Prosafe

Q1 2024 Results

08 May 2024

Disclaimer

All statements in this presentation other than statements of historical fact are forward-looking statements, which are subject to a number of risks, uncertainties, and assumptions that are difficult to predict and are based upon assumptions as to future events that may not prove accurate. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as “believe”, “may”, “will”, “should”, “would be”, “expect” or “anticipate” or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans or intentions. Although we believe that the expectations reflected in such forward -looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this presentation as anticipated, believed or expected. To the extent this information includes information sourced from third parties, such as concerning the industry in which Prosafe operates, has not prepared such information and assumes no responsibility for it. Prosafe does not intend and does not assume any obligation to update any industry information or forward-looking statements set forth in this presentation to reflect subsequent events or circumstances.

Key events Q1 2024

Operations and HSSE

- Good operating and safety performance on all vessels
- Utilisation of 56.3%, four out of seven vessels operating during the quarter
- Safe Concordia, Safe Notos and Safe Zephyrus with 100% uptime. Safe Eurus had 95% utilisation due to minor repairs
- Safe Concordia extended to Nov 2024, increasing backlog by USD 12.7 million

Financials

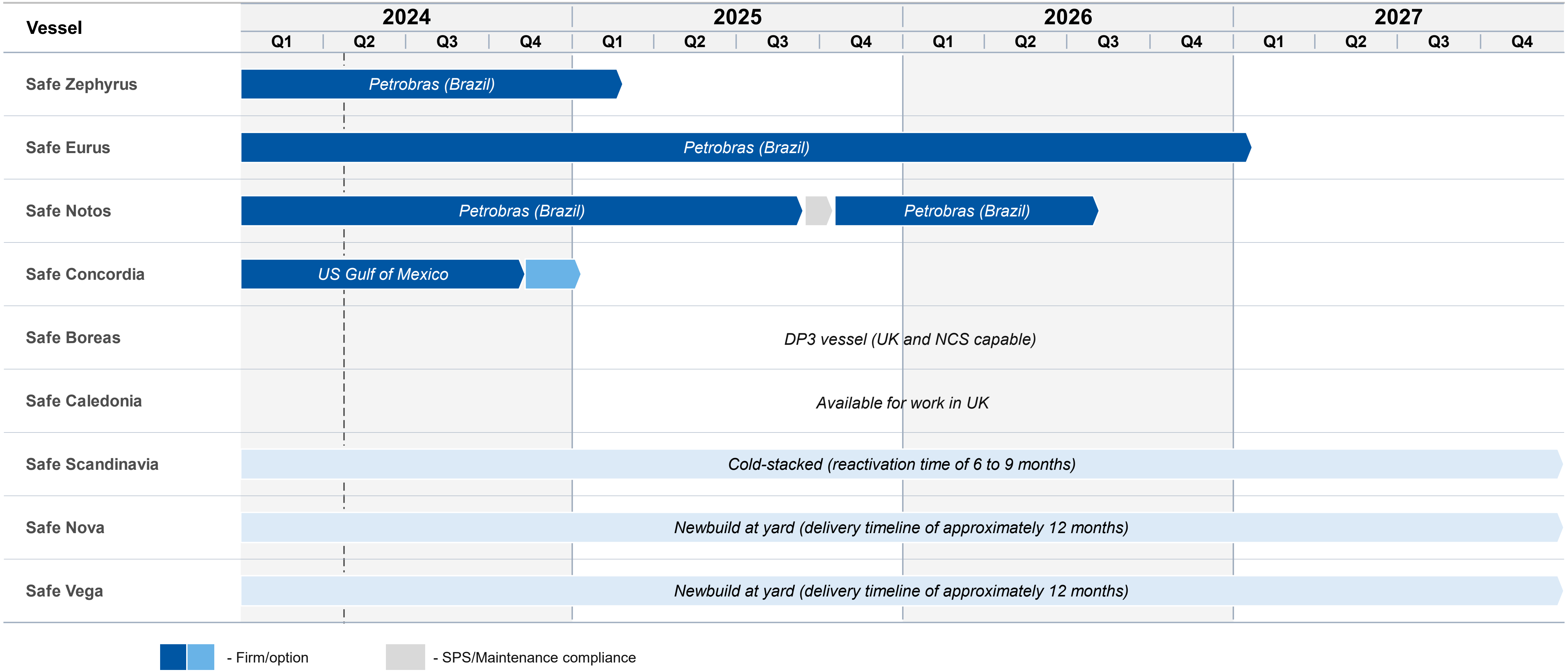
- Q1 revenue of USD 34.0 million and EBITDA of USD 7.2 million
- Liquidity of USD 63.4 million at end of Q1
- Closely monitoring compliance with the minimum liquidity covenant into 2025
- Investigating potential measures to strengthen liquidity and balance sheet going forward

Outlook

- Prosafe controlling a significant share of open high-end accommodation capacity from 2024 to 2026 in the North Sea
- North Sea operators planning future campaigns with ongoing bidding for 2025
- Improving Brazil market with rising day rates and durations on the back of increased demand
- Expect higher utilisation, improved day rates and earnings growth

