First quarter
2023

Prosafe

Key events

Operations, HSSE and backlog

- Q1 2023 utilisation of 28.6 (68.1) per cent, two out of seven vessels operating during the quarter
- Good operating and HSSE performance on all vessels
- Backlog of USD 316 million (USD 117 million) at quarter end

Q1 financials

- Revenues of USD 14.3 million (USD 35.5 million) and EBITDA of negative USD 6.4 million (positive USD 4.8 million)
- Earnings decreased compared to Q1 2022 due to lower utilization and contract preparations
- Cash flow from operations of USD 6.2 million (negative USD 0.4 million), positively impacted by working capital release as vessels came off contracts
- Capex of USD 14.8 million and capitalized mobilization cost of USD 4.0 million
- Liquidity of USD 74.6 million (USD 64.7 million) at end of quarter

Market and outlook

- Slow 2023 North Sea market as expected
- Tender activity for 2024 and 2025 increased with additional 1 to 2 tenders expected in the North Sea and a minimum of 2 tenders in Brazil for 2024
- Favourable demand outlook in core markets, with multiple FPSOs coming on stream in Brazil, an all-time high number of new Plans for Development and Operation in Norway, increased maintenance activity in the UK as well as increased oil and gas activity globally
- 2023 liquidity is impacted by the low activity in the North Sea and capital expenditure plus mobilization spend for new contracts in Brazil and US Gulf of Mexico (GoM)
- Additional capital will be required to mitigate a covenant breach and potential liquidity shortfall from Q3/Q4 2023. The annual general meeting has granted the board an authorization to raise additional capital and the board is confident that additional capital can be raised ahead of the potential shortfall in Q3

CEO comment

We had high activity in the quarter related to the successful mobilization of Safe Zephyrus to Brazil, ramp-up of contract preparation activities on Safe Concordia and readying Safe Notos for the upcoming off-hire period. We are particularly pleased that Safe Zephyrus stared its 650-day contract with Petrobras as planned on 1 May 2023.

We continue to see a soft North Sea market in 2023 with limited prospects for Safe Caledonia and Safe Boreas. While additional contract opportunities cannot be ruled out, we do not expect significant earnings from the two units this year. For 2024 and beyond, activity is increasing with several additional tenders in the North Sea and expectations of further contract opportunities in Brazil for 2024 and beyond in the coming months. Long-term, we are optimistic on the outlook and see significant potential for a market tightening and increased day rates.

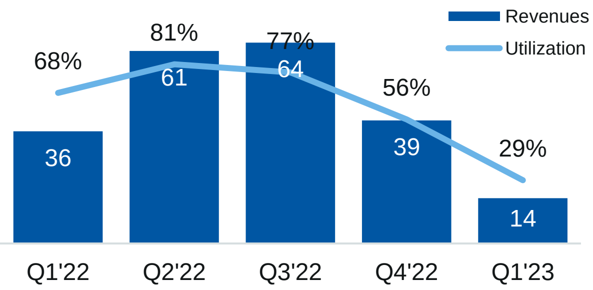
Jesper K. Andresen

Key figures

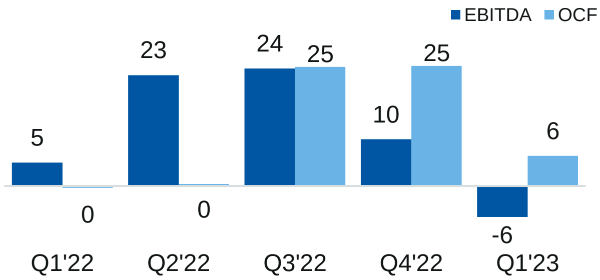
(Unaudited figures in USD million)	Q1 2023	Q1 2022	Full Year 2022
Operating revenues	14.3	35.5	198.9
EBITDA	(6.4)	4.8	61.4
EBIT	(13.9)	(2.4)	31.9
Profit / (loss) before taxes	(21.2)	(9.8)	9.8
EPS	(2.47)	(1.35)	0.17
Diluted EPS	(2.47)	(1.35)	0.17
Cash flow from operating activities	6.2	(0.4)	49.2
Cash flow from investment activities	(14.3)	(5.9)	(9.5)
Cash flow from financing activities	(8.9)	(2.9)	(22)
Net cash flow	(17)	(9.2)	17.7
Liquidity[1]	74.6	64.7	91.6
Net working capital[2]	(4.5)	2.5	9.8
Interest-bearing debt[3]	420.8	423.7	422.2
Net Interest-bearing debt ("NIBD")	346.2	359	330.6
Total assets	480.4	487	500
Book equity	16.5	25.3	37.3
Book equity ratio[4]	3.4%	5.2%	7.5%
Shares outstanding '000	8,799	8,799	8,799
Order book (Firm)	316	116.6	331.8
Utilisation rate %	28.6	68.1	70.6

