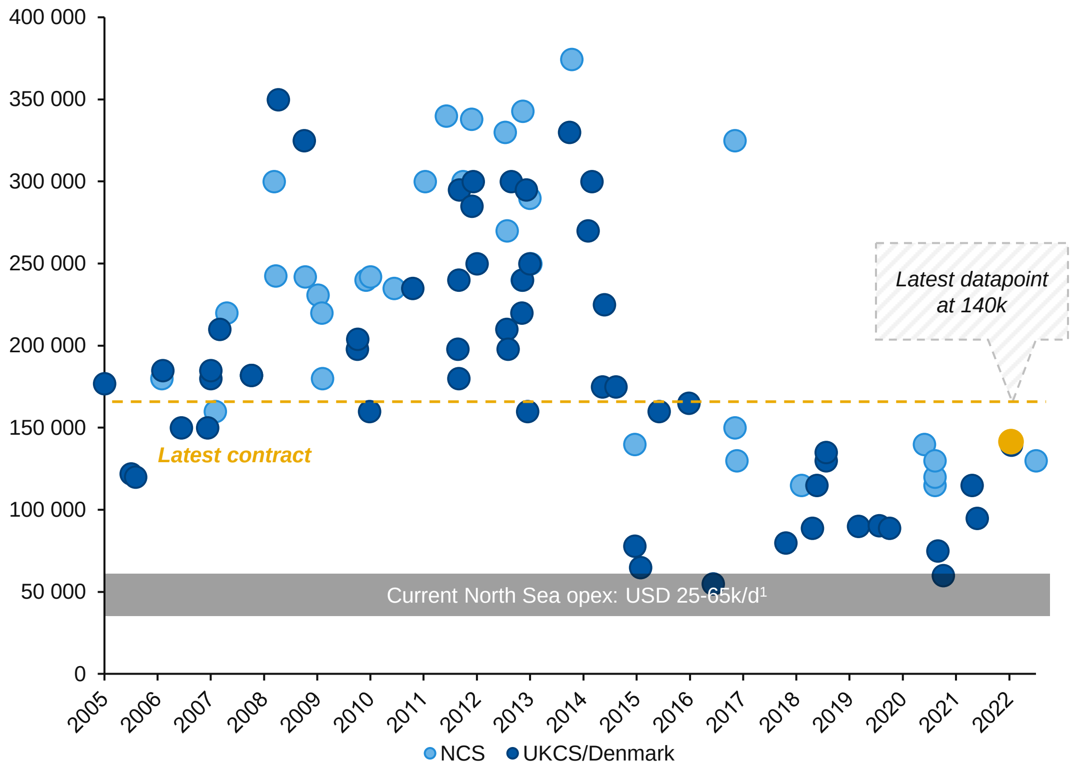
Dayrates are picking up as the market is tightening

Brazil day rate development (USD/d)



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

North Sea day rate development (USD/d)