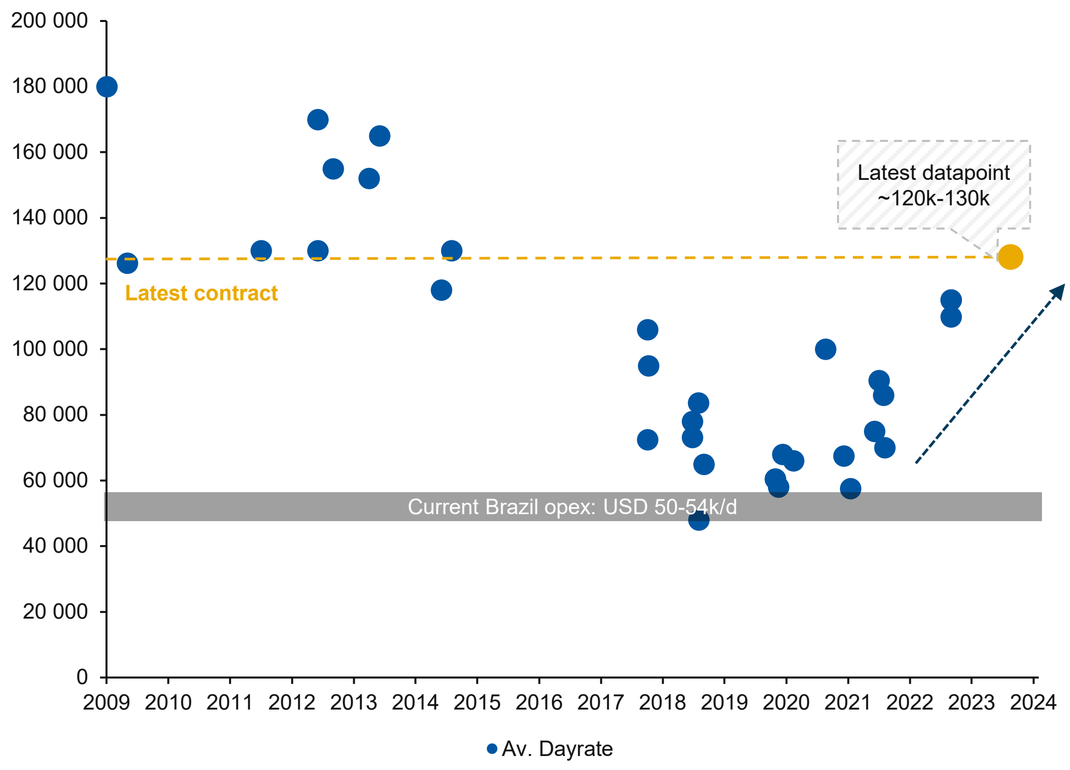
Market

Improved utilisation in 2024 with 4 of 7 rigs operating



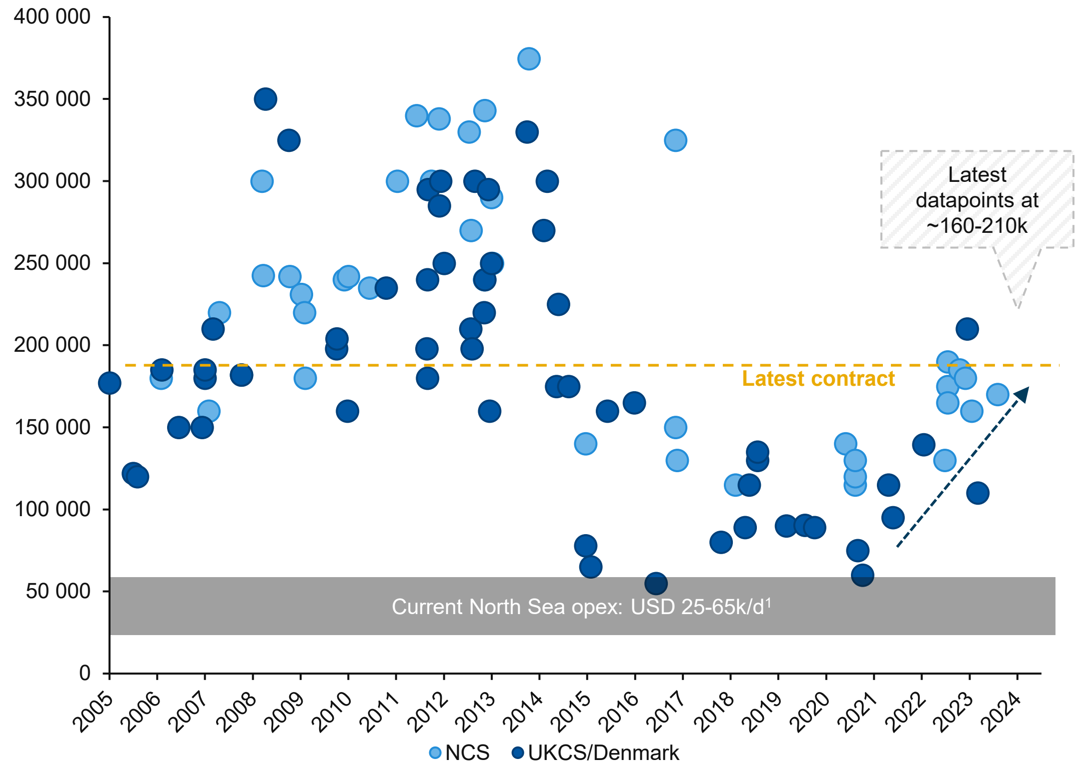
Rates in Brazil and the North Sea reaching 2015 levels

Brazil day rate development (USD/d) – 365 days operations



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

North Sea day rate development (USD/d) – seasonal operations



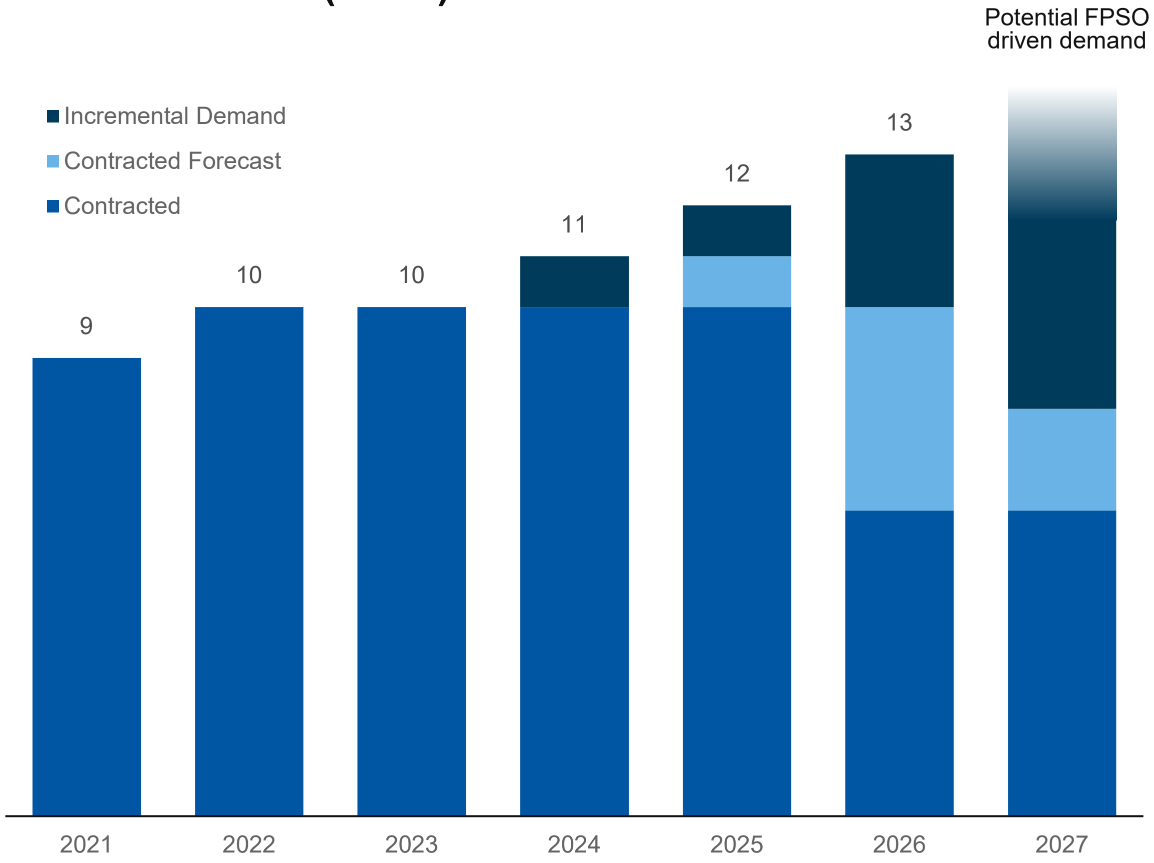
Avg day rate of USD 250k/day for 6 months[2] would equate to approx. USD 30m EBITDA

