

## Supporting statement to the 2020 Annual Report in light of the Westcon judgement

### Factual description of outcome of the Westcon case

Reference is made to press release dated 15 April 2021 in which Prosafe informed that the Gulating Court of Appeal has decided that Prosafe shall pay to Westcon NOK 302,510,457 plus interest and legal costs, in total about NOK 465 million.

The judgement implies full payment to Westcon of the amount claimed.

Compared to the judgement in the first instance by the Stavanger District Court, the result in the Gulating Court of Appeal is a complete reversal of the result.

A judgement from a Court of Appeal is usually final, as the possibilities of further appeal are very limited.

### Considerations related to the 2020 Annual Report

The initial evaluation based on the judgement in the Stavanger District Court has been that the appeal would uphold the initial judgement and as such this has been accounted as a contingent asset with no provision recognised for the contingent liability. Subsequently, the surprising judgement was made and became known after the Board had approved the 2020 accounts and the AGM had been called for. For the purpose of illustrating the accounting implication of the Court of Appeal ruling, a Pro-forma Consolidated Income statement and Statement of financial position are included below. There is no impact to the parent company accounts. Further details are included in the Q1-2021 report to be issued on 5 May 2021.

### Illustration of impact to the consolidated accounts IF the Westcon judgement had been reflected in the accounts per 31 December 2020

#### CONSOLIDATED INCOME STATEMENT

(USD million)	2020			Note
	Audited Financial Statements	Adjustment	Pro-forma Financial Statements	
Charter revenues	54.3	-	54.3	
Other operating revenues	2.4	-	2.4	
<b>Operating revenues</b>	<b>56.7</b>	<b>-</b>	<b>56.7</b>	
Employee benefits	(30.8)	-	(30.8)	
Other operating expenses	(35.4)	-	(35.4)	
<b>Operating loss before depreciation and impairment</b>	<b>(9.5)</b>	<b>-</b>	<b>(9.5)</b>	
Depreciation	(44.5)	-	(44.5)	
Impairment	(810.3)	(40.7)	(851.0)	1
<b>Operating loss</b>	<b>(864.3)</b>	<b>(40.7)</b>	<b>(905.0)</b>	
Interest income	0.5	-	0.5	
Interest expenses	(61.8)	-	(61.8)	
Other financial expenses	(22.1)	(13.8)	(35.9)	2
<b>Net financial items</b>	<b>(83.4)</b>	<b>(13.8)</b>	<b>(97.2)</b>	
<b>Loss before taxes</b>	<b>(947.7)</b>	<b>(54.5)</b>	<b>(1,002.2)</b>	
Taxes	(2.4)	-	(2.4)	
<b>Net loss</b>	<b>(950.1)</b>	<b>(54.5)</b>	<b>(1,004.6)</b>	
<b>Attributable to equity holders of the parent</b>	<b>(950.1)</b>	<b>(54.5)</b>	<b>(1,004.6)</b>	

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(USD million)	2020			Note
	Audited Financial Statements	Adjustment	Pro-forma Financial Statements	
<b>Net loss for the year</b>	<b>(950.1)</b>	<b>(54.5)</b>	<b>(1,004.6)</b>	
<b>Other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>				
Foreign currency translation	(0.8)	-	(0.8)	
<b>Other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>	<b>(0.8)</b>	<b>-</b>	<b>(0.8)</b>	
<b>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</b>				
Pension remeasurement	(0.1)	-	(0.1)	
<b>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</b>	<b>(0.1)</b>	<b>-</b>	<b>(0.1)</b>	
<b>Total comprehensive loss for the year, net of tax</b>	<b>(951.0)</b>	<b>(54.5)</b>	<b>(1,005.5)</b>	
<b>Attributable to equity holders of the parent</b>	<b>(951.0)</b>	<b>(54.5)</b>	<b>(1,005.5)</b>	

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(USD million)	31/12/2020			Note
	Audited Financial Statements	Adjustment	Pro-forma Financial Statements	
<b>ASSETS</b>				
Vessels	412.3	-	412.3	
New builds	1.1	-	1.1	
Other tangible assets	2.1	-	2.1	
<b>Total non-current assets</b>	<b>415.5</b>	<b>-</b>	<b>415.5</b>	
Cash and deposits	160.3	-	160.3	
Debtors	6.9	-	6.9	
Other current assets	5.0	-	5.0	
<b>Total current assets</b>	<b>172.2</b>	<b>-</b>	<b>172.2</b>	
<b>Total assets</b>	<b>587.7</b>	<b>-</b>	<b>587.7</b>	
<b>EQUITY AND LIABILITIES</b>				
Share capital	9.1	-	9.1	
Convertible bonds	18.8	-	18.8	
Other equity	(976.4)	(54.5)	(1,030.9)	1 & 2
<b>Total equity</b>	<b>(948.5)</b>	<b>(54.5)</b>	<b>(1,003.0)</b>	
Interest-bearing non-current liabilities	78.7	-	78.7	
Derivatives	3.7	-	3.7	
Other non-current liabilities	2.3	-	2.3	
<b>Total non-current liabilities</b>	<b>84.7</b>	<b>-</b>	<b>84.7</b>	
Interest-bearing current debt	1,430.7	-	1,430.7	
Accounts payable	1.4	-	1.4	
Taxes payable	9.0	-	9.0	
Other current liabilities	10.4	54.5	64.9	1 & 2
<b>Total current liabilities</b>	<b>1,451.5</b>	<b>54.5</b>	<b>1,506.0</b>	
<b>Total equity and liabilities</b>	<b>587.7</b>	<b>-</b>	<b>587.7</b>	

Note 1: The Group will recognise USD 40.7 million as a fixed asset acquisition cost, and consequently recognise an impairment loss of USD 40.7 million based on the valuation-in-use (VIU) model disclosed in the last annual report 2020. The group will also recognise a USD 40.7 million liabilities.

Note 2: The Group will recognise USD 13.8 million as other financial expenses and a similar amount as liabilities.