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

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

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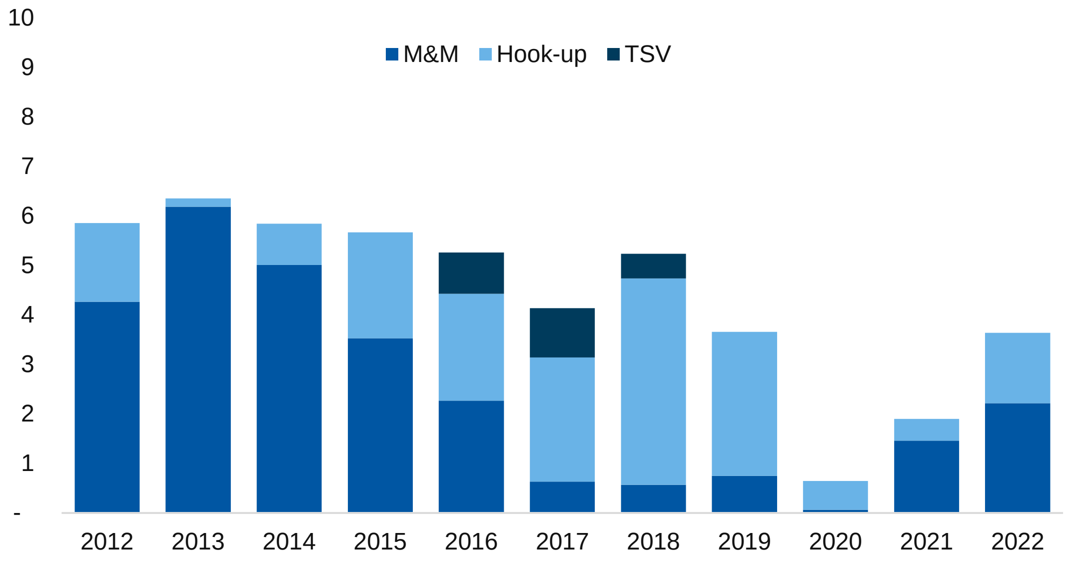
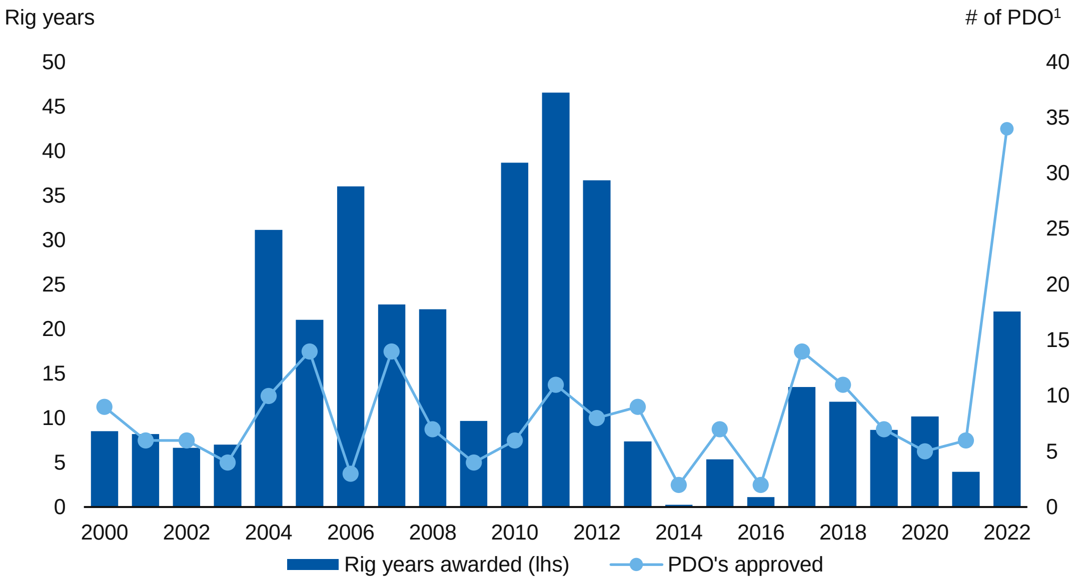
Strong development in North Sea demand drivers

North Sea activity (# of vessel years)



- Activity returned to the North Sea during 2022
  - Catch-up in maintenance works as well as increased oil and gas activity reflecting the early phase of a likely new long-term investment cycle
- Positive long-term outlook for higher activity

Historical and expected PDO's[1] on the NCS



- Number of PDO's[1] delivered is reaching all-time highs after a temporary tax incentive schemes for PDO's delivered before YE'22
- Positive demand outlook
  - Higher maintenance and tie-back activity in the UK
  - Hook-up operations in Norway, particularly from 2024 and 2025 onwards