[1] Depends on region and if the vessel is moored, DP or non-DP, please refer to slide 28 for OPEX details
[2] Assuming only summer work in the North Sea

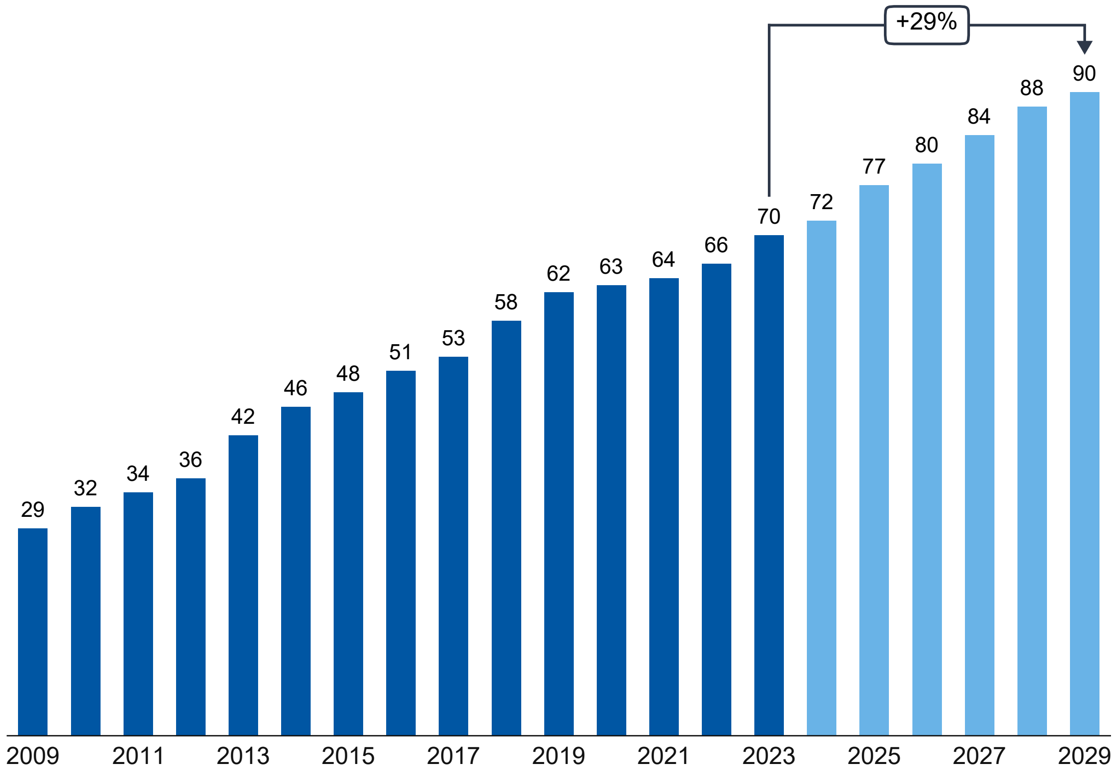
Prosafe

Brazil FPSO growth driving increased demand

Brazil market (units)[1]



Floating production units in Brazil[2]



1) Source: Prosafe, company and market reports
2) Source: Petrobras Strategic Plan 2024-28, market reports

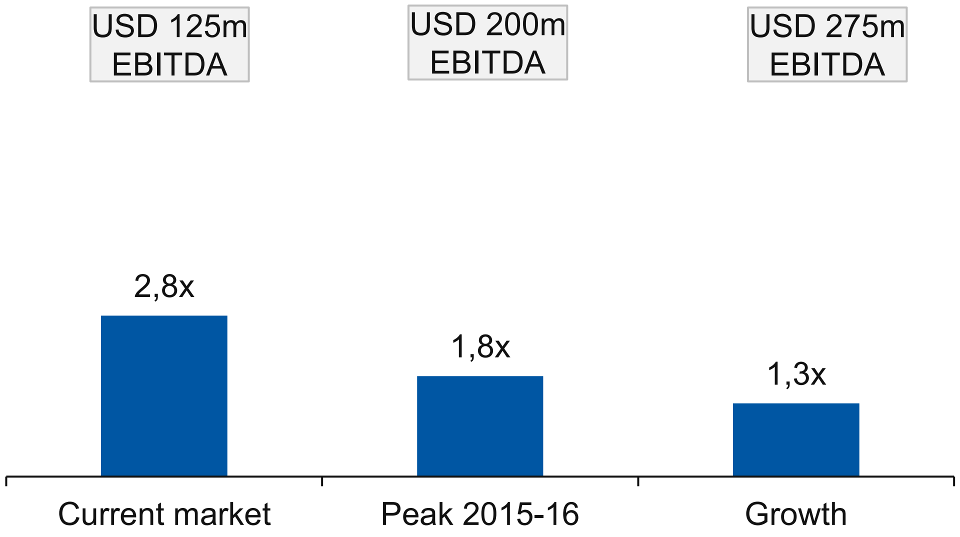
Prosafe

Indicative earnings potential in an improving market

Fleet EBITDA potential, assuming re-activation of Caledonia and Boreas, Concordia SPS and Eurus / Notos day rate reset

USD million	Current market[1]	Peak[2] 2014-15	Growth Case[3]
EBITDA/vessel North Sea	**22**	50	40
EBITDA/vessel Brazil/RoW	**25**	30	30
# vessels in North Sea	**2**	2	3
# vessels in Brazil/RoW	**4**	4	6
EBITDA	**144**	220	300
Selling, General & Administrative (SG&A)[4]	**(19)**	(20)	(25)
Illustrative EBITDA	**125**	**200**	**275**