[1]Liquidity equals cash and deposits, and includes USD 2.1 million which is not available to the company
[2]Net working capital is equal to (Total current assets excl. cash – Total current liabilities excl. Tax payable and current portion long-term debt)
[3]Net Interest-bearing debt (NIBD) is equal to Interest-bearing debt less liquidity. NIBD is reduced by a USD 12.3 million fair value adjustment, of which USD 3.8 million is short term.
*[4]Book equity ratio is equal to (Book equity / Total assets) * 100*

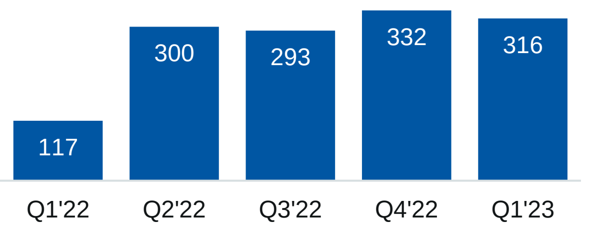
Revenues and utilisation %



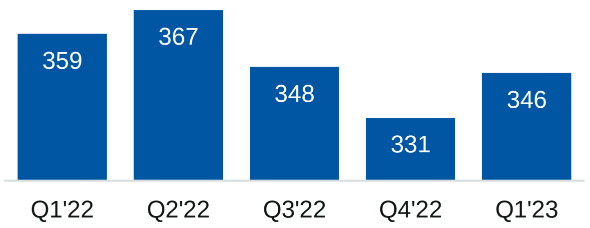
EBITDA and cash flow from operations



Backlog



NIBD



Operational review and backlog

The fleet utilisation rate in the first quarter of 2023 was 28.6 per cent (Q1 2022: 68.1 per cent), with two out of seven vessels in operation at some point during the quarter. Backlog was USD 316 million at quarter end (Q1 2022: USD 117 million).

Safe Zephyrus commenced its 650-day contract with Petrobras on 01 May 2023.

Safe Eurus started its four-year contract with Petrobras on 17 February 2023 in direct continuation of the previous contract. Safe Eurus will be off-hire for approximately 35 days from mid-February 2024 to complete Petrobras compliance works, hull cleaning and SPS.

Safe Notos continued operations with Petrobras during the first quarter. Safe Notos is expected to be off-hire for approximately 30 days from mid-May 2023 for Petrobras contract compliance works and hull cleaning.

Safe Concordia is in Curaçao where ramp-up and mobilization works are ongoing for the upcoming contract in the US GoM. The commencement window selected by the client is 1 August through 15 September 2023. A standby rate of USD 28,000 per day has been agreed for the period from 1 August until completion of mobilization. The Concordia upgrade and contract compliance works are more challenging than expected given the condition of the vessel, requirements for operation in the US GoM and the current high inflationary environment. A combined opex and capex cost of USD 25 – 30 million is expected before contract start-up, representing an increase of USD 8 – 13 million versus the previous estimate.

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

Prosafe has entered into an agreement to sell the old Safe Regalia (recycled in 2021) gangway for approximately USD 1.7 million (NOK 18.4 million). Prosafe expects to receive the proceeds in the coming 60 days.