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

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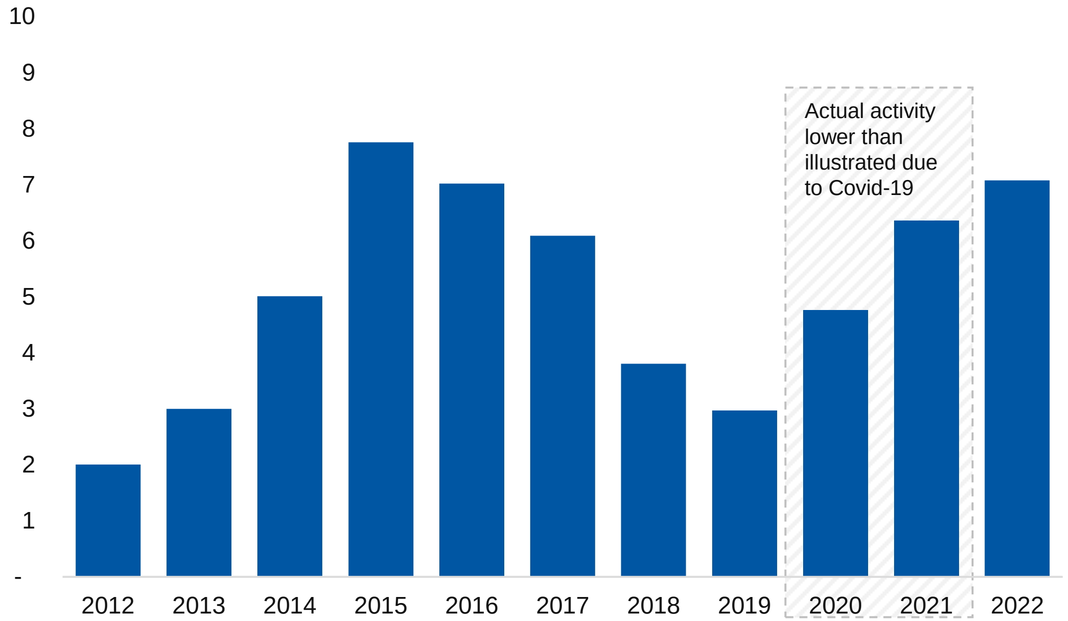
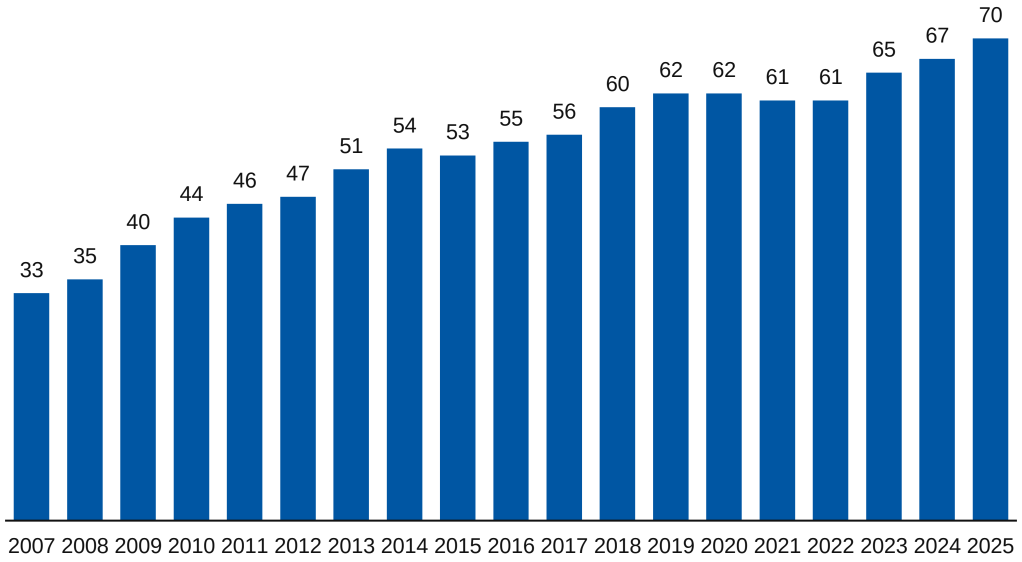
Increasing flotel demand in Brazil

Brazil activity (# of vessel years)



- Activity level in Brazil continued. Activity increased to the second highest level ever and close to 2015 peak
- Increased activity by large independents (SBM, Equinor, Modec) further driving demand
- New FPSOs in 2016/17 driving demand today

Number of FPSO's working in Brazil



- Brazil's oil production has increased steadily for three years and is expected to keep increasing
- Petrobras' most important asset, the Búzios field, will be allocated 7 new FPSOs into operation in order to lift current capacity of 600k bpd[1] to target >2m bpd
- FPSOs require maintenance after ~2-5 years

Note: 1) Barrels of oil per day
Source: Prosafe, Clarksons, Pareto Securities Equity Research, Petrobras, IEA