Current NIBD of USD 356m[5] vs EBITDA potential

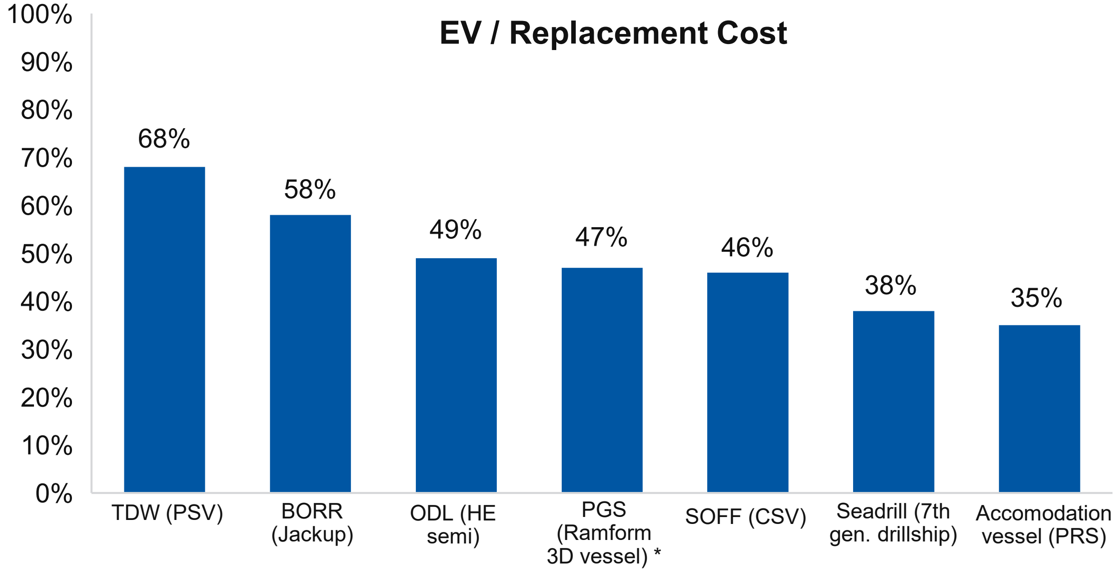


1) Based on latest observable and relevant fixtures of USD 200k/day in North Sea and USD 120k/day in Brazil, excluding Safe Scandinavia. Notos and Eurus contracted to 20226 / 2027 at below market rates
2) Excluding Mexico and Safe Scandinavia during TSV operation. Excludes Safe Scandinavia
3) Includes newbuilds Nova and Vega plus Safe Scandinavia, calculations exclude required delivery payments, mobilisation and reactivation costs
4) Expected underlying SG&A run rate
5) NIBD per Q1'24, NIBD is reduced by a USD 8.5 million fair value adjustment of which USD 2.4 million is short-term

Prosafe

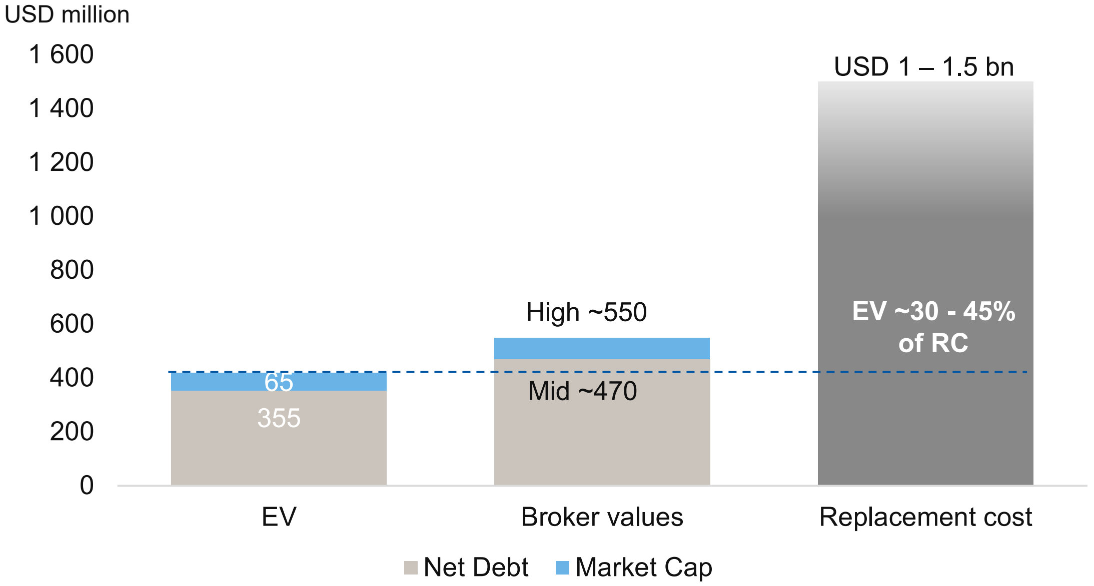
Enterprise value to replacement cost attractive in segment

Accommodation vessels attractively priced compared to other assets[1]



- Attractive average EV / replacement value versus other assets in the oil service segment

Low Prosafe asset valuation relative to replacement cost[2]



- Accommodation vessels trading at 30% to 45% of historical newbuild cost
- Broker valuations confirm robust asset backing to EV

1) Source: Sparebank 1 Markets, Factset, Prosafe. Note* Implied value of PGS' fleet is highly sensitive to assumed MC library value.
2) Source: Prosafe, independent brokers. Replacement cost estimated in range of USD 1 to 1.5bn.