Tender Update

Prosafe is currently participating in the following North Sea tenders:

Year	Firm Duration	Option(s)	Region	Expected competition
2024	4 months	1 month	UK	Semi-submersible/W2W
2024	3 months	1.5 months	UK	Semi-submersible/Jack-up/W2W
2024	3 months	1 month	UK	Semi-submersible/Jack-up

Prosafe was recently informed that an alternative bidder was selected for the previously disclosed 4-month fixed duration opportunity in the UK for 2024. In addition to the active tenders listed above, Prosafe expect there to be further 1 to 2 additional tenders in the North Sea for 2024 and at least 2 additional tenders in Brazil on potential long-term contracts starting in 2024. Petrobras has released a tender and further tenders are expected. Prosafe remains optimistic on the market outlook in both the North Sea and Brazil and maintains its strategy of seeking sustainable day rates in a tightening market.

Prosafe has entered into a 60-day First Right of Refusal agreement, expiring mid-June 2023, with a potential client for use of the Safe Boreas from Q3 2023 to end Q1 2024. Should the potential client elect not to use the Safe Boreas, Prosafe shall be entitled to retain a fee of USD 1.8 million.

Newbuild status

Prosafe has the option to take delivery of the only two DP3 newbuild semis available at yard. In September 2022, both rigs were damaged by the typhoon Muifa. The yard has continued with the vessel repairs during the quarter.

Organisation

On 27 April 2023, Jesper Kragh Andresen informed the Board of Directors that he will step down as CEO of Prosafe. He will continue in his current role until his successor is in place. The Board has initiated a process to identify the next CEO of the company.

Financials

First quarter 2023

EBITDA for the first quarter was negative USD 6.4 million (Q1 2022: positive USD 4.8 million). The decrease in EBITDA was mainly driven by lower utilization with only two vessels operating in Brazil during the quarter and costs related to new contract preparations.

Depreciation was USD 7.5 million (USD 7.2 million) in the quarter. Operating loss for the first quarter amounted to USD 13.9 million (operating loss of USD 2.4 million), reflecting mainly the decrease in EBITDA.

Interest expenses amounted to USD 7.2 million (USD 3.4 million). Higher interest expenses were primarily due to higher interest rates. Other financial costs were USD 0.6 million (USD 4.0 million). The prior year was impacted by a one-off financial cost related to the completion of the financial restructuring.

The net loss was USD 21.7 million (USD 11.9 million) in the quarter.

Cash conversion was positive with cash flow from operations of USD 6.2 million in the quarter (negative USD 0.4 million). Free cash flow was negative in the quarter due to investments in Concordia, Zephyrus, Eurus and Notos of USD 14.8 million.

Total assets per 31 March amounted to USD 480.4 million (Q1 2022: USD 487.0 million). Total liquidity at the end of the quarter was USD 74.6 million (USD 64.7 million). The year-over-year decrease in total assets was mainly due to depreciation and decrease in accounts receivable, partially offset by increase in liquidity. The increase in cash position was mainly the result of improved working capital.

Net interest-bearing debt was USD 346.2 million (USD 359.0 million) and the book equity ratio was 3.4 per cent (5.2 per cent). The reduction in net interest-bearing debt is mainly a consequence of improved operating results in 2022, partially offset by investments in this quarter.

Outlook

With the recent years' decline in the global fleet of accommodation rigs, increasing demand and improving day rates, Prosafe expects increased activity and improved earnings from 2024 onwards.

As expected, the 2023 North Sea market is characterized by low activity with limited visibility on potential additional work. Tendering activity is focused on 2024 and beyond. Prosafe expects additional tenders and/or direct awards for coming years related to higher maintenance and tie-back activity in the UK and Norway on the back of increased oil and gas activity and a record number of new projects planned in Norway. The timing of demand will ultimately depend on various factors including amongst others the timing of final project investment decisions, the oil price and the regulatory environment.