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Tendering activity

Ongoing tenders

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

Comments

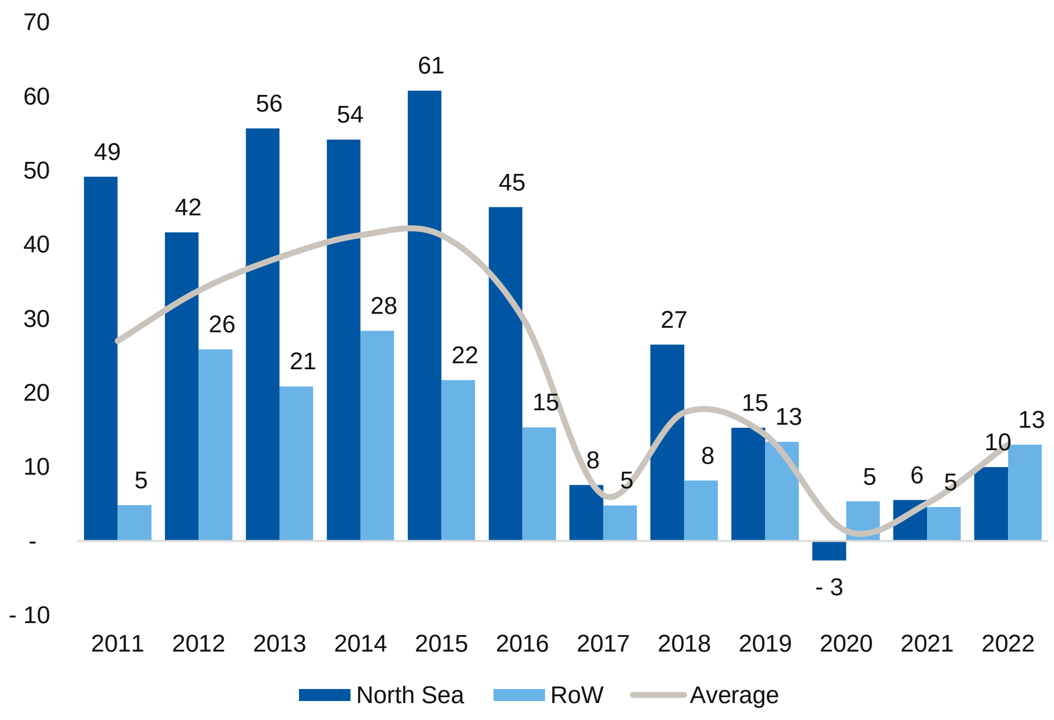
- Slow 2023 market in the North Sea, currently no visible tenders
- Expectation of 1-3 additional tenders in the North Sea for 2024
- Petrobras likely to announce new tenders, potentially as early as 1H 2023

Indicative earnings potential in an improving market

Fleet EBITDA potential

USD million	Average[1] 2011-22	Average[1] 2011-16	Peak[1] 2014-15
EBITDA/vessel	22	35	41
# of vessels on long-term charter in Brazil	2	2	2
# remaining fleet[2]	5	5	5
EBITDA ex. long term charters	110	175	205
EBITDA Safe Eurus & Safe Notos	24	24	24
Selling, General & Administrative (SG&A)[3]	(17)	(17)	(17)
Illustrative EBITDA	**117**	**183**	**212**
Illustrative NIBD/EBITDA	**2.8x**	**1.8x**	**1.6x**

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



[1] Excluding Mexico and Safe Scandinavia during TSV operation
[2] Excludes newbuilds Nova and Vega
[3] Expected underlying SG&A run rate

Summary

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Summary

- High activity in 2022 linked to tie-back and life extension projects
- Slow 2023 North Sea market with low visibility
- Focus on mobilization and preparations for new contracts in Brazil and US GoM
- Several initiatives being undertaken to remain in compliance with the minimum liquidity covenant, including cost savings/deferrals, potential asset disposals, improvements in working capital and potential fund raising
- Positive development in long-term demand drivers in Brazil and North Sea. Increased tender activity expected based on ongoing client discussions for 2024 and beyond

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Appendix

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Option to take delivery of two newbuilds available at yard

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

Agreed delivery terms with COSCO (under discussion):