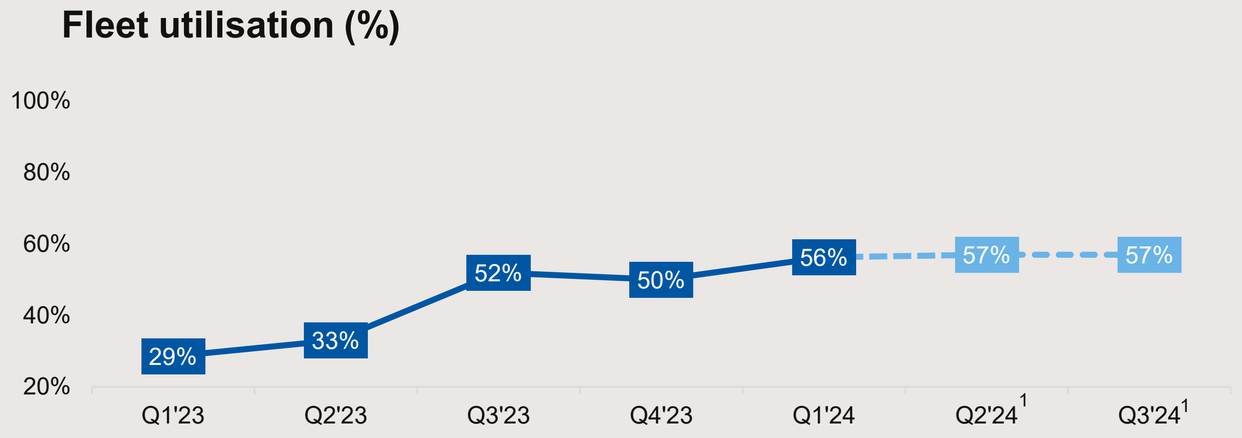
Prosafe

Operations

Prosafe

Stable operations

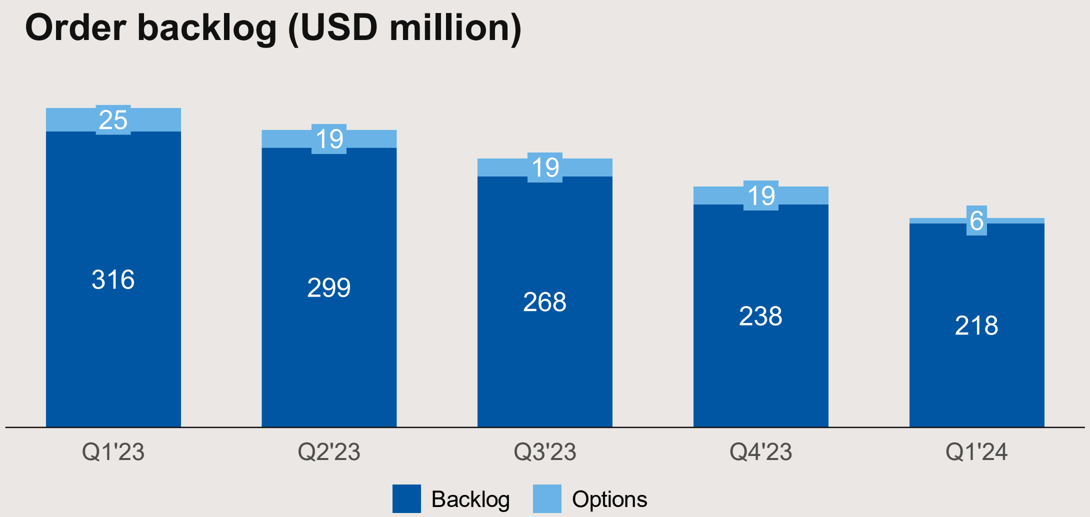
- Safe Notos and Safe Zephyrus on contract with Petrobras in Brazil with 100% utilisation
- Safe Eurus on contract with Petrobras with 95% utilisation in Q1
- Safe Concordia on-hire in US Gulf of Mexico with 100% utilisation
- TSV Safe Scandinavia laid up in Norway and marketed for both tender support and accommodation work
- Safe Boreas and Safe Caledonia laid up in Norway and UK respectively and being actively tendered for 2025 work

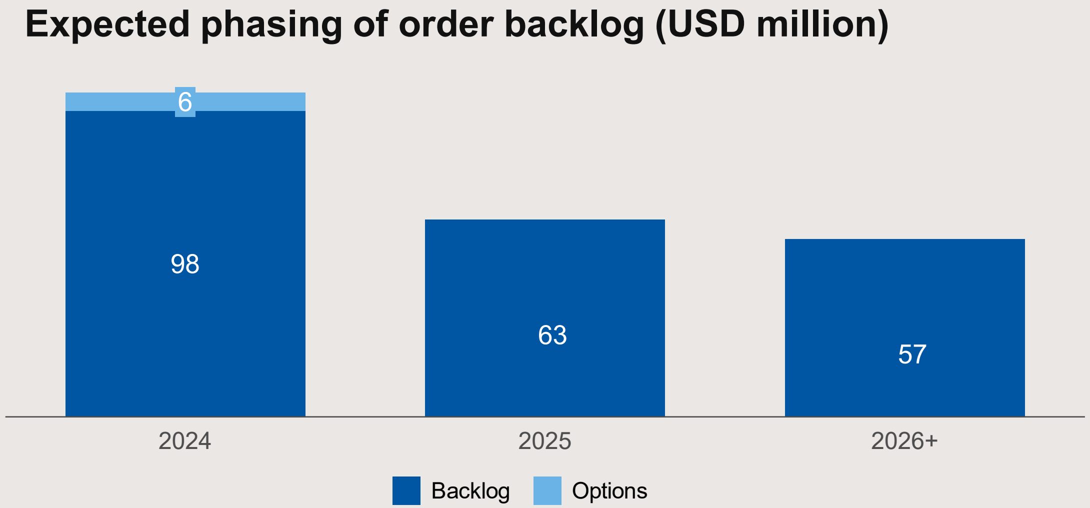


1) Expected utilisation rate based on firm contracts

Backlog into 2027

- Backlog of USD 218 million at end Q1
- Safe Eurus, Safe Notos, Safe Zephyrus and Safe Concordia contracted
- Safe Concordia firm contract extended to 9 November 2024 with 2x30-day options to January 2025 remaining
- The client has expressed an interest in extending Safe Zephyrus in Brazil beyond its current term ending in February 2025