In Brazil, Prosafe expects continued demand growth for accommodation, maintenance and safety vessels driven by an increasing number of FPSOs and new oil and gas operators. This has already resulted in high contracting activity in Brazil over the past years and Petrobras and other operators are expected to announce new tenders already during 2023.

With Safe Zephyrus successfully mobilized and on-hire in Brazil, Prosafe is focused on the efficient execution of the remaining Safe Concordia mobilization to the US GoM and the Safe Notos compliance works. Substantial investments and mobilization costs are being incurred impacting available liquidity in 2023. Additional capital will be required to mitigate a covenant breach and potential liquidity shortfall from Q3 2023. The annual general meeting has granted the board an authorization to raise additional capital and the board is confident that additional capital can be raised to mitigate a potential covenant breach from Q3/Q4 2023. Future financing needs and compliance with the financial covenants in the long term will depend on the timing, location and terms of potential future awards and amount of associated mobilization, modification and working capital required.

Prosafe is actively looking at opportunities to consolidate and grow its fleet including taking delivery of the two vessels at the COSCO yard, Nova and Vega.

In addition to the current active tender list, Prosafe expects there to be 1 to 2 additional tenders in the North Sea for 2024 and at least tenders for 2 additional vessels in Brazil on potential long-term contracts starting in 2024 and remains optimistic on the tightening market outlook. Prosafe continues to pursue multiple opportunities for Safe Boreas and Safe Caledonia for 2024 and beyond.

Condensed consolidated income statement

(Unaudited figures in USD million)	Q1 2023	Q1 2022	Full Year 2022
Operating revenues	14.3	35.5	198.9
Operating expenses	(20.7)	(30.7)	(137.5)
Operating results before depreciation	**(6.4)**	**4.8**	**61.4**
Depreciation	(7.5)	(7.2)	(29.5)
Operating profit/(loss)	**(13.9)**	**(2.4)**	**31.9**
Interest income	0.5	0.0	0.7
Interest expenses	(7.2)	(3.4)	(18.7)
Other financial items	(0.6)	(4.0)	(4.1)
Net financial items	**(7.3)**	**(7.4)**	**(22.1)**
(Loss)/Profit before taxes	**(21.2)**	**(9.8)**	**9.8**
Taxes	(0.5)	(2.1)	(8.3)
Net (loss)/profit	**(21.7)**	**(11.9)**	**1.5**
EPS	**(2.47)**	**(1.35)**	**0.17**
Diluted EPS	**(2.47)**	**(1.35)**	**0.17**

Condensed consolidated statement of comprehensive income

(Unaudited figures in USD million)	Q1 2023	Q1 2022	Full Year 2022
Net (loss)/profit for the period	**(21.7)**	**(11.9)**	**1.5**
Foreign currency translation	0.6	0.9	(1.3)
Pension remeasurement	0.0	0.0	(0.1)
Other comprehensive income	**0.6**	**0.9**	**(1.4)**
Total comprehensive income	**(21.1)**	**(11.0)**	**0.1**

Condensed consolidated statement of financial position

(Unaudited figures in USD million)	**31.03.23**	**31.03.22**	**31.12.22**
Vessels	384.3	395.5	376.8
New builds	0.0	0.0	0.0
Other non-current assets	1.3	1.9	1.2
Total non-current assets	**385.6**	**397.4**	**378.0**
Accounts and other receivables	13.0	22.5	24.1
Other current assets	7.2	2.4	6.3
Cash and deposits	74.6	64.7	91.6
Total current assets	**94.8**	**89.6**	**122.0**
Total assets	**480.4**	**487.0**	**500.0**
Share capital	12.4	497.5	12.4
Other equity	4.1	(472.2)	24.9
Total equity	**16.5**	**25.3**	**37.3**
Interest-free long-term liabilities	1.7	2.2	1.9
Interest-bearing long-term debt	418.0	421.8	418.5
Total long-term liabilities	**419.7**	**424.0**	**420.4**
Accounts and other payables	24.7	22.4	20.6
Tax payable	16.7	13.4	18.0
Current portion of long-term debt	2.8	1.9	3.7
Total current liabilities	**44.2**	**37.7**	**42.3**
Total equity and liabilities	**480.4**	**487.0**	**500.0**