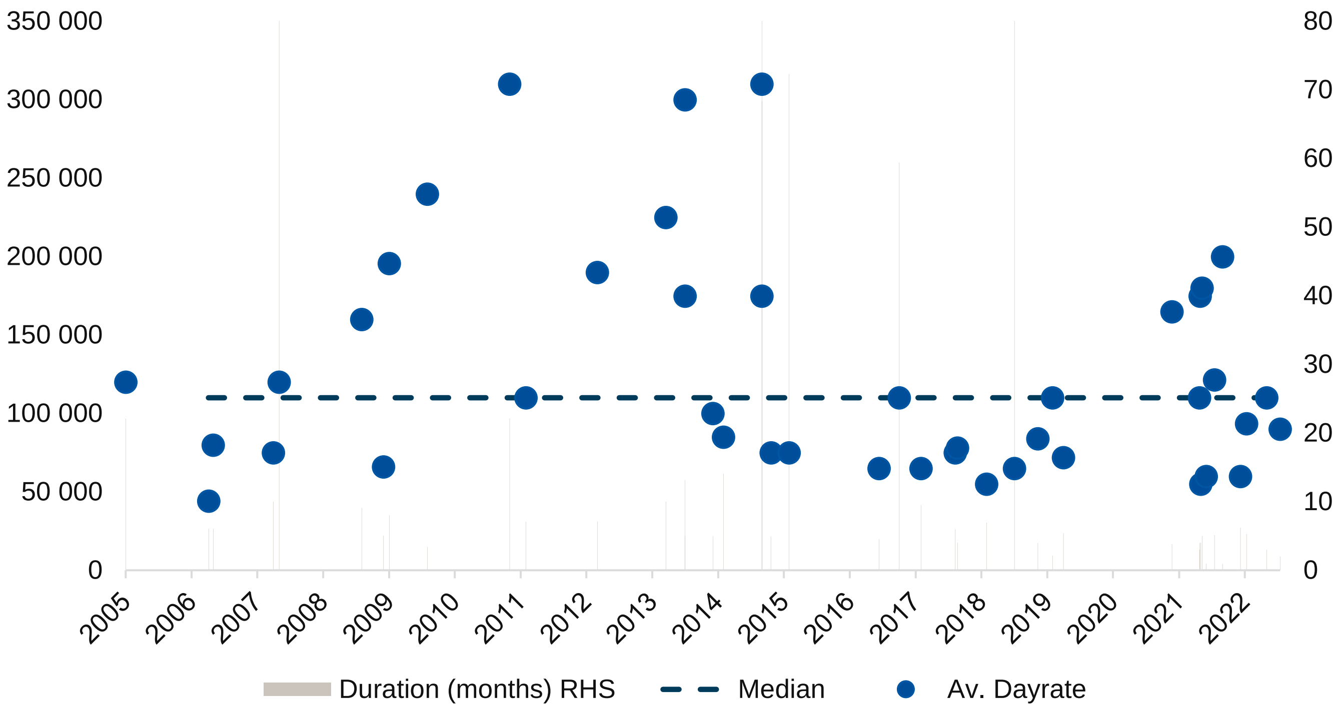
- Remaining purchase price for vessels:
  - $210m (Nova), $212m (Vega), total $422m, includes mobilization costs of ~$20m each
- Funding at favourable credit terms:
  - Sellers Credit: $165m (Nova), $167m (Vega)
  - Cash/equity requirement: $45m (Nova), $45m (Vega), total for both vessels of $90m

Fixed interest rate mechanism

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

Rest of World contract overview

RoW day rate development (USD/d)



Comments

- Large variation in contract rates on global basis
- Highest rates in Australia due to operating cost and mobilization
- Rates in Americas have recently been in USD 90k to 125k per day depending on region and term

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Analytical information

Item	2023 (USDm)	Comment
SG&A	~17-18[1]	In a tightening market SG&A is likely to increase somewhat
Depreciation	~30-33	Straight line depreciation
Interest expense	~25-30	Exposed to rising interest rates
Tax	~2	Norwegian deferred tax assets of USD 1.9 bn, local and contract specific taxes
Net working capital build	~10-20	Unwind of sales and increasing payables in H1 2023 , followed by sales ramp up and payables unwind in H2 2023
Maintenance / contract specific capex	~25-30	Increased capex in 2023 for Eurus, Notos, Concordia, Zephyrus. May improve by USD 2 to 3 million if Eurus SPS deferred to 2024