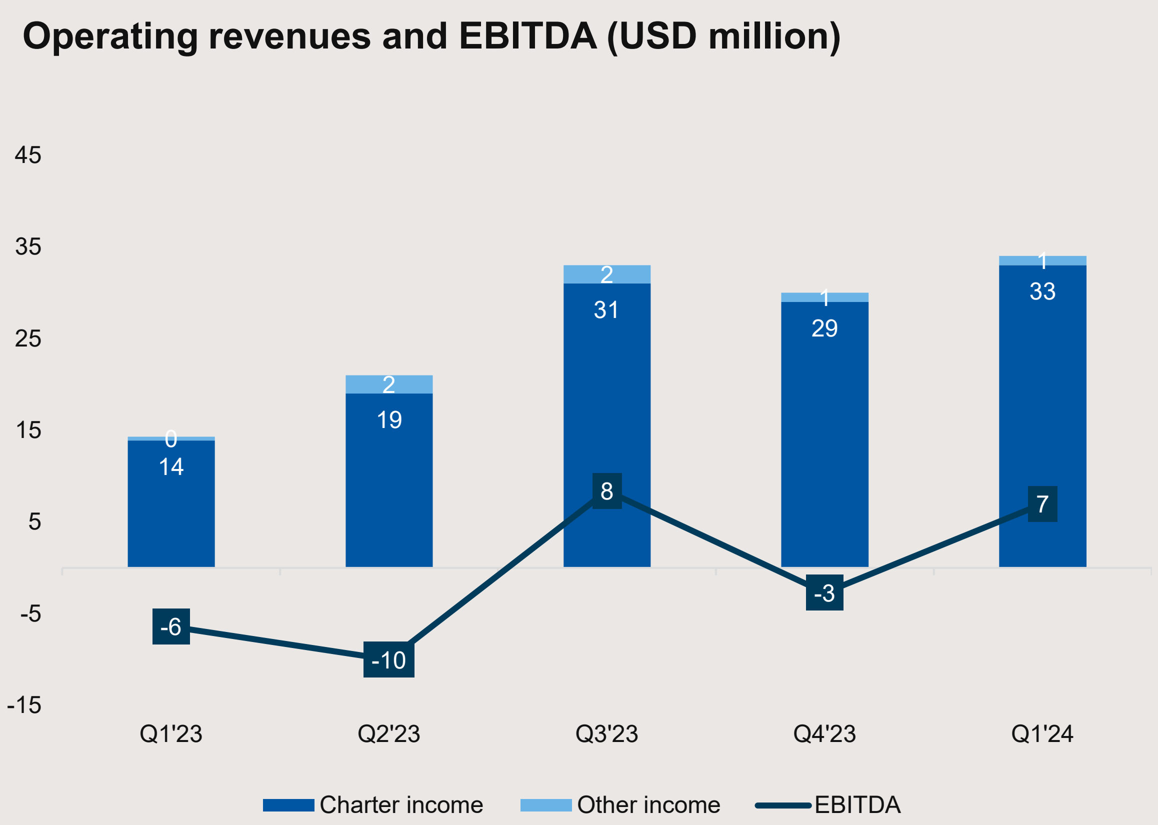


Prosafe

Financials

Operating revenues

- Charter income of USD 33 million and USD 1 million in reimbursable income from charterer in Q1, increase from last quarter due to higher utilisation
- EBITDA of USD 7.2 million reflecting increased utilisation and lower fuel cost



Prosafe

Income statement

- Operating revenue and expense increase due to four operating vessel in quarter compared to two in same quarter last year
- Interest expense was USD 7.9 million in Q1 (USD 7.2 million), with interest rate of 8.1% (7.3%)
- Tax expense of USD 1.0 million in Q1 (USD 0.5 million), increase due to operation in US Gulf of Mexico

(Unaudited figures in USD million)	Q1 24	Q1 23	12M 23
Operating revenues	34,0	14,3	97,7
Operating expenses	(26,8)	(20,7)	(108,2)
Operating results before depreciation	**7,2**	**(6,4)**	**(10,5)**
Depreciation	(7,6)	(7,5)	(31,1)
Operating profit/(loss)	**(0,4)**	**(13,9)**	**(41,6)**
Interest income	0,4	0,5	2,1
Interest expenses	(7,9)	(7,2)	(30,9)
Other financial items	0,3	(0,6)	(2,8)
Net financial items	**(7,2)**	**(7,3)**	**(31,6)**
(Loss)/Profit before taxes	**(7,6)**	**(21,2)**	**(73,2)**
Taxes	(1,0)	(0,5)	5,4
Net (loss)/Profit	**(8,6)**	**(21,7)**	**(67,8)**
EPS	**(0,48)**	**(2,47)**	**(6,00)**
Diluted EPS	**(0,48)**	**(2,47)**	**(6,00)**

1) Mobilisation cost is incurred before contract start and is directly related to the contract performance hence its amortised over the firm contract period

Prosafe

Balance sheet

- Total assets of USD 478 million
- Cash position of USD 63.4 million
- Net working capital[1] USD (7.8) million driven by a decrease in accounts payable and increase in receivables
- Equity ratio of 5.3%
- Q1 NIBD[2] of USD 355.6 million whereof USD 4.5 million is short-term debt

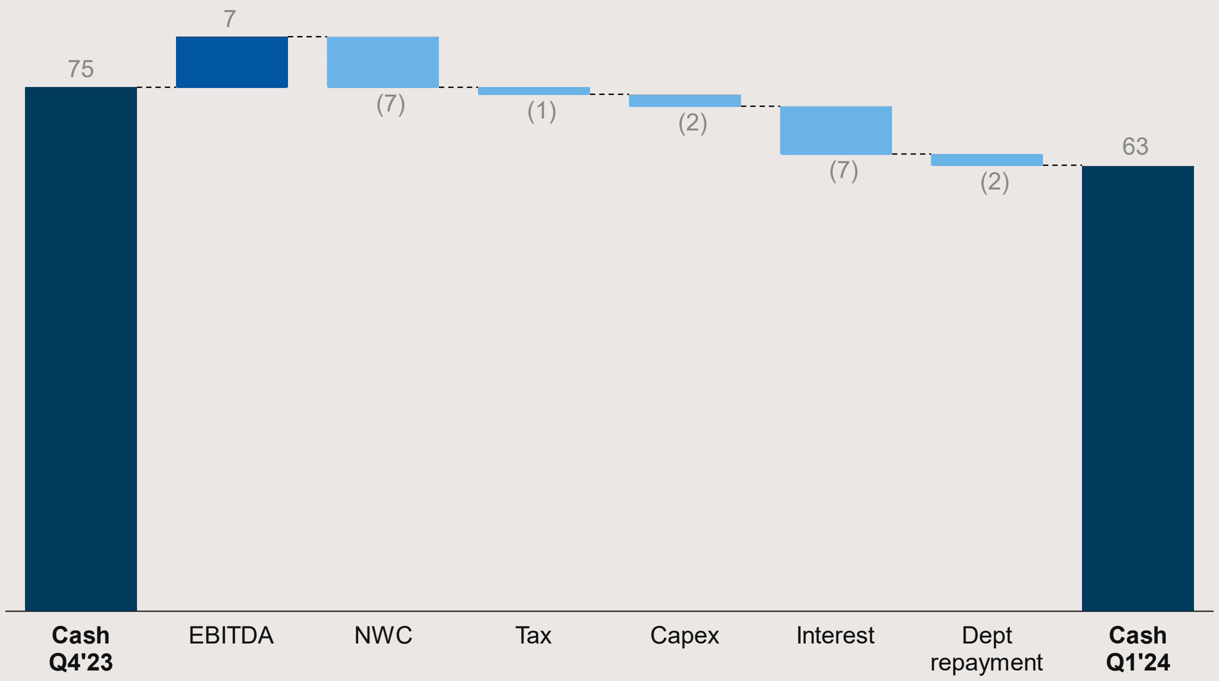
(Unaudited figures in USD million)	Q1 24	Q1 23	12M 23
Vessels	377,7	384,3	383,7
New builds	0,0	0,0	0,0
Other non-current assets	1,9	1,3	1,8
Total non-current assets	**379,6**	**385,6**	**385,5**
Accounts and other receivables	26,4	13,0	24,9
Other current assets	8,6	7,2	7,7
Cash and deposits	63,4	74,6	74,6
Total current assets	**98,4**	**94,8**	**107,2**
Total assets	**478,0**	**480,4**	**492,7**
Share capital	24,8	12,4	24,8
Other equity	0,5	4,1	9,0
Total equity	**25,3**	**16,5**	**33,8**
Interest-free long-term liabilities	1,6	1,7	1,8
Interest-bearing long-term debt	414,5	418,0	415,5
Total long-term liabilities	**416,1**	**419,7**	**417,3**
Accounts and other payables	22,0	24,7	27,5
Tax payable	10,1	16,7	10,1
Current portion of long-term debt	4,5	2,8	4,0
Total current liabilities	**36,6**	**44,2**	**41,6**
Total equity and liabilities	**478,0**	**480,4**	**492,7**