Condensed consolidated cash flow statement

(Unaudited figures in USD million)	Q1 2023	Q1 2022	Full Year 2022
(Loss)/Profit before taxes	(21.2)	(9.8)	9.8
Loss on sale of non-current assets	0.0	0.5	0.5
Depreciation	7.5	7.2	29.5
Financial income	(0.5)	0.0	(0.7)
Financial costs	7.2	3.4	18.7
Share-based payment expense	0.3	0.0	0.9
Change in working capital	14.3	(3.0)	(10.4)
Other items from operating activities	0.4	0.8	1.9
Taxes paid	(1.8)	0.5	(1.0)
Net cash flow/(used in) from operating activities	**6.2**	**(0.4)**	**49.2**
Acquisition of tangible assets	(14.8)	(5.9)	(10.2)
Interests received	0.5	0.0	0.7
Net cash flow used in investing activities	**(14.3)**	**(5.9)**	**(9.5)**
Repayment of interest-bearing debt	(1.6)	(0.6)	(4.4)
Refinancing cost	0.0	0.0	(3.5)
Interests paid	(7.3)	(2.3)	(14.1)
Net cash flow used in financing activities	**(8.9)**	**(2.9)**	**(22.0)**
Net cash flow	**(17.0)**	**(9.2)**	**17.7**
Cash and deposits at beginning of period	91.6	73.9	73.9
Cash and deposits at end of period	**74.6**	**64.7**	**91.6**

Condensed consolidated statement of changes in equity

(Unaudited figures in USD million)	Q1 2023	Q1 2022	Full Year 2022
Equity at beginning of period	**37.3**	**36.3**	**36.3**
Share based payment	0.3	0.0	0.9
Comprehensive income for the period	(21.1)	(11.0)	0.1
Equity at end of period	**16.5**	**25.3**	**37.3**

Selected notes to the quarterly financial statements

NOTE 1: GENERAL INFORMATION

Prosafe SE is a public limited company domiciled in Stavanger, Norway, is listed on the Oslo Stock Exchange with ticker code PRS. The consolidated financial statements for Q1 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 10 May 2023. The accounting figures are unaudited.

NOTE 2: ACCOUNTING PRINCIPLES

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

NOTE 3: GOING CONCERN

The company continues to closely monitor compliance with the minimum liquidity covenant of USD 23 million.

The existing credit facilities contain a quarterly minimum liquidity covenant of (i) USD 23 million from and including 1 January 2023 to and including 31 December 2023 and (ii) USD 28 million from and including 1 January 2024 to and including 31 December 2024. The calculation of the minimum liquidity covenant shall exclude any cash held in relation to Safe Eurus which at 31 March 2023 was USD 8.6 million. As at 31 March 2023, the Group had an unrestricted liquidity reserve of USD 72.5 million, and excluding the Safe Eurus had minimum liquidity of USD 63.9 million and was compliant with the minimum cash covenant on 31 March 2023.

In response to the tight liquidity situation foreseen for 2023, management continues to work on several initiatives to remain in compliance with the minimum liquidity covenant. These initiatives include additional cost savings/deferrals, asset disposals, improvements in working capital and fund raising to ensure sufficient liquidity.

Although it is too early to conclude what the outcome will be, the Board has determined that the actions taken are sufficient to mitigate the uncertainty and has therefore prepared the Q1 2023 financial reporting on a going concern basis.

Address

Headquarters
Forusparken 2
N-4031 Stavanger
Norway

Organisation number
823 139 772
Contact:
E-mail: mail@prosafe.com

www.prosafe.com

Management

Jesper Kragh Andersen
CEO

Ryan Stewart
COO

Reese McNeel
CFO

Board of directors

Glen Ole Rødland
Chairman

Alf C. Thorkildsen
Deputy Chairman

Birgit Aagaard-Svendsen
Board Member

Nina Udnes Tronstad
Board Member

Halvard Idland
Board Member

Prosafe