1) Expected underlying run rate level

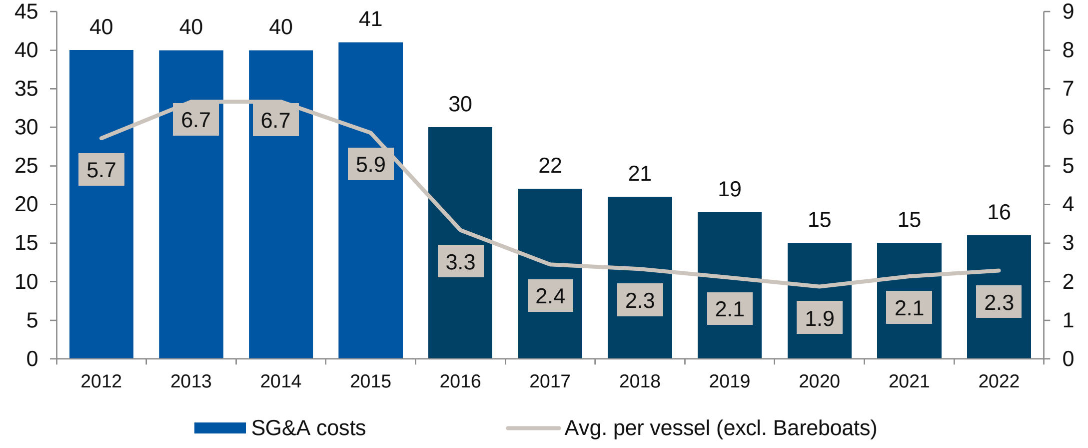
Prosafe recent firm period fixtures

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

Source: Prosafe

SG&A and Opex increasing driven by inflationary pressure

SG&A[1] cost development (USDm)



- Adapting cost base and structure to be more flexible
- Reduction in number of active vessels (from 14 to 7)
- Reduced onshore headcount (from ~150 to 60)
- Efficiency improvements

Opex per day (USDk/day)

UK (DP – Boreas/Zephyrus)	$35 – 45k
UK (Moored - Caledonia)	$25 – 30k
Brazil	$48 – 52k (incl. fuel)
Norway (DP – Boreas/Zephyrus)	$60 – 65k
RoW (Concordia)	$35 – 45k
US GoM (Concordia)	$45 – 55k
Scandinavia (cold)	$2.5 – 3k
Stacking (warm)**	$10-20k

1) Excluding one-offs costs. * UK comparison reflects cost of moored vessel. ** Ramp-up and ramp-down of approx. 3 - 4 weeks before and after contract at full operational cost. Stacking cost highly dependent on time in lay-up and region

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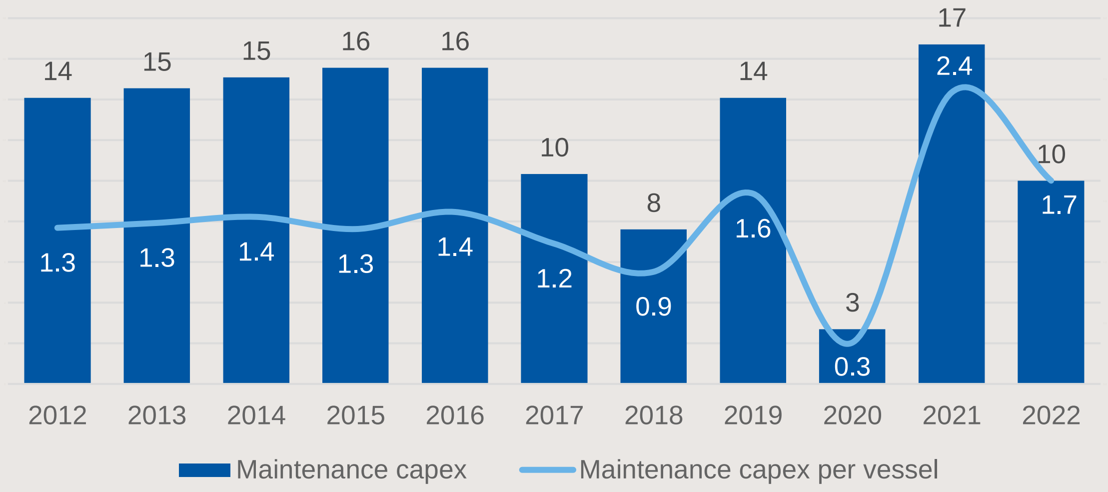
Historic SPS and maintenance capex