1) Net working capital is equal to (Total current assets excl. cash – Total current liabilities excl. Tax payable and current portion long-term debt)
2) Net Interest-bearing is equal to Interest-bearing debt less cash. NIBD is reduced by a USD 8.5 million fair value adjustment of which USD 2.4 million is short term

Operating cash flow

- Operating cash flow of USD (1.4) million in Q1 2024
- EBITDA USD 7.2 million mainly driven by good utilisation and reduced bunker cost for vessels operating in Brazil
- Capex spend of USD 1.7 million in Q1
- Working capital USD (7.2) million due to payment of accounts payable related to Safe Eurus SPS completed year end 2023
- Interest paid in quarter USD 6.8 million, in line with last quarters
- Cash position of USD 63.4 million at 31 March 2024[1]

Cash flow in the quarter (USD million)



1) Cash position includes USD 1.7 million in cash held in the New Group and USD 2.0 million in restricted cash which is excluded for covenant calculation purposes

Summary and outlook

Summary

- Good operating and safety performance on all vessels
- Improving Brazil market with further long and short-term contracts expected
- North Sea operators planning future campaigns with ongoing bidding for 2025
- Controlling a significant share of open high-end accommodation capacity in the North Sea in 2024 to 2026

Appendix

Prosafe

Interim condensed consolidated statement of cash flows

(Unaudited figures in USD million)	Q1 24	Q1 23	12M 23
Loss before taxes	(7,6)	(21,2)	(73,2)
Gain on sale of non-current assets	0,0	0,0	(1,7)
Depreciation	7,6	7,5	31,1
Financial income	(0,4)	(0,5)	(2,1)
Financial costs	7,9	7,2	30,9
Share-based payment expense	0,3	0,3	0,4
Change in working capital	(7,8)	14,3	4,6
Other items from operating activities	(0,4)	0,4	1,0
Taxes paid	(1,0)	(1,8)	(2,5)
Net cash flow (used in)/from operating activities	**(1,4)**	**6,2**	**(11,5)**
Acquisition of tangible assets	(1,7)	(14,8)	(37,7)
Net proceeds from sale of tangible assets	0,0	0,0	1,7
Interests received	0,4	0,5	2,1
Net cash flow used in investing activities	**(1,3)**	**(14,3)**	**(33,9)**
Repayment of interest-bearing debt	(1,6)	(1,6)	(6,4)
Issuance of ordinary shares	(0,1)	0,0	62,8
Interests paid	(6,8)	(7,3)	(28,0)
Net cash flow used in financing activities	**(8,5)**	**(8,9)**	**28,4**
Net cash flow	**(11,2)**	**(17,0)**	**(17,0)**
Cash and deposits at beginning of period	74,6	91,6	91,6
Cash and deposits at end of period	**63,4**	**74,6**	**74,6**

Prosafe

Interim condensed consolidated statement of comprehensive income

(Unaudited figures in USD million)	Q1 24	Q1 23	12M 23
Net loss for the period	**(8,6)**	**(21,7)**	**(67,8)**
Foreign currency translation	(0,2)	0,6	1,3
Pension remeasurement	0,0	0,0	(0,1)
Other comprehensive income	**(0,2)**	**0,6**	**1,2**
Total comprehensive income	**(8,8)**	**(21,1)**	**(66,6)**

Interim condensed consolidated statement of changes in equity

(Unaudited figures in USD million)	Q1 24	Q1 23	12M 23
Equity at beginning of period	33,8	37,3	37,3
Revised equity at beginning of period	**33,8**	**37,3**	**37,3**
Share based payment	0,3	0,3	0,4
New share issue	0,0	0,0	62,7
Comprehensive income for the period	(8,8)	(21,1)	(66,6)
Equity at end of period	**25,3**	**16,5**	**33,8**

Prosafe

Vessel update - Brazil

Safe Eurus
DP3 – Worldwide[1]

- Contracted to Petrobras until Q1 2027
- 100% utilisation in 2023 excluding SPS
- Next SPS in 2028

Safe Notos
DP3 – Worldwide[1]

- Contracted to Petrobras until Q3 2026
- 100% utilisation in 2023 excluding hull cleaning
- Next SPS to be conducted between September/October 2025
- Thruster overhauls (some or all) to be considered in conjunction with SPS in 2025 and/or post contract in 2026

Safe Zephyrus
DP3 - Worldwide operations

- Contracted to Petrobras until February 2025
- 100% utilisation since contract start May 2023
- Next SPS in 2025. Exact timing to be determined
- Thruster overhauls (some or all) to be considered in conjunction with SPS in 2025 and/or post potential contract extension

1) Worldwide operations excluding Norwegian Continental Shelf (NCS)

Vessel update – North Sea and rest of world

Safe Boreas
DP3 - Worldwide

- Actively marketed, currently in Norway
- Potentially only NCS DP3-vessel available in 2025 and 2026 for work in North Sea
- Estimated reactivation cost USD 14-16 million including SPS
- Thruster overhaul (some or all) may be done with SPS depending upon contract length and terms
- 4-month reactivation period

Safe Caledonia
TAMS - UK North Sea

- Actively marketed, currently in the UK
- Estimated reactivation cost USD 13-14 million including SPS
- No thruster overhauls considered
- 4-month reactivation period

Safe Concordia
DP2 – Worldwide[2]

- Firm contract extended to 10 November 2024 with 2x30-day options remaining to January 2025 in US Gulf of Mexico
- 100% utilisation since contract start August 2023
- SPS due March 2025. Estimated at USD 15 to 20 million. Life extension will require additional capex
- Depending on contract opportunities, may lay-up vessel after US Gulf of Mexico project

Safe Scandinavia
TSV/accommodation - UK / NCS

- Tender assist ("TSV") or accommodation support
- Accommodation capacity
  - 155 beds NCS
  - ~300 beds UK / Rest of world
- Potential option to re-activate should market improve significantly
- Reactivation estimate of USD ~20 million
- USD 1 million per annum to lay-up