- Maintenance capex of ~USD 1-2 million per vessel per year
- 5-year SPS cost of USD 5 to 6 million per vessel
- SPS usually takes 1-2 months to complete and is targeted to be completed in off hire season in North Sea or between contracts in Brazil
- Reactivation of Safe Scandinavia is estimated to require USD ~20 million depending on delivered for accommodation or TSV

SPS and maintenance capex (USDm)[1]



SPS Schedule

	2022	2023	2024	2025	2026
Boreas					
Zephyrus					
Eurus					
Notos					
Caledonia			*Before contract*		
Concordia					
Scandinavia		*Currently layup*			

1) 2021 includes USD 11 for SPS for Boreas and Zephyrus

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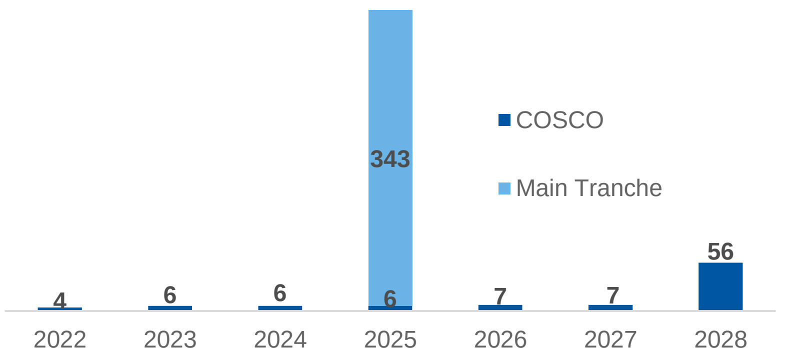
Outstanding debt

Two tranches

	Main tranche	COSCO Sellers Credit
Outstanding debt	$343m (250m + 93m Notos)	$93m
Pledged vessels	Boreas, Zephyrus, Caledonia, Concordia, Scandinavia, Notos	Eurus
Interest rate	LIBOR/SOFR* + 2.5%. Unhedged	0% (increase to 2% from 2026)
Amortizations	Cash sweep above $67m forecasted liquidity on 12-month forward basis	50-50 EBITDA split. Minimum $6m/year, $7m/year from Q3 2026
Maturity	2025	~Q3 2028 or when debt reach ~$50m
PCG	PSE fully liable	$60m
Financial Covenant	2022 cash > $18 million 2023 cash > $23 million 2024 cash > $28 million	
	Cash held in the COSCO tranche shall be deducted when calculating compliance with the cash covenant. At year end 2022, approximately USD ~10.7m was held in the COSCO tranche	*Newbuilds (Nova and Vega) could be added to the COSCO silo*
	Major corporate actions including M&A, new indebtedness and delivery of new vessels require 2/3 approval by the lenders	

Debt maturity profile



Ringfenced structure with annual upstreaming to main tranche.

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

*Change from LIBOR to SOFR may result in a minor increase in the 2.5% margin in Credit Adjustment Spread

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Tax

- Prosafe SE is a permanent tax resident in Norway. As of end 2022, the company has deferred tax assets of approximately USD 1.9 billion, which can be utilized as tax deduction in the future and is not recognised in the accounts
- The company will from time to time operate in countries where local taxes will apply. These taxes are included in the opex assumptions in this presentation where applicable
- Prosafe has an outstanding tax enquiry with UK HMRC that is yet to be concluded. Prosafe has provided for USD 8 million in the accounts to cover the exposure
- The filing of the 2021/2022 tax return with Trinidad and Tobago authorities in relation to the historical Concordia project is ongoing. A total tax provision of USD 6-7 million has been provided for in the accounts with payment anticipated between 2023 and end 2024

Prosafe

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

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