2) Worldwide excluding North Sea (UK and NCS)
NCS – Norwegian Continental Shelf
TAMS – Thruster assisted mooring system

Prosafe

SPS/maintenance capex

- Maintenance capex of ~USD 1-3 million per vessel per year. Higher in Brazil than North Sea and increasing over time
- 5-year SPS cost of USD 9 to 11 million per vessel, including life extension / repair work and any contract modifications / hull cleaning required
- 10-year thruster overhaul cost of USD 6 to 8 million per vessel
- Boreas, Zephyrus and Notos thruster overhauls (all or some) may be required in conjunction with contract extensions, SPS and re-activations in coming 12 to 36 months.
- Eurus thruster overhaul likely in conjunction with next SPS or contract extension in 2027 / 2028
- SPS usually takes 1-2 months to complete and is targeted to be completed in off hire season in North Sea, between contracts in Brazil and/or in agreement with Petrobras

SPS Schedule

	2025	2026	2027	2028
Boreas	Subject to contract			
Zephyrus	Q1 to Q3 (TBD)			
Notos	Q3			
Eurus				H2
Caledonia	Subject to contract			
Concordia	March - subject to contract			
Scandinavia	Subject to contract			

Two newbuilds available at yard

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

Existing delivery terms with COSCO (under discussion):

- Remaining purchase price for vessels:
  - $210m (Nova), $212m (Vega), total $422m, includes mobilisation costs of ~$20m each
- Funding at favourable credit terms:
  - Sellers Credit: $165m (Nova), $167m (Vega), 10-year term from August 2018
  - Estimated cash/equity requirement[1]: $45m (Nova), $45m (Vega), total for both vessels of $90m

Fixed interest rate mechanism

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

1) Cash / equity requirement includes USD 25 million in yard installment due on delivery plus USD 20 million in estimated mobilization costs. Additional costs may be required subject to agreement with COSCO

Prosafe

Analytical information

P&L information

Item	2024 Estimated (USDm)	Comment
SG&A[1]	**~18-20**	SG&A may increase depending on activity
Depreciation	**~32-33**	Straight line depreciation
Interest expense payable	**~29-31**	Exposed to interest rate changes
Tax payable	**~2-3**	Norwegian deferred tax asset base of USD 1.7bn per year end 2022, local and contract specific taxes
Maintenance / contract specific capex	**~14-15**	2024 capex mainly for Safe Eurus, Safe Notos, Safe Concordia and new ERP system. Excludes potential re-activation capex / cost for 2025

Indicative opex/day by region

Region	2024 Opex Estimated (USDk/day)
UK (DP-Boreas/Zephyrus)	35-45k
UK (Moored – Caledonia)	25-30k
Brazil[3]	50-54k
Norway (DP – Boreas/Zephyrus)[2]	60-65k
RoW (Concordia)	35-45k
US GoM (Concordia)[2]	45-50k
Scandinavia (cold)	2.5-3k
Stacking (warm)[4]	10-20k

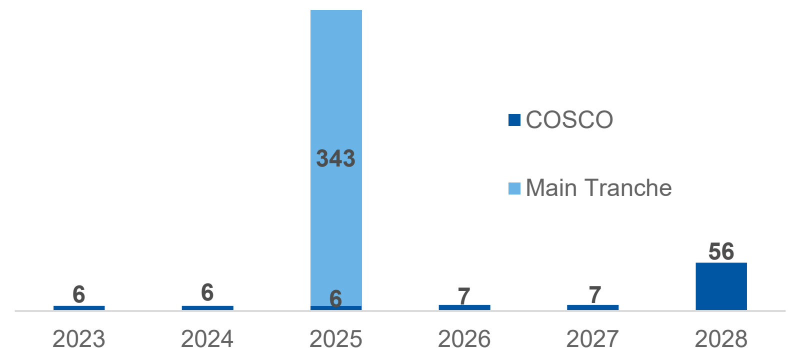
1) Expected run-rate level, excluding one-offs and non-cash option costs. May increase based on activity
2) Excluding amortisation of mobilisation cost.
3) Including approximately USD 5 -10/day in fuel cost
4) Ramp-up and ramp-down before and after contract at full operational cost. Stacking cost and re-activation highly dependent on time in lay-up and region

Outstanding debt

Two tranches

	Main tranches	COSCO Sellers Credit
Outstanding debt	$343m (250m + 93m Notos)	$93m
Pledged vessels	Boreas, Zephyrus, Caledonia, Concordia, Scandinavia, Notos	Eurus
Interest rate	SOFR + Credit Adjustment Spread* + 2.5%. Unhedged	0% (increase to 2% from year 6 / mid 2024)
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	31 Dec 2025	~Q3 2028 or when debt reaches ~$50m
PCG	PSE fully liable	$60m
Financial Covenant	2024 cash > $28 million	
	Cash held in the COSCO tranche and restricted cash shall be deducted when calculating compliance with the cash covenant. At end Q1 2024, USD 1.7m was held in the COSCO tranche and USD 2.0m was restricted	*Newbuilds (Nova and Vega) could be added to the COSCO silo. Cross default provisions in place vis-à-vis Eurus and Nova/Vega*
	Major corporate actions including M&A, new indebtedness and delivery of new vessels require 2/3 approval by the lenders	*Delivery of newbuilds requires 2/3 approval of lenders in main tranches*

Debt maturity profile



Ringfenced structure with restrictions on funding between 2 respective funding groups

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

Prosafe

Tax

- Prosafe SE is a permanent tax resident in Norway and its Norwegian tax resident subsidiaries have a base for deferred tax assets of approximately USD 1.7 billion as at end 2022. The deferred tax assets are currently not recognized in the financial statements. In Q4 2023, the Norwegian tax authorities initiated a review of the basis for a portion of the deferred tax losses. This review may lead to a reduction in the unrecognized deferred tax asset base. At this time, Prosafe does not believe that this will have a material impact on Prosafe's financial position irrespective of the outcome of this review
- The company will from time to time operate in countries where local taxes will apply. These taxes are included in the opex assumptions in this presentation where applicable. In relation to the historical Concordia contract in Trinidad and Tobago, a tax provision of USD 6 million is provided for in the accounts
- Prosafe and OSM Thome have jointly received a Tax Assessment from the Brazilian Tax Authorities imposing import taxes and customs penalties related to the challenging of the special customs regimes used to import the Safe Concordia for the Modec contract in the period from October 2018 to July 2019. Both Prosafe and OSM Thome have presented an administrative defence, challenging the view of the Brazilian Tax Authorities. Based on external advice, Prosafe is of the view that the enquiry has no merit, hence it has not made any provisions in the financial statements

Prosafe

Prosafe

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

prosafe.com